



**2020  
Supplier Diversity  
Impact Report**



# Message from our President and CEO



Karen S. Lynch  
President and Chief Executive Officer

“Our world-class community of diverse suppliers plays an integral role in helping us reshape health care in America, making it simpler, more convenient, and more personalized. Their expertise and unique perspective on our business ensure we deliver products and services that meet our customers’ needs.

When we invest in these suppliers, we help create jobs and provide equal opportunities for businesses that represent the diversity of our colleagues, customers and the communities we serve.”

# Our Commitment to Supplier Diversity

In 2020, CVS Health® engagement with small and diverse businesses led to over **\$6.3 billion in contributions to the US economy and sustained 46,238 US jobs.** CVS Health spending with diverse suppliers supports job growth for these businesses. It also triggers a multiplier effect that supports additional jobs in our supply chain and these suppliers' communities.

Our Supplier Diversity Program provides significant value to the business objectives of CVS Health through a multi-tier value proposition including:

- The inclusion of diverse suppliers increases competition and adds different solutions and variety to goods and services, and it also can reinvigorate communities.
- Our commitment to Supplier Diversity gives CVS Health a competitive advantage: doing business with small- to medium-sized minority- and women-owned businesses fuel economic growth and gives local customers more disposable income to spend, resulting in greater revenue potential.
- Supplier diversity is an important component of the corporate diversity strategy and has collaborative relationships with numerous external organizations that enhance the CVS Health brand.

# Enterprise Procurement Vision and Mission

## **Vision**

Our program is designed to complement our commitment to providing outstanding service to our customers and to recognize the critical role diverse suppliers have in our continued success.

## **Mission**

CVS Health proactively includes and manages the purchase of products and services from diverse businesses and diverse-owned independent retail pharmacies while adding value in the delivery of expert care and innovative solutions in pharmacy and health care that are effective and easy for our customers and communities.



# Supplier Diversity Policy



CVS Health's Supplier Diversity Program is essential to the continued growth, development, and success of our company. Through our Supplier Diversity Program, we have established a corporate commitment to include diverse suppliers, ensuring all businesses are provided equal opportunity to be included in our enterprise procurement processes which exemplifies our company's commitment both to sound business practices and to the communities in which we serve.

CVS Health Supplier Diversity Program includes Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Veteran Business Enterprises (VBE), Serviced Disabled Veteran Business Enterprises (SDVBE), Small Business Enterprises (SBE), Small Disadvantaged Business Enterprises (SDBE), Disabled Business Enterprises, Disadvantaged Business Enterprises (DBE) and Lesbian, Gay, Bisexual and/ or Transgender Business Enterprises (LGBTBE) in our enterprise procurement activities.

Our team ensures our diverse suppliers are well educated on how to be successful when engaging and presenting their products and/or services to our purchasing decision makers. Partnering with our internal business leaders to integrate supplier diversity into procurement activities is a key tenet that helps continue to drive our program.

# Supplier Diversity Events

- Billion Dollar Round Table Annual Summit
- CVS Health Construction Business Building Event
- CVS Health Supplier Diversity in Merchandising Event
- CVS Health and Roger Williams University 6th Annual Executive Learning Series
- CWE Women's Business Leadership Conference
- Disability: IN Virtual Conference
- DiversityInc Top 50 Event
- DiversityInc Supplier Diversity: New Trends, Innovative Solutions
- FSMDC Supplier Diversity Roundtable
- GNEMSDC 2020 Business Opportunity Conference



- GNEMSDC 2020 Annual Meeting: A Catalyst for Change
- Merck Global Economic Inclusion & Supplier Diversity Business Exchange Opportunity
- NBIC Unity Week
- NGLCC Best of the Best Awards Ceremony
- NMSDC Leadership Awards
- NMSDC Manager's Seminar
- NMSDC Virtual Conference and Business Opportunity Exchange
- SupplyRI – Supplier to Supplier Networking Night
- USHCC 2020 Annual National Conference
- WBEC South Meet Her In The Marketplace Match-Makers

# Addressing Inequities Faced by the Black Community and Other Disenfranchised Communities













In July 2020, CVS Health announced a nearly \$600 million investment over five years to advance employee, community and public policy initiatives that address inequities faced by the Black community and other disenfranchised communities. The company will also use its position to advocate for public policy that addresses the root causes of systemic inequalities and barriers, including efforts to address socioeconomic status, education, and access to health care. As part of this commitment, CVS Health is focused on building on the Supplier Diversity Program's success and creating additional opportunities and development programs for its diverse suppliers.

