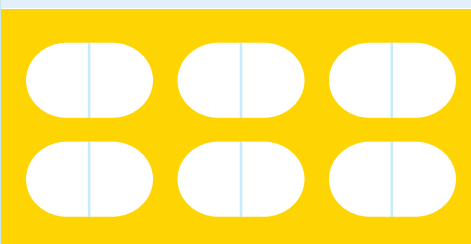
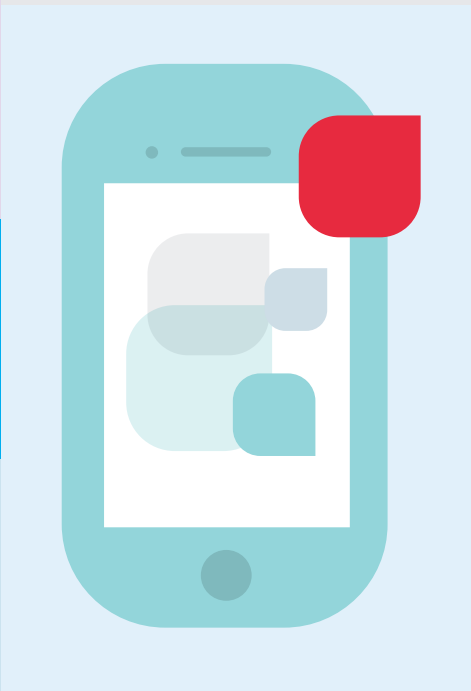
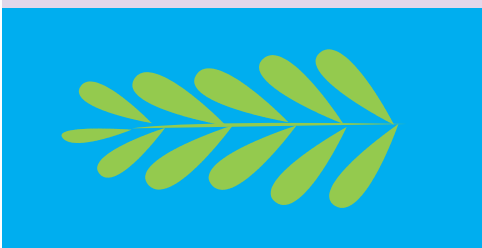
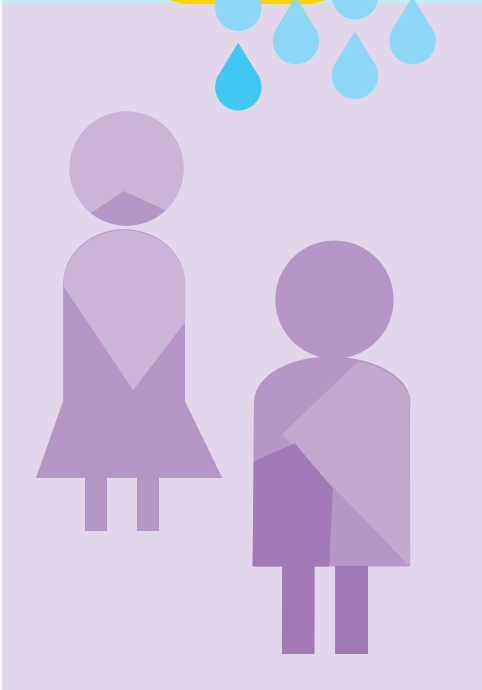
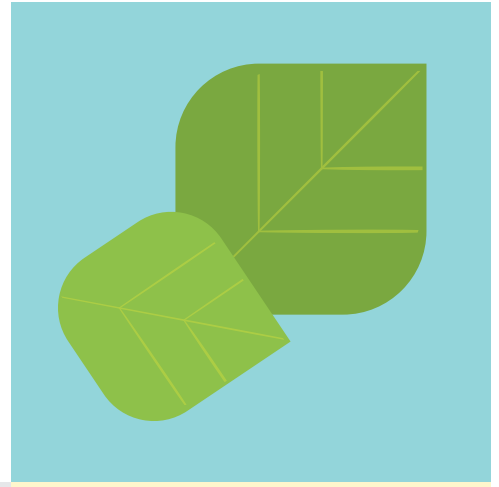
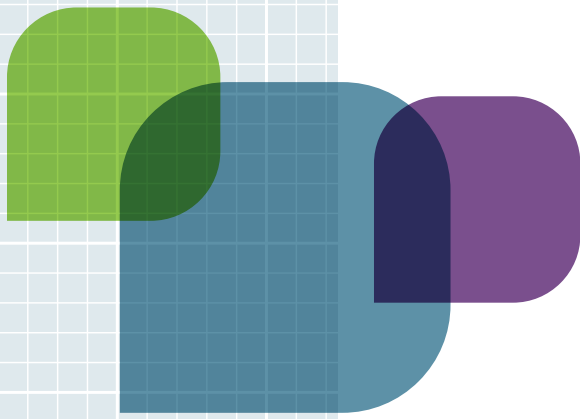


2013
Corporate
Social
Responsibility
Report

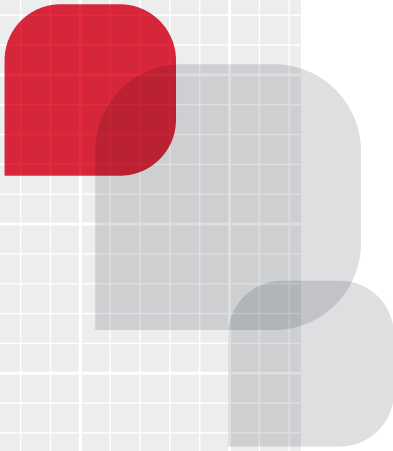




Letter from Larry Merlo, President & CEO	3
Letter from Eileen Howard Boone, SVP, Corporate Social Responsibility & Philanthropy	5
Company Profile	7
Our Operations and Supply Chain	7
Financial Results and Economic Impact	7
<hr/>	
CVS CAREMARK'S PRESCRIPTION FOR A BETTER WORLD	9
Corporate Social Responsibility Governance	10
Identifying and Addressing Priority Issues	10
Our Process	11
Stakeholder Engagement	12
CSR Issues and Material Aspects	13
<hr/>	
HEALTH IN ACTION	15
Improving Health Outcomes	17
Ensuring Prescription Accuracy	17
Delivering Safe, High Quality Products	19
Reducing Chronic Disease	21
Eliminating Cigarettes and Tobacco	25
Building Healthier Communities	27
Increasing Access to Quality, Affordable Care	27
Helping Americans Get Coverage	30
Battling Prescription Drug Abuse	30

TABLE OF CONTENTS

PLANET IN BALANCE	33	Operating with Integrity	58
Addressing Climate Change	35	Emphasizing Sound Corporate Governance	58
Greenhouse Gas Emissions	35	Establishing Board Independence	58
Progress Toward Our Carbon Intensity Reduction Goal	35	Sharing Responsibility via Board Committees	58
Conserving Natural Resources	38	Contacting the Board of Directors	59
Incorporating Green Building Practices	41	Disclosing Public Policy Activities and Political Contributions	59
Improving the Sustainability of Our Products	43	Managing Information Security and Governance	61
Choosing the Right Ingredients	43	Remaining Compliant	62
Managing a Sustainable Supply Chain	44	Responsibly Managing Our Supply Chain	64
Investing in Sustainable Packaging	45	Ensuring Human Rights Considerations	64
Addressing End of Life Impacts	45	Supporting Diversity in Our Supply Chain	66
Engaging Others on Our Path to Sustainability	46		
Engaging Our Colleagues	46		
		About this Report	69
LEADER IN GROWTH	47	Boundary and Scope	69
Investing in Our People	49	Content and CSR Materiality	70
Supporting Job Creation, Benefits, and Career Development	49	Disclosure and Assurance	70
Integrating Our Diversity Management Strategy	55	Your Feedback	70
		Preparation of this Report	70
		Global Reporting Initiative (GRI) Index	71



Much has changed since CVS' first retail store opened up in Lowell, MA, more than 50 years ago – in fact, it is safe to say the health care industry, the country and even the world look nothing today like they did then. But during these changing times, our company purpose has remained consistent: helping people on their path to better health.

Today, our company is seeing first-hand how rising costs, new legislation and a shortage of primary care physicians are changing the way Americans seek and obtain care. At the same time, the prevalence of chronic disease is creating urgency around access to care and preventive services.

As a pharmacy innovation company, CVS Caremark is uniquely positioned to address these issues and use our collective resources to make a difference. Our goal is to reinvent pharmacy and focus on solutions that benefit millions of people. This business vision aligns closely with the three priorities of our corporate social responsibility (CSR) strategy: building healthier communities; protecting the planet; and creating economic opportunities. Each of these priorities align under our new CSR platform, **Prescription for a Better World.**

Consistent with our purpose of helping people on their path to better health, in February 2014 we made the announcement that we would stop selling cigarettes and all tobacco products at our more than 7,600 stores by October 1, 2014. While this was a difficult business decision, the sale

We are:

A pharmacy innovation company

Our purpose:

Helping people on their path to better health

Our strategy:

Reinventing pharmacy

Our values:

Innovation
Collaboration
Caring
Integrity
Accountability

of tobacco products is inconsistent with our purpose, and ending the sale of cigarettes and other tobacco products at CVS/pharmacy is simply the right thing to do for the good of our customers, our communities and our colleagues. In addition to removing cigarettes and other tobacco products from our pharmacies, we will also launch a robust smoking cessation program later this year.

Last year was also a pivotal time for health care reform. First and foremost, building healthier communities is about improving health outcomes and providing access to quality, affordable care. I'm proud that during the Affordable Care Act Health Insurance Marketplace enrollment period, CVS Caremark conducted one of the most comprehensive campaigns within the retail pharmacy channel, educating Americans about their new coverage options. This effort was powered by our CVS Caremark colleagues, who have always been champions for our customers.

