



2018 Supplier Diversity Impact Report



“Developing a diverse workforce and supply chain fosters innovation, creates economic opportunities, provides better access to talent and improves business performance. We call it purpose-driven growth. It’s what has led to CVS Health’s success in the past, and it’s what will continue to drive our business in the future.”

Larry J. Merlo
President and CEO

2018 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT

Our Commitment to Supplier Diversity

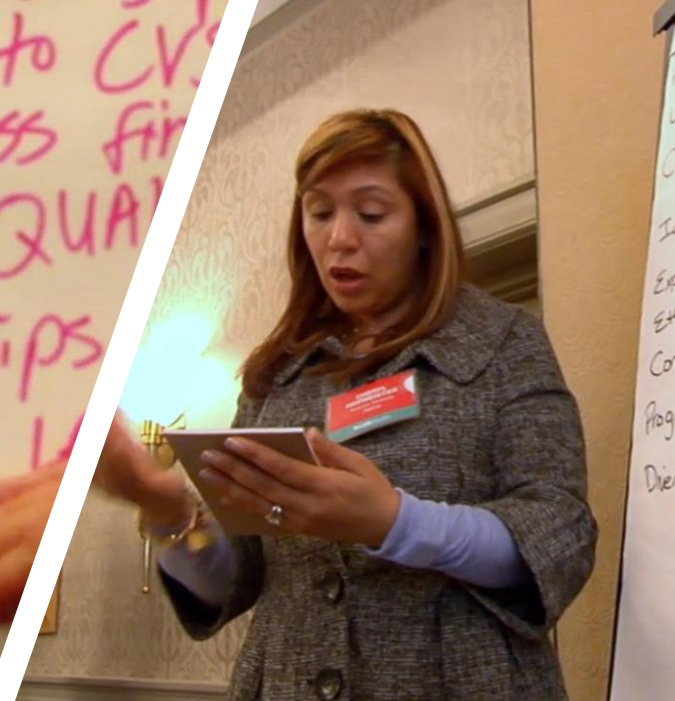
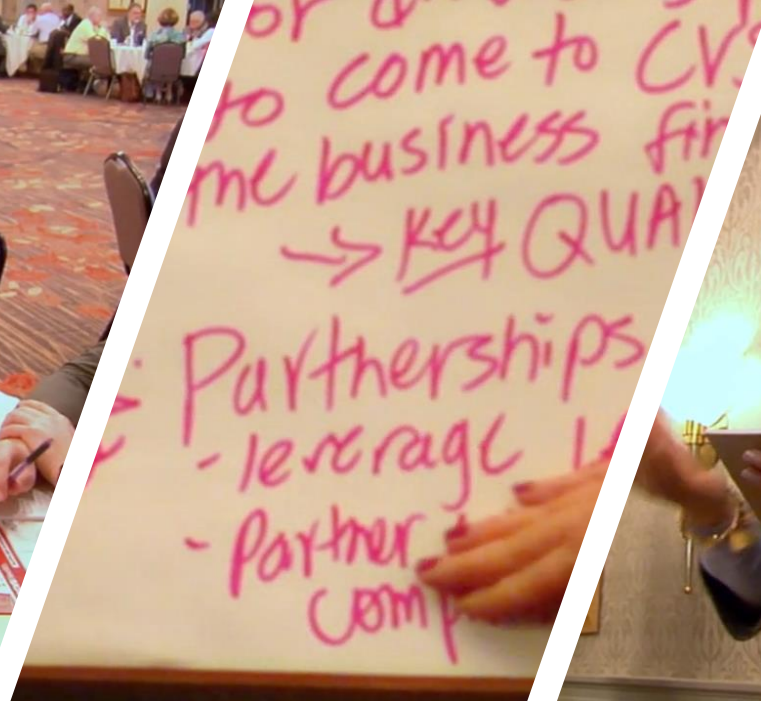
Our partnerships with small and diverse suppliers help us ensure that our products and services evolve to meet the needs of our customers.

“Our level of commitment to working with diverse suppliers helps us deliver innovative, high-quality health and pharmacy services. It’s what our clients and customers are looking for us to do and these partnerships are creating jobs and economic opportunities in communities across the country.”

Eva Boratto,
Executive Vice President,
Chief Financial Officer

In 2018, CVS Health’s engagement with small and diverse businesses led to over **\$5.5 billion in contributions to the US economy and sustained 31,095 US jobs**. CVS Health spending with diverse suppliers supports job growth at these suppliers. It also triggers a multiplier effect that supports additional jobs in our supply chain and these suppliers’ communities.