# Supplier Diversity Initiatives Play an Important Role in our Commitment to Social Justice and Equity

Investments in the CVS Health Supplier Diversity Program will further the company's focus on sourcing products from Black-owned and other diverse businesses by connecting, engaging, and networking with diverse suppliers, advocacy organizations, and corporate partners. The company will also continue working with national organizations to identify and develop diverse businesses. By working with business units across the company to integrate supplier diversity into procurement activities, CVS Health is able to continue to expand business opportunities for these diverse businesses. And as part of the company's commitment to the Black community, it will create additional opportunities and development programs for its diverse suppliers. This work will build on the program's success in creating jobs and increasing economic opportunities for the people and local businesses in the communities CVS Health serves.



# 2020: Awards and Recognitions for Our Program

<p><b>National Member of the Billion Dollar Roundtable</b></p> 	<p><b>DiversityInc Top 50</b> #13 for Supplier Diversity</p> 	<p><b>WBENC</b> Top Corporation – Silver</p> 	<p><b>NGLCC</b> 2020 NBIC Top 50 Best-of-the-Best Corporations for Inclusion</p>  <p>National LGBT Chamber of Commerce</p>	<p><b>GNEMSDC</b> Corporation of the Year</p> 
<p><b>Disability Equity Index</b> Best Places to Work</p> 	<p><b>Diversity Plus</b> Champion of Diversity Best of the Best – Monette Knapik</p> 	<p><b>MBN USA</b> All Star – Edwin Alvarez</p> 	<p><b>Omnikal</b> America's Top 50 Corporations for Multicultural Business Opportunities</p> 	<p><b>US Veterans</b> Best of the Best Supplier Diversity</p> 

# Building our Business with Diverse Suppliers

## Tempagenix



Tempagenix is a women-owned supplier providing a valuable product to meet customer need in 2020. Through January 2021, we ordered more than 4,500 cases of the company's Temp-N-Toss paper forehead thermometer. The product became the 13th bestselling item in our cold remedies category and is now on the shelves in 5,300 stores nationwide.



Shelly Heller and April Pollock



Shelly Heller and April Pollock



Edwin Alvarez, Shelly Heller, Monette Knapik, April Pollock and Gianna Vallante

“The CVS Executive Learning Series Program in 2019 was incredibly impactful for our start-up company. Tempagenix needed the CVS program to teach us the hard lessons of doing business with the retail sector. The CVS staff and teachers at Roger Williams University pushed us to pursue excellence with our presentations, best practices and ability to scale without failing. Today we are better women business leaders.”

- Shelly Heller and April Pollock

# Building our Business with Diverse Suppliers

## Drexel Hamilton



Drexel Hamilton is a service-disabled, veteran owned and operated institutional broker-dealer utilized on a Tier II basis supporting Barclays, a prime investment bank to CVS Health. The company was invited to participate in our August 13 debt raise and added value by building a large and diverse book of orders from emerging asset managers, family offices and registered investment advisors. After guidance, **Drexel Hamilton** was allocated \$4 million in bonds, which went to its buy-and-hold investors.

## Command Marketing Innovation



To support outreach and services for Aetna members, in 2020 we spent more than \$800,000 with **Command Marketing Innovations**, a woman-owned print, direct mail and fulfillment provider.

## Scope Shield, Inc.



At the onset of the COVID-19 pandemic, our supplier diversity team began outreach to suppliers who were pivoting their business model to provide emergency support services. We leveraged relationships fostered through our industry collaborations to identify diverse suppliers of personal protective equipment, including **Scope Shield, Inc.**, an MBE that provided medical gowns to some of our large facilities in Pennsylvania and Indiana.