CVS Caremark is committed to creating economic opportunities for current and future colleagues by providing career development opportunities at all levels. In 2013, we also strengthened community partnerships to support veteran hiring, offered scholarships to future pharmacists, and engaged diverse high school, college and post-graduate students interested in science, technology, engineering and math (STEM) careers. In order to further advance the best health outcomes, we are committed to investing in our current and future workforce and this continues to be a key priority.

In addition to the social priorities outlined in Prescription for a Better World comes our responsibility to the planet. To be successful, a company our size must operate in a sustainable manner and manage our environmental impacts. Environmental sustainability is embedded in our approach to business operations and product development, which focuses on addressing enterprise-wide, climate-related impacts and investing in improvements that contribute to the sustainability of both our company and our communities. In 2013, we continued to pursue our greenhouse gas (GHG) emission goal of reaching a 15 percent reduction by 2018, and opened our first Leadership in Energy and Environmental Design (LEED) Platinum store, a model site we will use to pilot environmental innovations and uncover best practices before rolling them out to other stores.

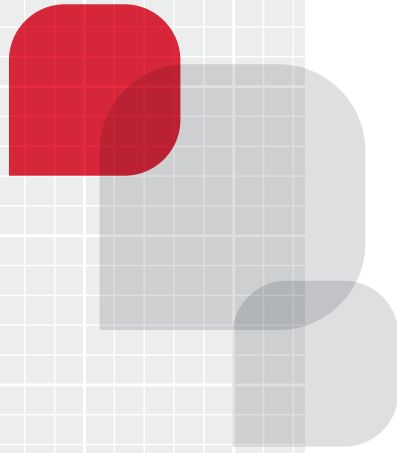
I'm excited about what the *next* 50 years will bring for CVS Caremark and invite you to explore this report to better understand our progress and priorities. Thank you for supporting us as we continue to forge ahead and advance our Prescription for a Better World.

Sincerely,



Larry Merlo
President &
Chief Executive Officer

**DURING THESE
CHANGING TIMES,
OUR COMPANY
PURPOSE
HAS REMAINED
CONSISTENT:
HELPING PEOPLE
ON THEIR PATH TO
BETTER HEALTH.**



During my ten years at CVS Caremark, I've seen the evolution of both our industry and our company purpose of helping people on their path to better health. In 2013, my own path at the company also evolved. I now serve as the Senior Vice President of Corporate Social Responsibility & Philanthropy, and am honored and excited about bringing our business purpose and company values to life in new ways through this role.

Though the position is new, social responsibility is not a new concept for CVS Caremark. We have a long tradition of giving back to our communities, especially around issues of health. In addition, we have built a seven-year foundation of annual Corporate Social Responsibility (CSR) reporting and other stakeholder communications. This work has been instrumental in defining our CSR strategy and approach – what we are calling Prescription for a Better World.

The Prescription for a Better World charts our CSR course for the future, focusing on three areas: building healthier communities, protecting the planet and creating economic opportunities. We see each of these areas not only as essential ingredients for a better world, but areas we can help support by leveraging the scale, expertise and innovative spirit of our company. This translates to finding new ways to engage people through community health programs and partnerships; delivering more sustainable products

to an evolving marketplace; operating our business efficiently with a focus on resource management and climate change preparedness; and creating economic opportunities for our employees, suppliers and investors.

This strategy and approach are already at work. Recently, our leadership came to the conclusion that the sale of cigarettes and tobacco was in direct conflict with our company purpose and made the decision to stop selling tobacco products in all of our stores. We announced the decision in early 2014 – becoming the first national pharmacy chain to eliminate cigarettes and tobacco from our shelves. We'll further support this work by launching a variety of new smoking cessation initiatives later this year. I'm proud of this and our other CSR progress to date, and look forward to continuing this work in 2014. We can't do it alone, as we need to continue to strengthen relationships with all of our CSR partners and stakeholders, but I am excited about what the future holds for our Prescription for a Better World.

Sincerely,



Eileen Howard Boone
Senior Vice President,
Corporate Social Responsibility
& Philanthropy

**THE PRESCRIPTION
FOR A BETTER WORLD
CHARTS OUR CSR
COURSE FOR THE
FUTURE, FOCUSING
ON THREE AREAS:
BUILDING HEALTHIER
COMMUNITIES,
PROTECTING
THE PLANET AND
CREATING ECONOMIC
OPPORTUNITIES.**

CVS Caremark (NYSE: CVS) is the largest integrated pharmacy company in the United States and is dedicated to helping people on their path to better health. We effectively manage pharmaceutical costs and improve health outcomes through our pharmacy benefit management (PBM), mail order and specialty pharmacy division; CVS Caremark® Pharmacy Services; our CVS/pharmacy®, Longs Drugs® and Drogaria Onofre® retail drugstores; our retail-based medical clinic subsidiary, MinuteClinic®; and our online retail pharmacies, CVS.com and Onofre.com.br.

**WE EMPLOY MORE
THAN 200,000
COLLEAGUES GLOBALLY,
INCLUDING ACROSS
46 U.S. STATES, THE
DISTRICT OF COLUMBIA,
PUERTO RICO, BRAZIL AND
NORTHERN IRELAND.**

Our Operations and Supply Chain

CVS Caremark is headquartered in Woonsocket, RI. We employ more than 200,000 colleagues in 46 U.S. states, the District of Columbia, Puerto Rico, Brazil and Northern Ireland. As of December 31, 2013, we operated more than 7,660 retail drugstores, more than 800 retail health care clinics, 25 retail specialty pharmacy stores, 11 specialty mail order pharmacies, four mail service dispensing pharmacies, 17 onsite pharmacy stores, and our CVS.com, Onofre.com.br, MinuteClinic.com and Caremark.com websites. During 2013, we increased the number of CVS/pharmacy locations by a net 156 and added 162 new MinuteClinic locations. Our 2013 acquisition of Drogaria Onofre, a 45-store retail drugstore chain in Brazil, represents our first retail foray into the international markets. We work with external vendors inside and outside the United States to

manufacture and supply our store and proprietary brands, which comprise approximately 18 percent of our front-of-store revenue. The remaining 82 percent is derived from the sale of national brands, which are manufactured by third-party suppliers and sold at CVS/pharmacy stores or on CVS.com.

Financial Results and Economic Impact

In 2013, CVS Caremark's revenues were \$127 billion, operating profit was \$8 billion, and diluted earnings per share from continuing operations were \$3.75.

We delivered \$7.6 billion in employee wages and \$1.7 billion in benefits; made payments to providers of capital of \$1.6 billion; and paid \$4.2 billion in income, property and employer taxes in the United States. Our charitable contributions and in-kind donations totaled nearly \$75 million.

COMPANY PROFILE



Serving the Public

1.8 BILLION
CVS/pharmacy
visits annually

6 MILLION
website
visits annually

4 MILLION
MinuteClinic®
visits annually

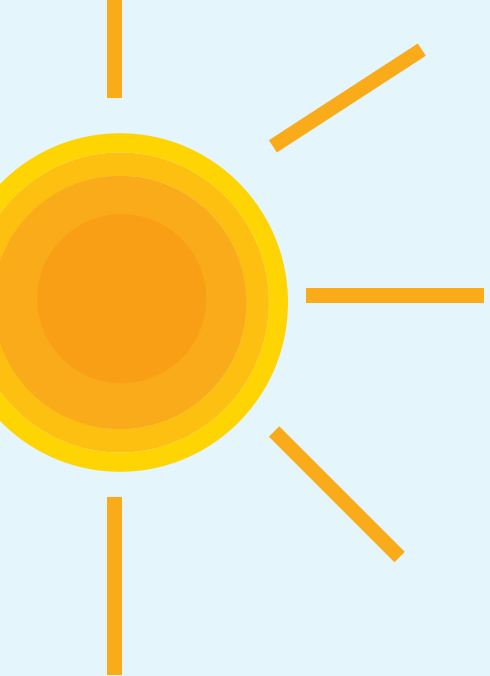
33 MILLION
call center
customer calls annually

3.2 MILLION
Rx Advisor®
interventions

OUR PURPOSE:

HELPING
PEOPLE ON
THEIR PATH
TO BETTER
HEALTH





CVS Caremark's Prescription for a Better World





Our approach to corporate social responsibility (CSR) ties directly to our purpose: helping people on their path to better health. As a pharmacy innovation company, we work every day to provide products and services that help people on this journey. We also strive to address the other obstacles people might encounter on their path, such as the affordability and accessibility of their health care. We define these efforts and our CSR strategy as our Prescription for a Better World.

Prescription for a Better World is focused on three key priorities: building healthier communities, protecting the planet and creating economic opportunities. These tie directly to the CSR priorities we identified in 2013, and to many of the CSR initiatives we have supported for a long time.

Additional details about the issues we are addressing and the structure we have in place to deliver on our priorities are provided throughout this chapter.

Corporate Social Responsibility Governance

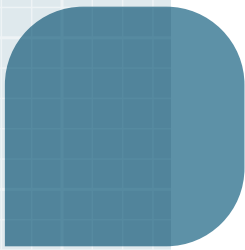
At CVS Caremark, our approach to CSR begins with our President & Chief Executive Officer, who is responsible for delivering on our purpose and executing our business strategy across our organization. Our Senior Vice President of Corporate Social Responsibility & Philanthropy is responsible for developing our Prescription for a Better World strategy, and collaborating with others across the company on specific programs and initiatives.

In 2014, the Nominating and Corporate Governance Committee of our Board of Directors took on the oversight of our CSR

strategy and performance. Our Senior Vice President of Corporate Social Responsibility & Philanthropy reports to this group on the company's approach to key issues.