 **CVS**Health®

**SUPPLIER
DIVERSITY
2020**



The Supplier Diversity 2020 Ideation Session

Collaborating to generate innovative ideas to support diverse suppliers

In March 2018, CVS Health hosted the Supplier Diversity 2020 Ideation Session, which cultivated the experience and best practices of individuals within the CVS Health Supplier Diversity team and beyond to address a new goal of increasing spend with diverse suppliers from \$1 billion to \$1.5 billion by 2020.

“Corporate ideation sessions are a great way to inspire creativity, collaboration and innovative thinking,” said Eva Boratto, Executive Vice President, Chief Financial Officer. *“These hackathons establish a stream of valuable ideas and can have a significant cultural effect, potentially awakening an experimentation and innovation mindset.”*

Collaboration is a key tenet of how CVS Health approaches problem-solving. The ideation session served as an inclusive platform to encourage and embrace diverse perspectives from both internal and external voices.

The event brought together CVS Health leaders from different lines of business, strategic partners, existing and potential diverse suppliers, and representatives from national minority councils to share their perspectives.



CVS Health was the host of the 2018 BDR Annual Summit. More than 300 participants attended this event, including BDR members, senior executives, supplier diversity professionals and diverse suppliers. The theme was **"Driving the economic impact of supplier diversity through global collaboration"**



2018: Awards and Recognitions for our Program

Top Corporation for
Women's Business
Enterprises



NMSDC Corporation of the
Year for Innovation



USHCC Million Dollar Club
Corporation for Hispanic
Owned Businesses



Top 15 Supplier Diversity
Programs (#10)



Best of the Best Corporation
for Inclusion



Program of the Year



"The CVS Health supplier diversity ideation session underscores the forward-thinking approach to increasing supplier utilization and development that earned CVS Health their 2018 Program of the Year honor from the NGLCC and its partners in the National Business Inclusion Consortium"

Jonathan Lovitz, Senior Vice President, NGLCC.

We are committed to building long term relationships with our diverse suppliers.

“The bond between CVS Health and Loop Capital is critically important for creating economic value and opportunities for the communities in which both of our firms serve. By partnering with Loop Capital for its financial service’s needs, CVS Health has demonstrated a vital commitment to diversity and inclusion by awarding business to one of the largest minority-owned investment banking, brokerage and advisory firms in the US. As a preeminent leader in both ethnic and gender diversity of our workforce, as well as philanthropic, Loop Capital is creating not only professional empowerment to the diverse professionals it employs but also creating economic empowerment in the communities in which it operates.

Loop Capital Markets
Supplier since 2012

“Working with CVS in the past 12 years has definitely changed the way we do business. Not only do we have a commercial building, but our office staff has increased by 16 people, and our field by the same percentage of growth. We now have a Project Management team, an Estimating team, an Accounting team and a Subcontractor Procurement department—in addition to all our hard-working field team.

Diamond Contractors
Supplier since 2007

“Our growth with CVS has allowed PPOIC to expand and open two additional locations in North Carolina and Tennessee. These locations have provided jobs to primarily lower income individuals.

Planned Packaging of Illinois Corporation
Supplier since 2007

The Economic Impact through our Supplier Diversity Program in 2018



\$5.5 billion

Production impact of our program

The cumulative revenues of all businesses impacted through the program.

31,095

Jobs supported

Jobs supported within CVS Health's supply chain and in the suppliers' communities.



\$1.7 billion

Wages supported

The cumulative earnings of the employees in the jobs supported through the supplier diversity purchases.

\$2.2 billion

Small and Diverse Purchases

CVS Health's spending with small and diverse suppliers.



2018: Supplier Diversity Spending

\$2.2 billion

Spending with small and diverse suppliers

34%

of our sourceable spend is with diverse and small businesses

Pharmacies and Drug Stores

5,778

Social Advocacy

880

Drugs Wholesalers

559

Pharmaceutical Manufacturing

372

Consulting Services

318

Jobs supported at diverse businesses

373

Minority Businesses



398

Women Businesses



124

Veteran Businesses



1,667

Small Businesses



Jobs supported at diverse suppliers

Minority Businesses

3,716
JOBS

\$164 million
EARNINGS

Women Businesses

2,144
JOBS

\$111 million
EARNINGS

Veteran Businesses

370
JOBS

\$19 million
EARNINGS

Small Businesses

10,545
JOBS

\$512 million
EARNINGS

Our work with diverse suppliers plays an important role in business across the enterprise. For example, we're meeting contractual requirements with our CVS Caremark clients for diverse supplier inclusion. Additionally, prospective pharmacy benefits management (PBM) clients take many of our Supplier Diversity efforts into consideration when selecting CVS Caremark for PBM services.