## CDO Group



In the second quarter of 2020, our construction and property administration team selected woman-owned **CDO Group** to build 40 new CVS HealthHUB® locations across the country, totaling approximately \$9.4 million in spend. At the time of the company's bid, CDO was not certified as a WBE. CDO has now completed the certification process after encouragement and support from our supplier diversity team.

# Economic Impact

## Through our Supplier Diversity Program in 2020

**\$6.3 billion**

**Production impact of our program**

The cumulative revenues of all businesses impacted through the program.



**\$2.3 billion**

**Wages supported**

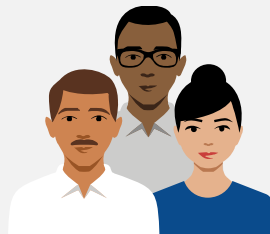
The cumulative earnings of the employees in jobs supported through our Supplier Diversity Program purchases.



**46,238**

**Jobs supported**

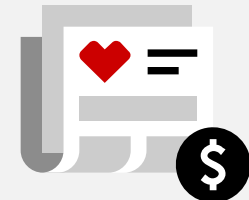
Jobs supported within CVS Health supply chain and in the suppliers' communities.



**\$3.4 billion**

**Small and diverse purchases**

CVS Health spending with small and diverse suppliers.



# Supplier Diversity Spending in 2020

**\$727**

**Million**  
Minority  
Businesses

**\$415**

**Million**  
Women  
Businesses

**\$44**

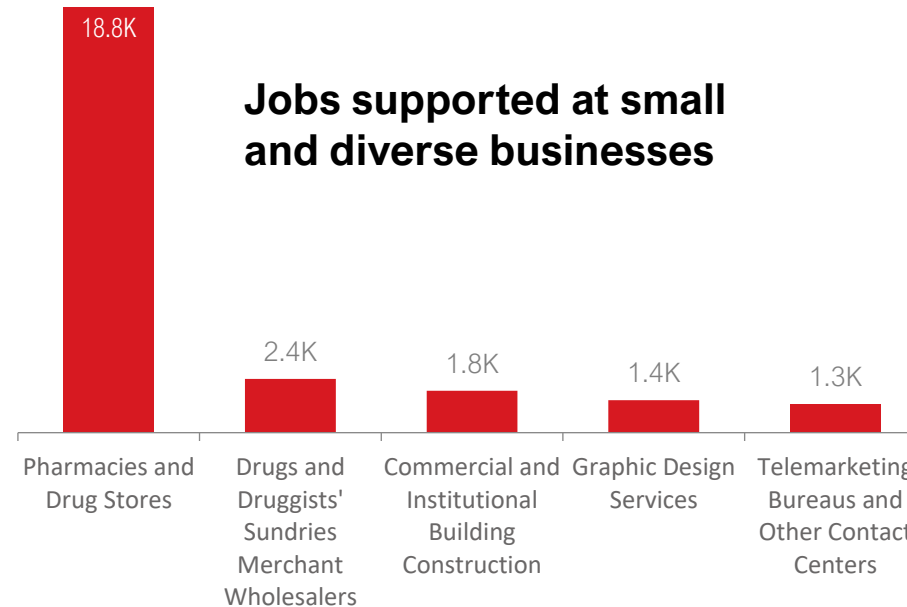
**Million**  
Veteran  
Businesses

**\$2.8**

**Billion**  
Small  
Businesses

**\$3.4**   
**billion**

Spending with small and  
diverse suppliers



**35%**

of our sourceable spend is with diverse  
and small businesses

# Making an Impact

## Through our entire supply chain and our communities

### Direct Impact at Small and Diverse Suppliers

CVS Health purchased \$3.4 billion from small and diverse businesses in 2020. These purchases supported 46,238 jobs and \$2.2 billion in wages and benefits at these businesses.