Identifying and Addressing Priority Issues

We developed Prescription for a Better World by identifying the CSR priorities that impact our company and stakeholders. We also considered the amount of reasonable control CVS Caremark has over a particular issue, seeking to understand and explore opportunities to address the impacts of our business in its totality.



Ongoing Engagement with Key Stakeholder Groups

CVS Caremark benefits from engaging with stakeholders from key external and internal groups that are aligned with our goal of improving health outcomes while lowering overall health care costs. We also seek to actively engage with customers and community stakeholders in areas where we live and work. This includes our annual employee engagement survey and ongoing retail and PBM customer outreach:

- **Employees:** Employee engagement surveys, focus groups, newsletters, intranet, community projects
- **Non-Governmental Organizations:** Roundtables, strategic partnerships, online engagement
- **Suppliers:** Procurement contracts, Supplier Ethics Policy
- **Clients:** New clinical product and service innovations, dedicated client sales and account teams, call centers
- **Investors, Shareholders, Analysts:** Annual Report; Annual Analyst/Investor Day; Annual Shareholders Meeting; quarterly conference calls, meetings and conferences; investor website
- **Consumers:** Expert care and guidance, innovative products and services, consumer research, customer relations hotline, social media, websites
- **Local Communities and Civic Organizations:** Community engagement programs, volunteering, board memberships
- **Trade Associations:** Meetings, reports, collaboration
- **Government and Regulatory Authorities:** Briefings, meetings, regulatory filings
- **Media:** Press releases, social media, websites

As the United States' largest pharmacy innovation company, the most important issues we identified were: patient and customer safety; access and affordability of care; information security and customer privacy; managing our carbon footprint; prescription drug abuse and disposal; and tobacco cessation. We also identified 12 other issues we believe should be priorities for our company. In total, these issues form the focus of this report.

First and foremost, our focus is on addressing the priority issues we have the greatest control over, such as the quality and safety of our services, the products we sell and the environmental impact of our stores. We do this by integrating responsible business practices into our daily operations and continuously evaluating opportunities for improvement. We then collaborate with others to address the social and environmental impacts related to the issues that occur outside our direct control, such as the disposal of prescription drugs and the development and manufacturing of national brand products.

Our Process

The process for determining our CSR priorities involved gathering input from various internal and external sources; benchmarking industry peers and best-in-class companies; examining broader mega-trends impacting our business, society and the planet; and auditing industry news and communications to identify issues that are relevant to our company. The sources we used in this process included:

- Internal documents and plans that articulated our company's business objectives and strategies, policies, programs and risk factors
- Communications prepared by the company for external release
- Feedback and insights from employees and customers
- Shareholder communications
- Traditional media coverage
- Online and social media outlets
- Industry publications
- General trending issues of relevance

After reviewing these sources, we compiled a matrix of issues and prioritized each one based on the following criteria:

- The importance of the issue to, and potential impact on, CVS Caremark
- The importance of the issue to, and potential impact on, our stakeholders
- The amount of reasonable control CVS Caremark has over a particular issue

Stakeholder Engagement

At CVS Caremark, we believe engaging stakeholders is key to the successful development and execution of our CSR strategy. We engage with stakeholders on an ongoing basis and strive to collaborate with stakeholders who are in a position to support or shape our thinking on our CSR priorities.

As we developed Prescription for a Better World, we considered the feedback and input we received from a number of external stakeholders. A few examples of the engagements we have had in the past year, and their related findings, include:

- Anti-tobacco and health organizations dedicated to fighting cancer provided information about the causes and impacts of tobacco addictions, as well as guidance on helping patients stop smoking. We will use their feedback to inform the development and launch of our 2014 smoking cessation programs
- State and federal legislators offered insights on the challenges and opportunities their constituents faced in relation to the Affordable Care Act's health exchanges, and we worked with them to identify ways to enable awareness and access for patients and payers
- Advocates for the development and disposal of safe cosmetics expressed concerns about the use of chemicals in the personal care products we sell and encouraged us to consider adopting a restricted substances list
- Local law enforcement helped our stores identify community centers for the safe disposal of prescription drugs and asked for additional support in advertising drop-off locations
- An interfaith-based institutional investment center submitted a shareholder resolution requesting that we provide further disclosure of our political contributions and lobbying activities. After discussing the group's concern, we realized we were already sharing most of the information, but it was difficult to find and we are in the process of updating our website to make it more accessible
- Lawmakers keep us informed of environmental policy and legislation that could potentially impact our business, to help ensure we are complying with current and/or future regulations

VALUE CHAIN

MAKING PRODUCTS

- sourcing raw materials
- processing or manufacturing product
- packaging products

BRINGING PRODUCTS TO MARKET

- transporting products to distribution centers
- processing products
- transporting products to retail stores
- PBM and online customer delivery

SELLING PRODUCTS AND SERVICES

- marketing
- selling products or services at retail
- administration

CONSUMER USE PRODUCTS AND SERVICES

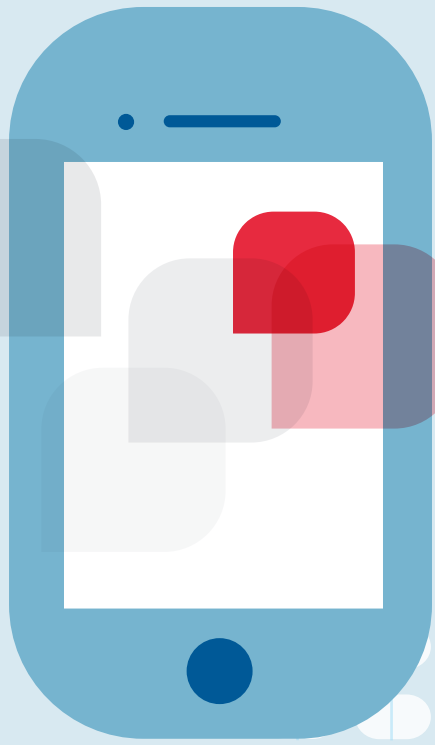
- consumer product use
- product disposal or end-of-life

As we work to further define and implement our Prescription for a Better World, we will remain focused on our material CSR issues and use the findings we gather from our annual CSR materiality assessments as inputs to the evolution of our strategy and related goals.

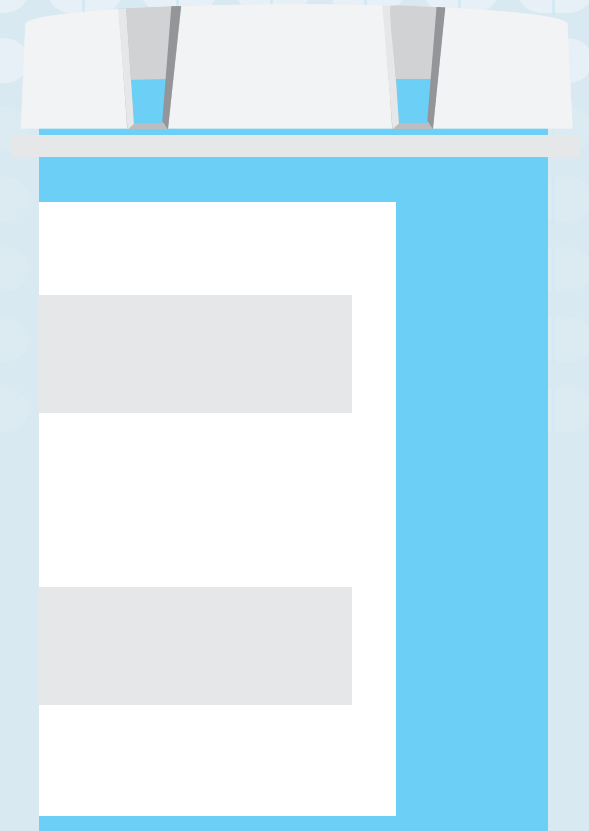
Material CSR Issues	Boundaries	CSR Material Aspects and Reported Indicators
Access and Affordability of Care	Marketing and retail; consumer use	<p>Economic Performance: Direct economic value generated and distributed: EC1</p> <p>Indirect Economic Impact: Significant indirect economic impacts, including the extent of impacts: EC8</p>
Climate Risks	Sourcing raw materials; processing and manufacturing; distribution; marketing and retail; consumer use	<p>Economic Performance: Financial implications and other risks and opportunities for the organization's activities due to climate change: EC2</p>
Chronic Disease	Marketing and retail; consumer use	<p>Customer Health and Safety: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement: PR1</p>
Deforestation (paper use)	Sourcing raw materials; processing and manufacturing	<p>Supplier Environmental Assessment: Percentage of new suppliers that were screened using environmental criteria: EN32</p> <p>Materials: Percentage of materials used that are recycled input materials: EN2</p>
Diversity and Inclusion	Sourcing raw materials; processing and manufacturing; distribution; marketing and retail	<p>Diversity and Equal Opportunity: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity: LA12</p> <p>Procurement Practices: Proportion of spending on local suppliers at significant locations of operation: EC9</p>
Economic Opportunity	Processing and manufacturing; distribution; marketing and retail	<p>Employment: Total number and rates of new employee hires and employee turnover by age group, gender, and region: LA1</p> <p>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation: LA2</p> <p>Training and Education: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. LA10</p> <p>Market Presence: Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation: EC5</p>
Energy Use and Greenhouse Gas Emissions	Marketing and retail; distribution	<p>Emissions: Direct greenhouse gas (GHG) emissions (Scope 1): EN15</p> <p>Energy indirect GHG emissions (Scope 2): EN16</p> <p>GHG emissions intensity: EN18</p> <p>Reduction of GHG emissions: EN19</p> <p>Transport: Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce: EN30</p>

Throughout this report, we have included references to the specific performance indicators being reported on, which align with the CSR priorities noted here.