With one of the most active and progressive Supplier Diversity programs among U.S. corporations, CVS Health is committed to working with minority- and women-owned business enterprises (MWBs) to build supply-chain excellence, add distinctive goods, services and capabilities to our business offerings and create competitive advantage.

Supplier Diversity helps us succeed with our customers

Making an impact through our entire supply chain and our communities

Direct Impact at Small & Diverse Suppliers

CVS Health purchased \$2.2 billion from small and diverse businesses in 2018. These purchases supported 12,726 jobs and \$639 million in wages and benefits at these businesses.

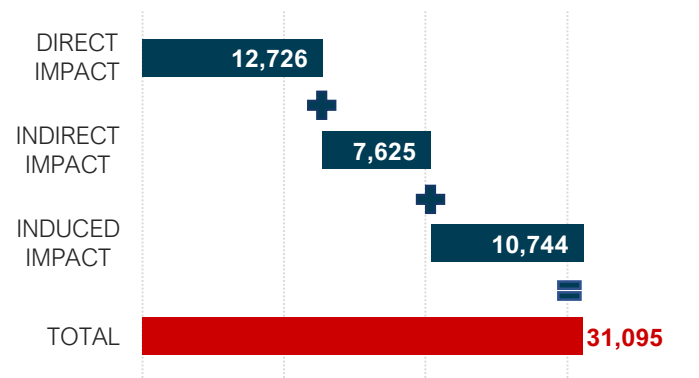
Indirect/Supply Chain Impact

These small and diverse businesses purchased \$498 million in goods and services from their suppliers and supported an additional 7,625 jobs.

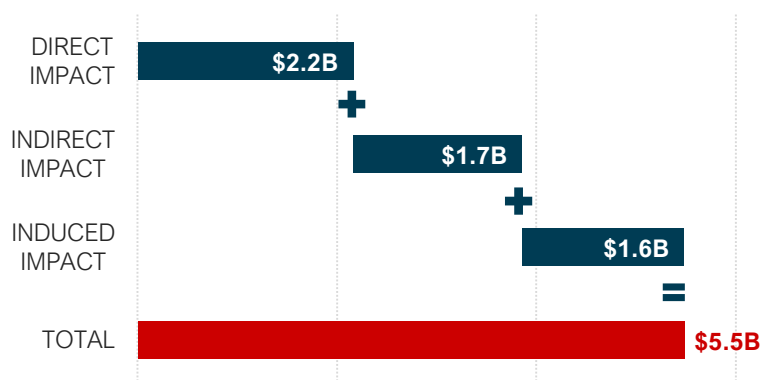
Induced/Community Impact

The employees in supported jobs generated \$1.6 billion in economic activity and supported 10,744 jobs in their communities.

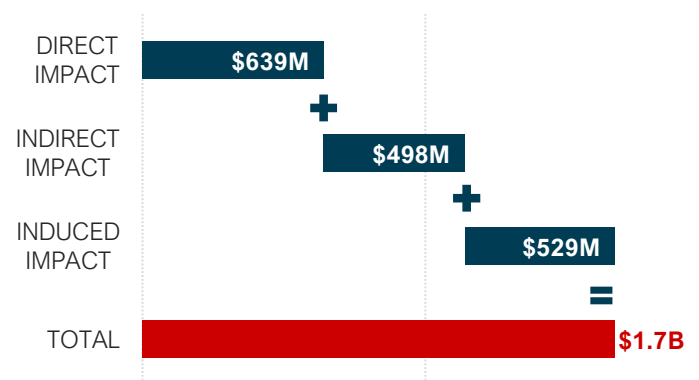
JOB



OUTPUT



WAGES



Our Impact by State

	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
California	\$377M	\$743M	\$262M	4,238	2,004	\$139M
New York	\$358M	\$561M	\$147M	2,408	1,306	\$137M
Texas	\$177M	\$367M	\$93M	1,912	941	\$53M
New Jersey	\$203M	\$347M	\$104M	1,360	540	\$61M
Illinois	\$64M	\$119M	\$45M	879	505	\$21M
Rhode Island	\$71M	\$132M	\$54M	939	489	\$24M
Ohio	\$56M	\$104M	\$36M	838	489	\$20M
Maryland	\$47M	\$83M	\$31M	719	476	\$15M
Pennsylvania	\$56M	\$103M	\$33M	739	431	\$18M
Hawaii	\$83M	\$135M	\$39M	770	388	\$32M