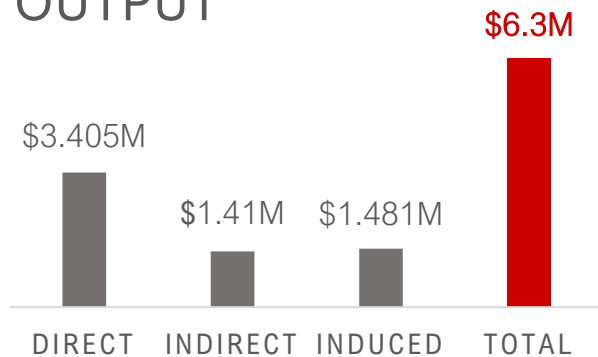
### Indirect/Supply Chain Impact

These small and diverse businesses purchased \$1.4 million in goods and services from their suppliers and supported an additional 8,596 jobs.

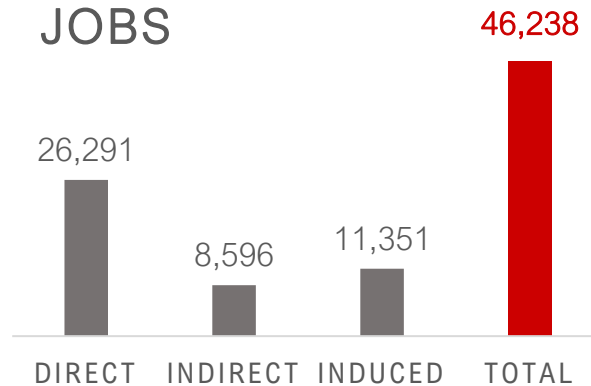
### Induced/Community Impact

The employees in supported jobs generated nearly \$1.5 million in economic activity and supported 11,351 additional jobs in their communities.