Material CSR Issues	Boundaries	CSR Material Aspects and Reported Indicators
Human Rights	Sourcing raw materials; processing and manufacturing	<p>Investment: Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening: HR1</p> <p>Child Labor: Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor: HR5</p> <p>Supplier Human Rights Assessment: Percentage of new suppliers that were screened using human rights criteria: HR10</p> <p>Significant actual and potential negative human rights impacts in the supply chain and actions taken: HR11</p>
Information Security and Customer Privacy	Marketing and retail	<p>Customer Privacy: Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data: PR8</p>
Labeling and Transparency	Sourcing raw materials, processing and manufacturing; marketing and retail; consumer use	<p>Product and Service Labeling: Type of product and service information required by the organization's procedures for products and service information and labeling, and percentage of significant product and service categories subject to such information requirements: PR3</p>
Packaging	Sourcing raw materials; processing and manufacturing; distribution; marketing and retail; consumer use; end of life	<p>Materials: Percentage of materials used that are recycled input materials: EN2</p>
Patient and Customer Safety	Sourcing raw materials; processing and manufacturing; marketing and retail; consumer use	<p>Customer Health and Safety: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement: PR1</p>
Political Disclosure	Marketing and retail	<p>Public Policy: Total value of political contributions by country and recipient/beneficiary: SO6</p>
Prescription Drug Abuse and Disposal	Consumer use; end of life	<p>Products and Services: Percentage of products sold and their packaging materials that are reclaimed by category: EN28</p>
Product Ingredients	Sourcing raw materials; processing and manufacturing; distribution; marketing and retail; consumer use; end of life	<p>Products and Services: Extent of impact mitigation of environmental impacts of products and services: EN27</p>
Tobacco Cessation	Marketing and retail	<p>Indirect Economic Impacts: Significant indirect economic impacts, including the extent of impacts: EC8</p> <p>Marketing and Communications: Sale of banned or disputed products: PR6</p>
Waste	Distribution; marketing and retail	<p>Effluents and Waste: Total weight of waste by type and disposal method: EN23</p>
Water	Distribution; marketing and retail	<p>Water: Total water withdrawal by source: EN8</p>



health in action





The role of health care in the United States is evolving at breakneck speed. More Americans are becoming insured, the baby boomer population is rapidly aging, and there is a steady rise in the prevalence of chronic disease. While demand for health care services is increasing, the number of family practice physicians is decreasing, and our nation may not be producing as many qualified health care workers as we will ultimately need.

At CVS Caremark, we see these changes as both challenges and opportunities. As the United States' largest pharmacy innovation company, we touch the lives of millions of patients and, in turn, have a unique perspective and opportunity to help people with their health care needs.

Our Prescription for a Better World reflects our commitment to deliver on our purpose, and our focus on Health in Action centers on improving patient outcomes and providing quality, affordable and accessible health care to the people and communities we serve. We strive to deliver on these priorities by continuously improving our services and product offerings and by leveraging our integrated business model – including more than 7,600 retail pharmacies, more than 800 MinuteClinic locations and pharmacy benefits management (PBM) services – to help people on their path to better health.

OUR HEALTH IN ACTION PRIORITIES

Improving Health Outcomes

- Patient and customer safety
- Chronic disease and aging population
- Medication adherence

Building Healthier Communities

- Access and affordability of care
 - Prescription drug abuse
-

IMPROVING HEALTH OUTCOMES

Developing new ways to improve health outcomes is what we do as a pharmacy innovation company. This requires continuously reviewing and enhancing our pharmacy processes to ensure patient and customer safety practices are best-in-class, customizing our portfolio of products and services to deliver results people can trust, and leveraging patient insights and feedback to drive ongoing improvement.

Ensuring Prescription Accuracy

Prescriptions account for 70 percent of revenues at CVS/pharmacy stores and more than 80 percent of CVS Caremark's total revenues. Patients trust us to provide them with the medications their doctors prescribe, and accurate dispensing is of paramount importance to our business and the health of our customers.

At CVS Caremark we strive to achieve zero prescription errors and provide our pharmacists with the tools and training needed to ensure prescription accuracy. Our pharmacists are trained to take immediate action if an error occurs, to ensure the patient is safe and his or her health needs are met. Reporting an incident is the next critical step, and we have systems in place to identify errors and assess opportunities for process improvements.

Over the past several years, we have invested more than \$1 billion in enhancements to improve our quality assurance process, including the integration of state-of-the-art technology and automation solutions into our organized workflows.

OUR PRESCRIPTION QUALITY ASSURANCE PROCESS

All of our pharmacy operations, including retail, mail and specialty pharmacies, follow comprehensive quality assurance protocols for prescription safety and accuracy, which are described in detail in the table below.

Our pharmacies also include a description of the medication on all prescription labels and we advise patients to check their medication to make sure it matches the label information indicating color, shape and markings. A comprehensive drug description slip is also included with every prescription, which contains information on potential side effects, drug interactions and what to do if a patient misses a dose. Our labeling practices apply to all prescription medications dispensed by the company. [PR3](#)

In 2014, we will launch ScripTalk on CVS.com, a new program that will include talking prescription labels to allow patients who are blind or visually impaired to listen to, instead of read, the information on our prescription labels. We will also evaluate methods to improve large print labels.

EACH YEAR OUR
PHARMACISTS
FILL MORE THAN
750 MILLION
PRESCRIPTIONS
FOR PATIENTS.

Prescription Service	Prescription Process
Retail Pharmacies	Our retail pharmacies have well-defined processes in place to ensure accurate dispensing, including on-screen computer messaging, bar-coded prescription labels, electronic prescribing, automated prescription filling technology, electronic pill imaging, electronic scanning of prescription orders, upgraded prescription verification computer screens and quality assurance training for all pharmacy personnel.
Prescription Mail Service	The dispensing process employed in our prescription mail service operations includes extensive quality assurance measures, such as enhanced quality control, electronic imaging, quality procedures for compounded prescription items, an integrated system for eligibility verification and drug utilization review and final quality assurance checks.
Specialty Pharmacies	At our specialty pharmacies, we employ an additional comprehensive review process for medication appropriateness and conduct a complete patient assessment to help prevent safety, administration or efficacy issues with the prescribed medication.

**ENHANCING PRESCRIPTION ACCURACY,
SAFETY AND EFFECTIVENESS**

These processes and procedures are managed by our Patient Safety team, which is tasked with the continual improvement of patient safety through rigorous data analysis and the ongoing examination of our workflow, processes, policies and systems.

At the core of these efforts is WeCARE, CVS Caremark's proprietary pharmacy workflow process. The primary objective of WeCARE workflow is to enable our retail pharmacy teams to provide the highest levels of quality and customer service during their day-to-day activities. WeCARE is designed to optimize how we prioritize prescriptions to effectively prioritize activities within the pharmacy, enable impactful patient interactions, and provide multiple safeguards throughout the process to support the highest levels of patient safety. Additionally, WeCARE also seamlessly integrates clinical services into our prescription workflow and emphasizes quality practices at each workstation.

Our Patient Safety team continually analyzes our policies and processes to identify opportunities for continued enhancement and refinement. Additionally, this team is responsible for testing and monitoring the impact of any changes in our processes to ensure patient safety is never compromised. We also work with an outside Patient Safety Organization (PSO) to encourage our pharmacists and colleagues to report and share quality and patient safety information. The PSO helps us collect quality-related event data and evaluate areas of risk to patient safety, as well as identify opportunities for improvement.

IN 2014, WE WILL LAUNCH
SCRIPTALK ON CVS.COM,
A NEW PROGRAM THAT
WILL INCLUDE TALKING
PRESCRIPTION LABELS
TO ALLOW PATIENTS
WHO ARE BLIND OR
VISUALLY IMPAIRED TO
LISTEN TO, INSTEAD OF
READ, THE INFORMATION ON
OUR PRESCRIPTION LABELS.



A LOOK INSIDE OUR PHARMACIES

Our pharmacists fill more than 750 million prescriptions for patients annually, and each time they rely on our quality assurance process and tools to help ensure they are dispensing drugs accurately. On average, there are more than 20 quality assurance touch points for every prescription filled.

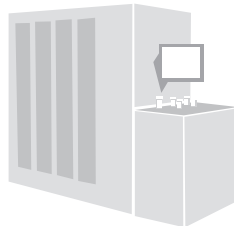
UPGRADED
PRESCRIPTION
VERIFICATION
COMPUTER SCREENS



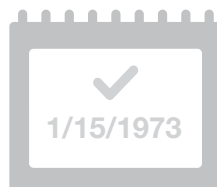
ELECTRONIC
SCANNING
OF PRESCRIPTION
ORDERS



AUTOMATED
PRESCRIPTION
FILLING



CONFIRMATION
OF PATIENT'S
BIRTH DATE



Delivering Safe, High Quality Products

CVS/pharmacy follows a standardized process to ensure consumer product quality and safety, and we require suppliers to comply with rigorous product quality and safety standards.

CVS BRAND PRODUCTS

Our CVS Brand and proprietary brands accounted for nearly 18 percent of our front-of-store sales in 2013 and are a key driver for our business. These products, which are sold under a variety of proprietary labels such as Gold Emblem™ and Essence of Beauty®, also save our customers money and aim to meet or exceed national brand performance.

We start by analyzing sales and market trends to determine the types of products our customers want and need. Our product team then works with third-party suppliers to design and manufacture products based on CVS Caremark's specifications.