Our Impact by State

	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Georgia	\$28M	\$53M	\$20M	545	352	\$9M
North Carolina	\$41M	\$76M	\$28M	614	341	\$13M
Florida	\$53M	\$105M	\$37M	742	337	\$17M
Tennessee	\$37M	\$66M	\$23M	543	334	\$12M
Massachusetts	\$38M	\$69M	\$28M	466	265	\$12M
Nebraska	\$16M	\$28M	\$12M	354	257	\$5M
Alaska	\$19M	\$32M	\$13M	335	257	\$8M
Indiana	\$20M	\$35M	\$14M	360	235	\$6M
Iowa	\$40M	\$62M	\$16M	389	218	\$14M
Arizona	\$27M	\$52M	\$21M	400	211	\$9M

Our Impact by State

	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Virginia	\$31M	\$54M	\$20M	352	185	\$9M
Kansas	\$17M	\$30M	\$12M	280	183	\$6M
Delaware	\$13M	\$23M	\$8M	237	176	\$4M
Washington, DC	\$17M	\$23M	\$9M	200	173	\$5M
Louisiana	\$22M	\$34M	\$11M	251	152	\$7M
Missouri	\$21M	\$37M	\$12M	277	144	\$7M
Mississippi	\$13M	\$22M	\$9M	219	143	\$5M
Alabama	\$14M	\$23M	\$8M	212	137	\$4M
Michigan	\$17M	\$32M	\$11M	239	128	\$6M
Wisconsin	\$13M	\$23M	\$8M	197	125	\$5M

Our Impact by State

	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
New Hampshire	\$19M	\$35M	\$14M	240	125	\$6M
Washington	\$14M	\$25M	\$9M	191	122	\$5M
Puerto Rico	\$18M	\$28M	\$6M	169	100	
Connecticut	\$18M	\$30M	\$11M	155	78	\$5M
Kentucky	\$54M	\$76M	\$12M	216	74	\$18M
Oregon	\$5M	\$9M	\$3M	78	48	\$2M
Oklahoma	\$8M	\$13M	\$5M	83	46	\$3M
South Dakota	\$3M	\$5M	\$2M	57	41	\$987K
Montana	\$3M	\$5M	\$2M	53	34	\$995K
Colorado	\$5M	\$10M	\$3M	59	29	\$2M

Our Impact by State

	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Idaho	\$2M	\$3M	\$1M	39	27	\$649K
South Carolina	\$6M	\$10M	\$3M	51	26	\$2M
Minnesota	\$3M	\$6M	\$2M	49	26	\$1M
West Virginia	\$2M	\$3M	\$932K	30	21	\$698K
New Mexico	\$1M	\$2M	\$789K	27	21	\$473K
North Dakota	\$2M	\$3M	\$1M	27	19	\$734K
Utah	\$2M	\$3M	\$1M	30	17	\$552K
Arkansas	\$8M	\$12M	\$2M	38	13	\$3M
Nevada	\$774K	\$1M	\$235K	5	2	\$269K
Wyoming	\$18K	\$29K	\$11K	0	0	\$7K

Appendix: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spending, cycles through the economy in terms of “indirect and induced output,” or additional spending, personal income, and employment.¹

There are several Input-Output models used by economists to estimate multiplier effects. supplier.io employed the IMPLAN Input-Output model in developing estimates of spending, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

An Input-Output model uses a matrix representation of a nation’s interconnected economy to calculate the effect of changes in spending by consumers, by an industry, or by others, on other industries and the entire economy. This matrix representation and the related Input-Output tables ultimately measure “multiplier effects” of an industry by tracing the effects of its inter-industry transactions – that is the number value of goods and services that are needed (inputs) to produce each dollar of output for the individual sector being studied. In essence, an Input-Output model is a table which shows who buys what from whom in the economy.²

supplier.io

This report is based on an analysis of data provided by CVS Health using IMPLAN's Input-Output multipliers, and the supplier diversity information in supplier.io's database of nearly 1.6 million active certifications.

ABOUT SUPPLIER.IO

supplier.io helps companies increase their use of small and diverse suppliers through innovative solutions that support the execution of highly effective supplier diversity strategies. To learn more, visit <https://supplier.io>.

References:

1. US Government Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n
2. States GDP: <http://www.tradingeconomics.com/CVS Health-states/gdp>



2018 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT

Learn more about our commitment to supplier diversity, our recognition and our impact at
<http://cvshealth.com/supplierdiversity>