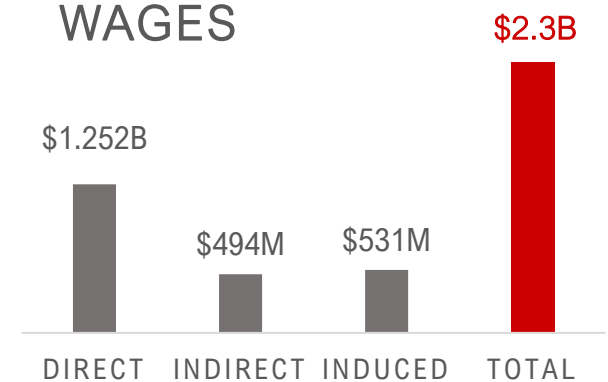
#### OUTPUT



#### JOBS



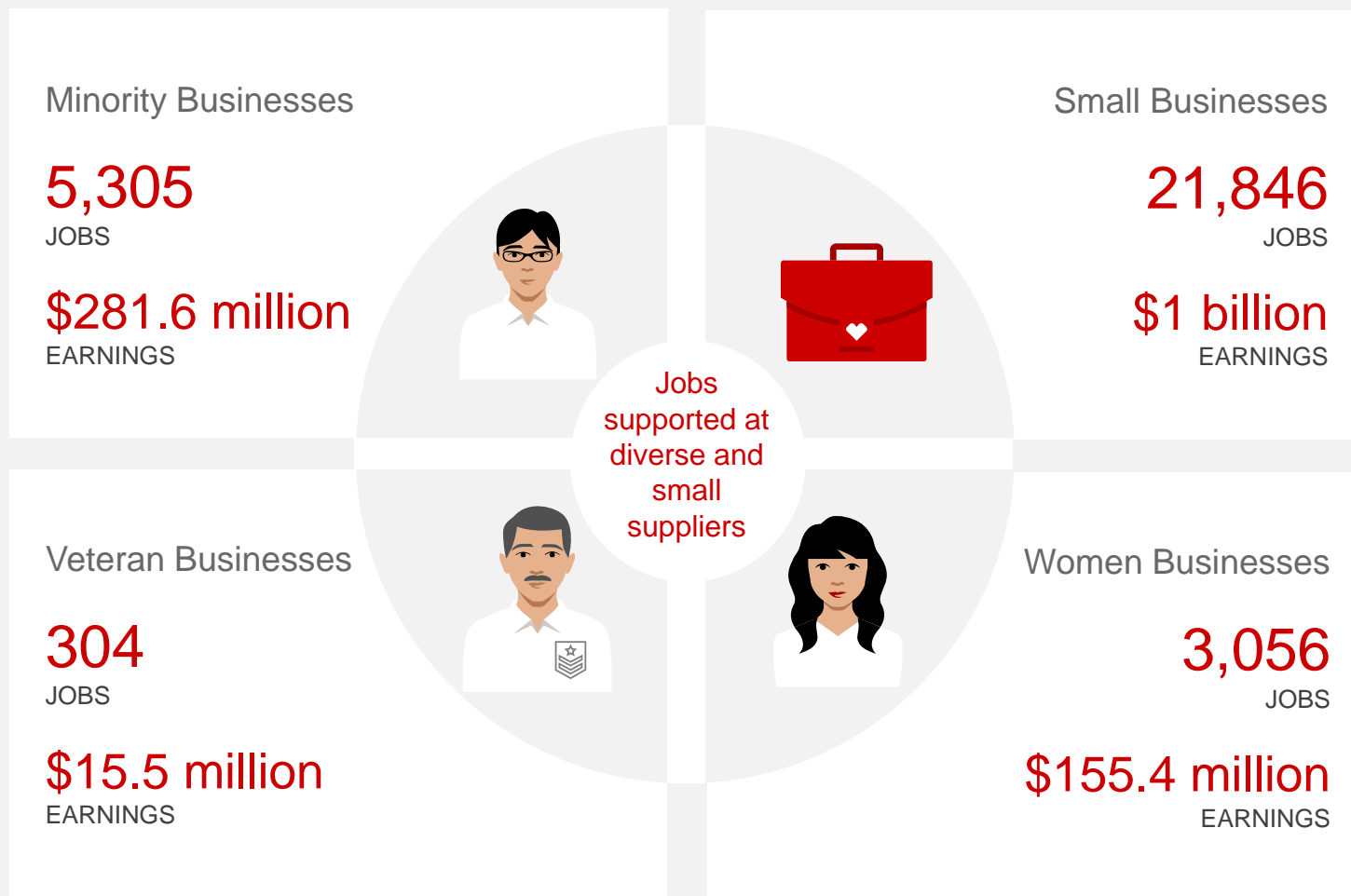
#### WAGES



# Jobs Supported at Diverse Suppliers

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 to build supply chain excellence, add distinctive goods, services and capabilities to our business offerings, and create competitive advantages.



# Our Impact by State

STATES	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Pennsylvania	\$554 Million	\$1 Billion	\$407 Million	10,117	6,647	\$343 Million
California	\$499 Million	\$963 Million	\$360 Million	6,278	3,294	\$354 Million
New Jersey	\$253 Million	\$438 Million	\$151 Million	2,079	921	\$132 Million
Missouri	\$241 Million	\$462 Million	\$183 Million	4,255	2,535	\$151 Million
Texas	\$239 Million	\$494 Million	\$161 Million	3,071	1,442	\$149 Million
Florida	\$162 Million	\$322 Million	\$113 Million	2,485	1,275	\$105 Million
New York	\$139 Million	\$238 Million	\$88 Million	1,475	8,69	\$91 Million
Tennessee	\$105 Million	\$190 Million	\$71 Million	1,716	1,103	\$60 Million
Rhode Island	\$102 Million	\$180 Million	\$65 Million	1,082	521	\$60 Million
Connecticut	\$93 Million	\$156 Million	\$59 Million	786	376	\$47 Million
Hawaii	\$86 Million	\$140 Million	\$42 Million	861	468	\$53 Million

# Our Impact by State

STATES	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Illinois	\$85 Million	\$163 Million	\$67 Million	1,133	587	\$53 Million
Ohio	\$77 Million	\$147 Million	\$49 Million	976	460	\$52 Million
Kentucky	\$68 Million	\$98 Million	\$18 Million	386	184	\$32 Million
North Carolina	\$54 Million	\$90 Million	\$25 Million	520	267	\$29 Million
Georgia	\$450 Million	\$92 Million	\$29 Million	688	376	\$29 Million
Massachusetts	\$48 Million	\$87 Million	\$36 Million	557	296	\$28 Million
Michigan	\$46 Million	\$86 Million	\$33 Million	765	464	\$30 Million
Virginia	\$44 Million	\$78 Million	\$29 Million	577	344	\$24 Million
Maryland	\$37 Million	\$62 Million	\$21 Million	444	280	\$20 Million
Washington	\$36 Million	\$63 Million	\$22 Million	437	260	\$21 Million
New Hampshire	\$35 Million	\$69 Million	\$30 Million	530	273	\$21 Million