The first step in this process is the identification and evaluation of the ingredients for potential CVS Brand products to ensure they comply with the U.S. Food and Drug Administration (FDA) and other government requirements. Our suppliers are also required to adhere to our Cosmetic Safety Policy which defines our approach to reducing and replacing the use of specific ingredients in product formularies and is explained in further detail as part of our product stewardship strategy.

The second step is demonstrating product compliance through rigorous testing with the quality, safety and regulatory requirements. Our protocol also prohibits testing on animals as part of the product development process, and requires suppliers to file documentation that substantiates this claim and prove they do not use adulterated materials.

To ensure our suppliers meet these standards, all CVS Brand products are evaluated at least annually for their adherence to specifications and performance, and suppliers are routinely audited for compliance with good manufacturing practices and our ethics program.

We also monitor products on a regular basis to ensure they deliver on our quality standards, meet regulatory standards and work as intended. As part of our post-marketing surveillance initiative, our Quality Assurance team reviews daily quality reports, supports preventative action programs and issues corrective action requests to suppliers that fail to meet established item performance metrics, such as complaints and returns. Potential outcomes of the post-marketing surveillance initiatives include product enhancements, recalls, product discontinuation and supplier termination. [PR1](#)

DIRECT IMPORT PRODUCTS

In addition to national brand and CVS Brand products, we also sell a number of imported consumer products, such as seasonal items. All imported consumer products, in the form of final production samples, are tested for quality, safety and performance, and are audited as part of our supplier ethics program.

PRODUCT RECALLS

At CVS Caremark, we are dedicated to delivering the highest level of care and take a proactive stance on drug safety alerts and product recalls. We have a dedicated Drug Safety Alert team monitoring the FDA website, as well as all other manufacturer

and pharmacy communications, to ensure all the products we sell and dispense are safe and effective.

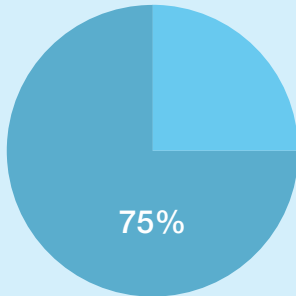
For pharmaceutical recalls, we adhere to strict procedures regarding notifications that are consistent with applicable legal and regulatory mandates. Based on the FDA guidelines, we take immediate action to communicate recalls to our pharmacists, remove affected products from distribution and, where applicable, notify any patients who may be at risk. In 2013, we executed more than 180 pharmacy recalls based on the FDA notification and classification process.

For non-pharmaceutical product recalls, we work to immediately remove the affected products from all our stores, distribution centers and our website; educate colleagues about the recall; in certain cases, communicate the change via posters and in-store signage to our customers; and return recalled items for proper disposal. In 2013, we managed approximately 280 non-pharmaceutical product recalls and developed enhancements to our process, including third-party audits that further ensure patient and customer safety when a recalled product may pose a serious health risk.

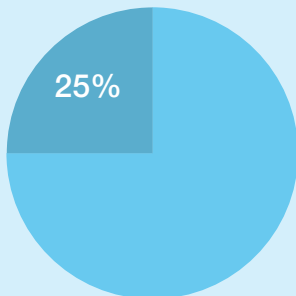
Additional details about our product recall process and a list of drug safety alerts for 2009-2014 is available [here](#).



Reducing Chronic Disease



of the total health care spend in the United States is allocated to the treatment of chronic illnesses



of patients who are prescribed medications for a newly diagnosed chronic illness do not fill their initial prescription

Reducing Chronic Disease

Currently 75 percent of the total health care spend in the United States – 1.5 trillion dollars – is allocated to the treatment of chronic illnesses, such as heart disease, diabetes and hypertension.¹ The impact of chronic diseases also extends beyond the financial: more than half of Americans suffer from one or more chronic diseases every year, and they are the leading causes of death and disability in our country.

At CVS Caremark, we are deeply committed to helping patients prevent and manage chronic disease and we leverage our integrated business model to improve health outcomes. These services are varied across our company: our MinuteClinic locations provide screenings, our specialty pharmacies provide unique treatment options and our PBM business provides patients with registered nurses to help manage disease, all of which are described in more detail as part of our strategy to build healthier communities.

We also work to address chronic disease by continuously evaluating and innovating our services and product offerings to promote health improvements. [PR1](#)

ENCOURAGING MEDICATION ADHERENCE

A prescribed course of treatment can only be effective if it is administered and followed properly, and, for many common chronic conditions (e.g., high blood pressure, high cholesterol and diabetes), prescription medications provide a cost-effective way to help people manage their disease. Despite this, an alarming number of patients do not take their prescribed medications as directed by their doctors. Research shows that 25 percent of patients who are prescribed medications for a newly diagnosed chronic illness do not fill their initial prescription. In addition, half of patients taking maintenance medications for chronic conditions will stop taking them within the first year of starting therapy.

Medication non-adherence is a major public health problem. Non-adherence to prescription medications is a frequent cause of preventable hospitalizations and prolonged patient illness,

¹ "Living Well With Chronic Illness: A Call for Public Health Action" Institute of Medicine 2012.

costing the United States health care system an estimated \$300 billion annually.² Understanding the barriers to adherence is the first step in providing better support to patients, and we are committed to programs and strategies that encourage medication adherence and lead to improved health outcomes.

**MEDICATION ADHERENCE:
THE STATE OF THE STATES**

In 2012, after reviewing and analyzing data from CVS Caremark's pharmacy benefit management claims, we published the *State of the States: Adherence Report*, a first-of-its-kind study of how patients in all 50 states comply with their doctors' orders about taking medication. The report found several factors contributing to non-adherence of prescribed medication, including a lack of understanding about the link between medication adherence, healthier outcomes and reduced health care costs; ineffective communications regarding refills; and the high out-of-pocket costs of certain medications.

Our second *State of the States: Adherence Report* was published in 2013 and found that the nation's health care system could avoid hundreds of millions of dollars in medical costs if in every state there was improved medication adherence among patients. The report projects potential cost-savings within each state by analyzing medication adherence rates and the use of generic drugs across four common conditions: diabetes, high blood pressure, high cholesterol and depression. The potential cost-savings among the states range from \$19 million to \$2.1 billion.

The report was developed as a tool to help inform health care, academic and government audiences as they review health care cost drivers and consider factors that can influence adherence across different populations.

Given the fiscal implications of non-adherence and the risk to human health, we believe medication adherence should be a high priority for the health care community.

² DeVol, R., Bedroussian, A. An Unhealthy America: The Economic Burden of Chronic Disease. Milken Institute. October 2007.

ADHERENCE INITIATIVES

In 2013, we launched a number of pilot programs to support patient medication adherence, which we are testing. These include:

REFILL SYNCHRONIZATION

By synchronizing medication refill dates, we can help PBM members who have prescriptions for multiple medications obtain all their medication refills at once, so they don't have to go to the pharmacy multiple times a month or receive multiple mail service shipments.

REMINDER DEVICES

We are researching and piloting a number of innovative devices to help PBM members remember to take their medication – from simple visual aids that attach to a pill bottle, to more complex equipment that provides audible and visual alerts.

DIGITAL TOOLS AND MOBILE APPS

We are working on and piloting a number of digital tools to help patients stay on track. These include mobile apps that provide both reminders to take medications, as well as motivation in the form of rewards and incentives.

PATIENT-CENTRIC LABELING

Because we know many members struggle with basic health literacy, we are looking at ways that we can simplify the packaging we use for medications – including the labels on the bottles and the drug information that accompanies a prescription – to make it easier for members to understand how and when to take their medications.

ENHANCED ALIGNMENT THROUGH ELECTRONIC HEALTH RECORDS (EHRS)

We believe there are opportunities to improve members' care through enhanced coordination with physicians, health plans and managers.

HELPING PATIENTS ON THEIR PATH TO BETTER HEALTH

Through our Pharmacy Advisor® program, CVS Caremark pharmacists are helping patients with chronic conditions achieve better health outcomes by encouraging medication adherence and closing gaps in care. Pharmacists engage with PBM plan members face-to-face in our stores or by phone when they fill prescriptions through our mail service pharmacy, allowing them to provide counsel and communicate in real time with physicians when necessary.

While Pharmacy Advisor was launched initially for patients with diabetes in early 2011, the program has expanded year over year to include patients with high blood pressure, high cholesterol, coronary artery disease, congestive heart failure, asthma, breast cancer, chronic obstructive pulmonary disease, depression and osteoporosis. To date, our Pharmacy Advisor counseling clinicians have delivered more than 8 million live interventions, including more than 7 million at CVS/pharmacy stores.

OUR SECOND STATE OF THE STATES: ADHERENCE REPORT WAS PUBLISHED IN 2013 AND FOUND THAT THE NATION'S HEALTH CARE SYSTEM COULD AVOID HUNDREDS OF MILLIONS OF DOLLARS IN MEDICAL COSTS IF IN EVERY STATE THERE WAS IMPROVED MEDICATION ADHERENCE AMONG PATIENTS.



THROUGH OUR PHARMACY ADVISOR PROGRAM, CVS CAREMARK PHARMACISTS ARE HELPING PATIENTS WITH CHRONIC CONDITIONS ACHIEVE BETTER HEALTH OUTCOMES BY ENCOURAGING MEDICATION ADHERENCE AND CLOSING GAPS IN CARE.

CVS Caremark also provides Maintenance Choice®, a program that provides eligible PBM members the option of picking up their 90-day maintenance prescriptions at CVS/pharmacy locations or receiving them through the mail. Regardless of which channel the member selects, they pay the typically lower mail copay, while the plan sponsor receives the typically lower mail rate. Approximately 17 million CVS Caremark plan members were enrolled in Maintenance Choice at the end of 2013.

INNOVATING FOR A HEALTHIER PATH FORWARD

Because every patient is unique and has unique drivers and barriers to medication adherence, what works for one person may not be effective for another. To address the multiple barriers to adherence, CVS Caremark has made significant investments in:

- **Research:** to understand the challenges and root causes
- **Technology and Infrastructure:** to support the seamless integration of new programs
- **Data Integration:** to help identify members at risk for non-adherence
- **Pilot Programs:** to test new innovative solutions and their impact on adherence

17 MILLION
CVS CAREMARK
PLAN MEMBERS WERE ENROLLED IN
MAINTENANCE CHOICE AT THE END OF 2013



CVSquitsforgood

CVS/pharmacy will stop selling cigarettes and all tobacco products at its more than 7,600 stores nationwide by October 1, 2014.

Eliminating Cigarettes and Tobacco

Cigarettes and tobacco have no place in a health care delivery setting. Each year, an estimated 480,000 people in the United States die from smoking or exposure to secondhand smoke, and another 16 million already have at least one disease from smoking.³ As key players in a patient's health care team, our pharmacies and retail clinics work every day to address the effects of smoking, and we believe it is inconsistent with our purpose of helping people on their path to better health to sell cigarettes and other tobacco products.

In addition to the toll smoking takes on human health, it also impacts our economy. The U.S. Department of Health and Human Services estimates that the annual smoking-attributable economic costs to the United States are between \$289 and \$332 billion, including \$132 to \$175 billion for direct medical care of adults, \$151 billion for lost productivity due to premature death, and \$5.6 billion for lost productivity due to exposure to secondhand smoke.⁴ By eliminating the sale of tobacco and cigarettes from our stores, our company strives to reduce the health and economic impacts of smoking. EC8

ENGAGING STAKEHOLDERS IN TOBACCO CESSATION

We will be conducting a national listening tour to support our announcement that CVS/pharmacy will stop selling cigarettes and all tobacco products at our more than 7,600 stores nationwide by October 1, 2014. The tour will focus on engagement with local health care providers, tobacco experts, employers and nonprofit organizations in key markets, among others, to discuss the future of tobacco cessation in our country.

Recently, our leadership agreed that the sale of cigarettes and tobacco was in direct conflict with our purpose and made the decision to stop selling tobacco products. We announced our decision at the beginning of 2014 and will become the first national pharmacy chain to eliminate cigarettes and tobacco from store shelves by October 2014. While we anticipate we will lose approximately \$2 billion in revenues on an annual basis from the tobacco customer, we know it was the right thing to do because it will help position our company for future growth in the health care sector. This decision more closely aligns CVS Caremark with our PBM clients, health plans and health plan provider partners who, like us, are working to improve health outcomes, reduce chronic disease and control costs. [PR6](#)

Our decision to stop selling tobacco products is consistent with positions taken by the American Medical Association, American Heart Association, American Cancer Society, American Lung Association and American Pharmacists Association that have all publicly opposed tobacco sales in retail outlets with pharmacies.

HELPING AMERICANS QUIT FOR GOOD

As part of our commitment to transition out of tobacco and cigarette sales, we are also pledging to help millions of Americans stop smoking and will launch a national smoking cessation program aimed at supporting the seven-in-ten smokers who say they want to quit.

The program, which will be available across all CVS/pharmacy and MinuteClinic locations and will offer comprehensive programs, will be informed by nonprofit organizations, health agencies and other cessation experts from across the country. It is expected to include information and treatment on smoking cessation at retail locations and via online resources.

^{3&4} U.S. Department of Health and Human Services. "The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General." Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014. Web. 14 Feb. 2014.



I CONGRATULATE – AND THANK – THE CEO OF CVS CAREMARK, LARRY MERLO, THE BOARD OF DIRECTORS, AND ALL WHO HELPED MAKE A CHOICE THAT WILL HAVE A PROFOUNDLY POSITIVE IMPACT ON THE HEALTH OF OUR COUNTRY.”

– PRESIDENT BARACK OBAMA, FEBRUARY 5, 2014

ANNUALLY,
SMOKING COSTS
THE UNITED STATES
APPROXIMATELY
\$300 BILLION



When 15-year-old Camie went to her local MinuteClinic in Chesterton, IN, for a school sports screening, she felt perfectly healthy. But when Nurse Practitioner Natalie Babcock listened to Camie's heart, she detected a heart murmur and suggested Camie immediately consult with her primary care physician, who then referred her to a pediatric cardiologist. His examination revealed a hole in Camie's heart that would require open-heart surgery to repair. The surgery was a success, and Camie is now back on the basketball court. "Nursing is my passion," said Babcock. "Helping people on their path to better health is what we do. My reward is when a patient gets the care he or she needs to live a healthier life."



BUILDING HEALTHIER COMMUNITIES

At CVS Caremark, we recognize that some patients may not have a medical "home." Between the rising costs of health care, the shortage of primary care physicians, and the intricacies of our current system, too often people are falling through the cracks and not receiving the care they need. As a pharmacy innovation company, we think we can help. We want to create healthier communities by increasing access to quality, affordable care, helping Americans get the health care coverage they need, and preventing prescription drug abuse.

Increasing Access to Quality, Affordable Care

Through our more than 7,600 CVS/pharmacy stores and more than 800 MinuteClinic locations, we are providing touchpoints for care throughout the United States and now in Brazil.

PHARMACISTS ON THE FRONT LINES OF CARE

Given the high cost of health care and the difficulty in accessing the system, patients are increasingly turning to their local pharmacists for practical medical advice when something is ailing them. This reality has changed the role of pharmacists in recent years, requiring them to assume a greater role in patient care. We have created various pharmacy programs to help people on their path to better health, such as Care 1on1™.

Through face-to-face consultations, such as those prompted by Care 1on1™, pharmacists help patients find lower-cost alternatives to make medicine more affordable and reinforce the importance of adhering to their prescriptions. Pharmacists also promote adherence through offerings designed to target patients for preemptive clinical intervention at relevant points in the patient's therapy.

Our pharmacists also support patients through our Pharmacy Advisor program, which is described in more detail here.

MINUTECLINIC

MinuteClinic, which provides high-quality, affordable care inside our CVS/pharmacy stores, is a key part of how CVS Caremark helps bridge the gap in care for consumers. With more than 800 locations across 28 states and more than 2,200 nurse practitioners and physician assistants, MinuteClinic is providing patients walk-in care services seven days a week – including evenings, weekends and holidays – and to-date, we have had more than 20 million patient visits.

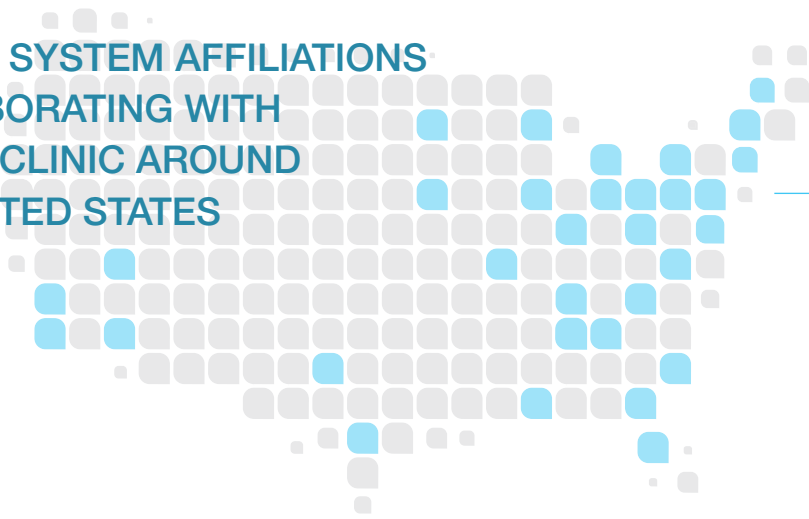
We believe the services provided by MinuteClinic are complementary to the care provided by a primary care physician. Because we view MinuteClinic as part of a broader care strategy, we currently have 32 affiliations with health systems around the nation, including Cleveland Clinic, Henry Ford Health System, Emory Health Care and others. These partnerships help us integrate patients' care seamlessly – for example, by being able to access and update shared electronic health records (EHRs). Thanks to EHRs, we are able to streamline communication around all aspects of an individual's care and collaborate with other facilities and physicians on patient education and disease management initiatives.

Patients come to MinuteClinic for a variety of reasons. Many arrive in need of acute care – for treatment of illnesses and injuries – and others come to receive annual vaccinations or routine screenings. Recently, we have seen an increase in the need for non-acute care. To meet patient needs, we are broadening our approach to provide chronic disease management and wellness services at MinuteClinic, such as monitoring and point-of-care testing for diabetes, hypertension and high cholesterol. In 2013, we added the following services and programs:

- Weight loss
- Smoking cessation
- Hyperlipidemia treatment in selected locations
- HIV screening in selected locations

HEALTH SYSTEM AFFILIATIONS

COLLABORATING WITH MINUTECLINIC AROUND THE UNITED STATES



EMPOWERING THE PATIENT

MinuteClinic nurse practitioners rely on Ask Me 3™ – the patient education program we developed in partnership with the National Patient Safety Foundation – to help guide patient interactions and improve health outcomes. The program encourages patients to ask and understand the answers to three questions:

- 1. What is my main problem?** This is to give the patient a deeper understanding of the diagnosis.
- 2. What do I need to do?** This is to help the patient focus on the treatment plan.
- 3. Why is it important for me to do this?** This is to provide the patient broader context on why clinical treatment directions should be followed.