# Our Impact by State

STATES	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Indiana	\$29 Million	\$51 Million	\$18 Million	531	361	\$16 Million
Puerto Rico	\$29 Million	\$47 Million	\$11 Million	313	198	
Wisconsin	\$24 Million	\$43 Million	\$16 Million	322	171	\$15 Million
Louisiana	\$23 Million	\$38 Million	\$13 Million	287	170	\$13 Million
Arizona	\$22 Million	\$43 Million	\$16 Million	294	138	\$15 Million
New England	\$21 Million	\$39 Million	\$15 Million	369	230	\$13 Million
Minnesota	\$20 Million	\$40 Million	\$15 Million	293	157	\$13 Million
Kansas	\$20 Million	\$33 Million	\$9 Million	189	99	\$11 Million
Delaware	\$18 Million	\$31 Million	\$12 Million	306	221	\$10 Million
Oklahoma	\$16 Million	\$28 Million	\$11 Million	273	181	\$9 Million
Iowa	\$15 Million	\$26 Million	\$9 Million	270	191	\$9 Million

# Our Impact by State

STATES	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Mississippi	\$14 Million	\$25 Million	\$11 Million	239	155	\$10 Million
Oregon	\$13 Million	\$25 Million	\$10 Million	214	124	\$9 Million
Colorado	\$13 Million	\$26 Million	\$9 Million	156	63	\$8 Million
Alaska	\$11 Million	\$18 Million	\$7 Million	139	80	\$6 Million
Alaska	\$11 Million	\$16 Million	\$6 Million	97	60	\$7 Million
Montana	\$10 Million	\$18 Million	\$7 Million	174	103	\$7 Million
District of Columbia	\$7 Million	\$10 Million	\$4 Million	73	61	\$2 Million
Idaho	\$7 Million	\$13 Million	\$6 Million	127	76	\$4 Million
Arkansas	\$6 Million	\$8 Million	\$1 Million	21	6	\$3 Million
Maine	\$5 Million	\$9 Million	\$3 Million	93	61	\$3 Million
West Virginia	\$5 Million	\$8 Million	\$3 Million	70	46	\$3 Million

# Our Impact by State

STATES	CVS HEALTH PURCHASES	TOTAL OUTPUT	TOTAL WAGES	TOTAL JOBS	JOBS AT SMALL & DIVERSE SUPPLIERS	TAXES SUPPORTED
Utah	\$4 Million	\$7 Million	\$2 Million	55	28	\$2 Million
South Carolina	\$3 Million	\$5 Million	\$1 Million	33	17	\$2 Million
Nevada	\$2 Million	\$3 Million	\$1 Million	25	15	\$1 Million
New Mexico	\$1 Million	\$2 Million	\$1 Million	28	20	\$1 Million
South Dakota	\$962 Thousand	\$1 Million	\$8 Thousand	13	8	\$530 Thousand
North Dakota	\$624 Thousand	\$982 Thousand	\$381 Thousand	6	4	\$360 Thousand
Wyoming	\$350 Thousand	\$520 Thousand	\$164 Thousand	5	4	\$198 Thousand
Vermont	\$32 Thousand	\$50 Thousand	\$11 Thousand	0	0	\$17 Thousand

# 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.<sup>1</sup>

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.<sup>2</sup>

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

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## supplier.io

### ABOUT SUPPLIER.IO

SUPPLIER.IO is redefining supplier diversity solutions. By providing comprehensive, accurate data in near real time, we help our customers get information they need to grow their supplier diversity program. To learn more, visit <https://supplier.io>.

### References:

1. US Government Revenues: [http://www.usgovernmentrevenue.com/total\\_2014USrt\\_17rs1n](http://www.usgovernmentrevenue.com/total_2014USrt_17rs1n)
2. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>



## **2020 SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT**

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