MinuteClinic practitioners report that the Ask Me 3™ program is working to get patients more engaged in their health care decisions, which contributes to better health outcomes.

DELIVERING QUALITY CARE

Building on its established record for clinical quality, MinuteClinic has become the first retail clinic provider to receive three consecutive accreditation awards from The Joint Commission by demonstrating compliance with the national standards for health care quality and safety. MinuteClinic has a 95 percent customer satisfaction rate

as measured through Press Ganey, the industry's recognized leader in health care patient satisfaction measurement.

FREE AND DISCOUNTED HEALTH SERVICES

CVS Caremark engages in community outreach programs to support uninsured and underinsured patients who may need additional resources to manage their health and pharmacy care needs.

One way we do this is through our Project Health initiative, which provides free health screenings to qualifying patients. In 2013, we delivered more than \$10.5 million worth of free medical services to 105,416 customers at 794 events in the United States and Puerto Rico. In 2013, screenings included blood pressure, body mass index, glucose, total cholesterol, nutrition assessment, lifestyle stress test, allergy awareness, skin care awareness education, prostate cancer and breast cancer education. [EC8](#)

PHILANTHROPIC GIVING

Over the last two years, we have focused on aligning our philanthropic giving more strategically with our purpose of helping people on their path to better health. This has been a powerful rallying cry across our organization and it serves as a lens for all that we do.

Our focus on building healthier

- Advocate Health Care
- Allina Health
- Atlantic Health System
- Baptist Health Care
- Barnabas Health
- Carolinas HealthCare System
- Cleveland Clinic
- Cleveland Clinic Florida
- Dartmouth-Hitchcock
- Dignity Health
- Emory Healthcare
- Florida Hospital Medical Group
- Indiana University Health
- Greenville Health System
- Henry Ford Health System
- Hackensack University Health Network
- INOVA
- Main Line Health (Well ahead)
- North Shore LIJ
- Ohio Health
- OU Physicians
- Parkridge Health System
- Robert Wood Johnson University Hospital
- SHARP
- St. Joseph Health
(Mission * St. Joseph * St. Jude * St. Mary)
- St. Rose Dominican Hospitals
(A Dignity Health Member)
- St. Vincent's
- TriStar Health
- UCLA Health
- UMassMemorial Health Care
- UT Medicine Health
- Science Center San Antonio
- Virtua

**\$5 MILLION
COMMITMENT
TO INCREASE
ACCESS TO
HEALTH CARE**

**NEARLY
70 GRANTS
AWARDED
NATIONWIDE**

communities truly reflects what we do each day as a community partner – whether it is dispensing prescriptions, managing large prescription benefit plans, supporting patients through case management, investing in health centers or volunteering at free clinics – we actively participate in the health of our communities.

In 2013, our charitable contributions and in-kind donations totaled nearly \$75 million. However, our approach to strategic philanthropy goes far beyond our financial investments. We take our role in advancing community health very seriously and partner with nonprofit organizations in a number of ways, which include providing financial support and in-kind donations, encouraging our employees to volunteer and offering strategic counsel as needed. EC1

In 2013, we made a \$5 million commitment to expand access to quality health care nationwide and launched major partnerships with the National Association of Community Health Centers, the National Association of Free and Charitable Clinics, and the School-Based Health Alliance. Together, our goal is to bridge the gap between patient demand and access,

especially for underserved populations, and to use our grants to help thousands of adults and children benefit from health services in their local communities.

Specifically, the grants we made in 2013 supported coordinated care models at free and charitable clinics to improve the quality of care and health outcomes; funding to ensure that kindergarteners through high school students can receive routine medical care; and grants to support community-based health care models focused on chronic disease management for at-risk populations. We also provided our partners with in-kind product donations for much-needed over-the-counter items, including bandages, ice packs and antiseptic wash, and led multiple public relations and social campaigns to raise awareness of their efforts to provide quality care for underserved populations.

Beyond the financial and in-kind contributions we make, we are also dedicated to engaging our more than 200,000 employees and connecting them with our partners to advance community health. From planting community gardens at schools, to volunteering in the pharmacy at free clinics or providing much-needed executive guidance through board and committee membership – our employees dedicated countless hours to creating healthier communities and provided a value of more than \$1.1 million in volunteer hours in 2013.

Partnering with subject-matter experts in the area of health care helps us measure our impact and dramatically improve health outcomes. It also allows us to fund innovative models in disease management and care coordination that, when successful, can be replicated in other parts of the country by other partners.

For example, in 2013 we funded a number of programs that utilized “patient navigators” to help people manage chronic disease, increase health literacy and ensure patients were following their treatment plan. We found that patient navigators were a great addition to the health care delivery

We launched major partnerships to expand access to quality health care nationwide

National Association of Community Health Centers

NACHC | **22** MILLION PEOPLE | **9,000** SITES | **50 STATES**

National Association of Free and Charitable Clinics

NAFC | **1,200** CLINICS NATIONWIDE | **CORPS OF VOLUNTEERS** | **DOCTORS NURSES STAFF**

School-Based Health Alliance

SBHA | **HEALTH CARE SERVICES TO STUDENTS** | **1,900** SITES NATIONWIDE

team because they had more time to spend with the patient than the doctors and nurses did, they were part of the same community as the patients and often had personal experience with the disease.

Sharing these lessons and models with nonprofit organizations that are looking to address similar health care issues is a version of social impact investing.

Helping Americans Get Coverage

CVS Caremark provides information, tools and resources to help our customers understand their options for health care coverage and make a choice that makes sense for them.

AFFORDABLE CARE ACT

In 2013, our goal was to provide our customers with easy and convenient access to health insurance tools and resources. In fact, CVS Caremark conducted one of the most comprehensive Affordable Care Act (ACA) campaigns within the retail pharmacy channel during the Health Insurance Marketplace enrollment period, with more than 7,000 informational events in retail locations across the nation and a chain-wide distribution of dedicated ACA materials connecting customers to critical health care reform information. In addition, we developed dedicated ACA information repositories and made them available via desktop and mobile devices at CVS.com/insurance. These resources connected customers to tools like a subsidy eligibility calculator, enrollment milestones and a glossary of health insurance terms.

MEDICARE

During Medicare open enrollment in the fall of 2013, we were able to help hundreds of thousands of people evaluate their Medicare Part D options by offering plan comparisons online at CVS.com/medicare, in CVS/pharmacy stores and through our call center.

Battling Prescription Drug Abuse

For millions of Americans suffering from chronic or extreme pain, prescription medicines often provide the only hope for relief. Unfortunately, these medications are sometimes not used for their intended purpose and can lead to a dramatic increase in the use of controlled substances. In 2013, the *Journal of the American Medical Association* reported prescriptions for opioids jumped more than 300 percent between 1999 and 2010. It also concluded that overdose deaths are now the second leading cause of accidental death in the U.S. More than 2.4 million people were considered to be opioid abusers in 2010.

As the largest United States pharmacy based on total prescription revenue and as an employer of 23,000 pharmacists who dispense prescriptions and counsel patients, CVS Caremark is uniquely positioned to play a role in helping curtail prescription drug abuse.

But despite our scale and reach, we alone cannot stop this national crisis. We need partners to effect the greatest change. This is why we work with a wide range of organizations – including The Partnership at DrugFree.org, the Alliance for the Proper Use of Medicines, the U.S. Drug Enforcement Administration (DEA), federal, state and local government agencies, and others in the private sector to help mitigate this growing risk.

With our partners by our side, we are working to be a part of the solution by advancing legislation, promoting technology and creating safer communities.

ADVOCATING FOR CHANGE

CVS Caremark works at the federal and state levels to implement policy changes that are designed to curb prescription drug abuse, including:

- **Mandatory Electronic Prescribing for Controlled Substances:** We are urging federal regulators to require e-prescribing for these classes of drugs to reduce “doctor shopping,” drug diversion and unnecessary prescriptions

CHRONIC DISEASE COSTS THE U.S.
\$1.5 TRILLION
EACH YEAR

ABOUT THE COST OF COLLEGE EDUCATIONS FOR
 **15 MILLION**
AMERICANS

7 out of **10** U.S. DEATHS
EACH YEAR
ARE DUE TO CHRONIC DISEASE

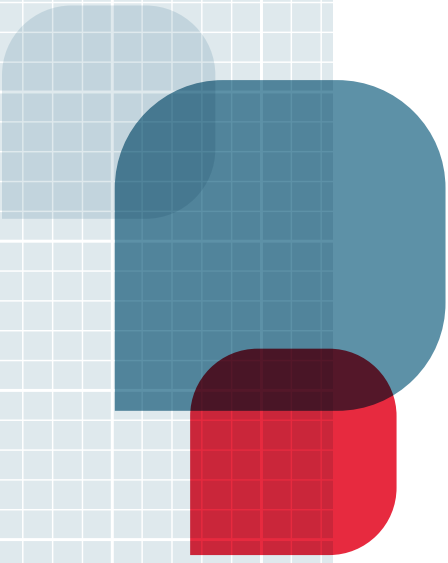


1.2 MILLION
U.S. CHILDREN
LACK ACCESS TO MEDICAL CARE
DUE TO FINANCIAL HARDSHIP

EQUAL TO THE NUMBER OF STUDENTS
 **IN NYC**
PUBLIC SCHOOLS

62 MILLION
PEOPLE
LACK ACCESS TO PRIMARY CARE

THAT'S ENOUGH TO FILL EVERY PRO FOOTBALL STADIUM
 **IN AMERICA**
31 TIMES



- **Improved Prescription Drug Monitoring Programs (PDMPs):** These state-run databases are operating in 46 states to help providers and pharmacists identify patients at risk of overdose and drug abuse. However, improvements are needed to encourage interoperability between different states and make PDMP data directly available to prescribers and dispensers. We are prepared to support efforts to create incentives to improve inter-state connectivity, the timeliness of data, as well as unifying various standard submissions

- **Proper Prescription Drug Disposal:**

CVS Caremark is committed to working with federal and state officials on more innovative and effective ways to manage drug take back initiatives

Additional details regarding our policy focus areas and CVS Caremark's stance on prescription drug abuse legislation can be found in our Public Policy Principles.

LEVERAGING OUR DATA

We utilize our extensive database to evaluate data on prescriptions filled at CVS/pharmacy and identify providers with extreme patterns of prescribing high-risk drugs. If we detect an issue, we stop dispensing controlled substances on behalf of those who cannot justify their prescribing habits.

USING OUR DATA TO COMBAT PRESCRIPTION DRUG ABUSE

In 2013, we used our data to identify physicians and prescribers who exhibited extreme patterns of prescribing "high risk drugs" by studying their volume and share of prescriptions for high-risk drugs versus other providers in the same specialty and geographic region. We published details of this pilot in *The New England Journal of Medicine* website and are working with state attorneys general to address our findings.

TARGETING PRESCRIPTION DRUG ABUSE AMONG TEENS

Studies show one in four teens have misused

or abused a prescription drug at least once, and two-thirds of teens who abuse prescription painkillers say they get them from friends and family.^{5,6} At CVS Caremark we are especially concerned about the prescription drug epidemic among youth and are dedicated to educating teens about the dangers of medication misuse.

To reach this key audience, we support The Medicine Abuse Project, a five-year national action campaign that seeks to prevent half a million teens from abusing medicine by the year 2017. The Medicine Abuse Project engages parents, grandparents, educators, health care professionals, communities and law enforcement officials. By promoting the campaign in our stores and our website, CVS Caremark is asking families to pledge to safeguard their medicines and talk to their kids about medicine abuse. CVS Caremark is a gold-level sponsor at \$250,000 for the Partnership at Drugfree.org in support of the Medicine Abuse Project. In 2014, we will build on lessons learned from patients' feedback and The Medicine Abuse Project, and explore opportunities for MinuteClinic to help combat medicine abuse among teens.

SUPPORTING DRUG TAKE BACK PROGRAMS

With an estimated 200 million pounds of unwanted medications being improperly disposed of every year throughout the U.S., CVS Caremark recognizes that one of the biggest ways we can combat prescription drug abuse is to reduce the available supply. We aim to position CVS Caremark as a leader in mitigating prescription drug abuse by advancing legislation, promoting technology, and creating safer communities.

In 2013, we launched the CVS/pharmacy Medication Disposal for Safer Communities Program. The program is designed to help police departments hold National Prescription Drug Take Back events and raise community awareness of local drug disposal programs managed by law enforcement. In the past year, we hosted approximately 100 drug take back events

and began advertising the location of permanent, community-based drug disposal receptacles at 200 CVS/pharmacy stores.

On October 26, 2013, nearly 100 CVS/pharmacy locations participated in the National Prescription Drug Take Back Initiative. Nationwide, citizens turned in more than 647,000 pounds of unwanted or expired medications for safe disposal at approximately 5,700 collection sites. A similar nationwide event was held earlier in the year. ^{EN28}

All CVS/pharmacy locations throughout the United States also participate in the Sharps Compliance Takeaway Environmental Return program, which provides customers with the ability to safely dispose of their unused, expired or unwanted drugs using affordable medication disposal envelopes. Additional detail about this program can be found [here](#).

⁵ "2012 Partnership Attitude Tracking Survey, Partnership at Drugfree.org and MetLife Foundation: Teens and Parents." The Partnership at Drugfree.org and MetLife Foundation, 2013. Web. Sept 2013.

⁶ Substance Abuse and Mental Health Services Administration. "2011 National Survey on Drug Use and Health: Summary of National Findings." NSDUH Series H-44, HHS Publication No. (SMA) 12-4713. Rockville, MD: Substance Abuse and Mental Health Services Administration, 2012.

Drug Enforcement Administration's 7th Annual National Prescription Drug Take Back Initiative

100 CVS/pharmacy
LOCATIONS
PARTICIPATED

5.7K COLLECTION
SITES

647K POUNDS OF
MEDICATION
SAFELY DISPOSED OF
AND INCINERATED



planet in balance





According to leading experts, climate change is one of the most pressing issues of our generation. Changes including extreme temperatures, rising sea levels and more frequent weather-related disasters are being observed and are projected to continue. The potential impacts of climate change are also varied. In some parts of the world, water scarcity is expected to increase; in other places, greater rainfall and rising temperatures will have a serious impact. At the same time, the global demand for natural resources is on the rise and we expect there will be increased competition for the materials used in the products we create.

Our purpose as a company is helping people on their path to better health, which we believe is intrinsically linked to the sustainability of our planet. As part of our Prescription for a Better World, we have made Planet in Balance a strategic priority and are working to mitigate climate change, reduce our resource use and embed sustainability into our products and supply chain.

OUR PLANET IN BALANCE PRIORITIES

Climate Change and Natural Resources

- Greenhouse Gas Emissions/Energy
- Water
- Waste & Recycling

Product and Supply Chain Sustainability

- Ingredients
 - Packaging
 - Sustainable Sourcing/Supply Chain
-

ENVIRONMENTAL
STEWARDSHIP AT
CVS CAREMARK IS
GUIDED BY OUR
ENVIRONMENTAL
COMMITMENT
STATEMENT AND
OUR CLIMATE
CHANGE POLICY
STATEMENT.

ADDRESSING CLIMATE CHANGE

At CVS Caremark, we recognize human activity plays a role in climate change and that operating our business has an effect on the environment. We address this challenge by reducing impacts across our company, including energy use, water use and waste output, and targeting the primary source of our greenhouse gas (GHG) emissions: the 75 million square feet of retail space that comprise our CVS/pharmacy stores. Although they have a smaller footprint, we also focus on reducing the impacts of our distribution centers and transportation network.

We are addressing our impacts as they pertain to our direct operations. We have not yet measured the extent of these impacts across our entire supply chain.

Greenhouse Gas Emissions

Our Climate Change Policy articulates our approach and key strategies to reducing emissions including monitoring risks and opportunities, implementing a GHG efficiency program and engaging stakeholders regarding our climate-related performance.

MEASUREMENT AND GOAL SETTING

The boundaries of our carbon footprint include our more than 7,600 retail stores and more than 800 MinuteClinic locations. Also included are our 20 distribution centers,

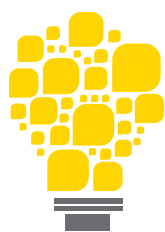
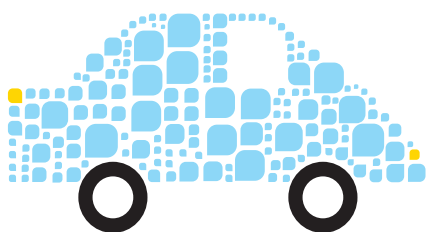
91 administrative facilities, including our PBM operations, and transportation.

We first started measuring and reporting our GHG emissions in 2008, which is when we realized our stores account for the vast majority of our footprint. We monitor our emissions in accordance with the Greenhouse Gas Protocol, published by the World Resources Institute and the World Business Council for Sustainable Development.

While we track and report absolute emissions, our company is in a growth mode – constantly building new CVS/pharmacy stores, distribution centers and office facilities – so we focus on carbon intensity as the key metric to gauge how well we are improving our performance. In doing so, we recognize our absolute emissions will gradually rise over time and are investing in changes to prevent them from growing at the same rate as our square footage.

Progress Toward Our Carbon Intensity Reduction Goal

In 2010, we set a 2018 goal to reduce our carbon intensity by 15 percent per square foot of retail space. Though we have made significant progress and are tracking positively against our 2010 baseline intensity, in 2013 we saw an increase of emissions due to several factors:



WHAT WE MEASURE

The boundary set for our carbon footprint evaluation is based on available data and industry standards, as defined by the World Resources Institute and the World Business Council for Sustainable Development. We included the energy used in all CVS/pharmacy stores, distribution centers and corporate offices, as well as emissions from business travel, product deliveries and refrigerants.

- **Mandatory Refrigerant Change-Outs:** Emissions from refrigerants increased in 2013 as we phased out the use of ozone-depleting substances, as well as the use of replacement refrigerants, which generally have a higher global warming impact.
- **Colder Weather:** Like many businesses, CVS Caremark encountered increased heating demands from colder weather in 2013, causing higher GHG emissions from natural gas and other heating fuels.
- **Changes in Emission Factors:** In 2012, changes in the EPA's electricity emission (eGrid) factors led to a substantial decrease in our GHG emissions, while in 2013 changes in emission factors were minimal.

Despite these challenges, we are tracking at a nine percent reduction from our 2010 baseline and continue to be on pace to achieve our carbon intensity goal by 2018.

CARBON DISCLOSURE

As carbon regulations ramp up and disclosures on comprehensive emissions become increasingly important to stakeholders, including some shareholders, we are committed to reporting our carbon footprint as transparently as possible. Since 2010, we have been submitting information on our carbon footprint to the Carbon Disclosure Project (CDP), and in 2012, we began engaging an independent third-party to assure our data.

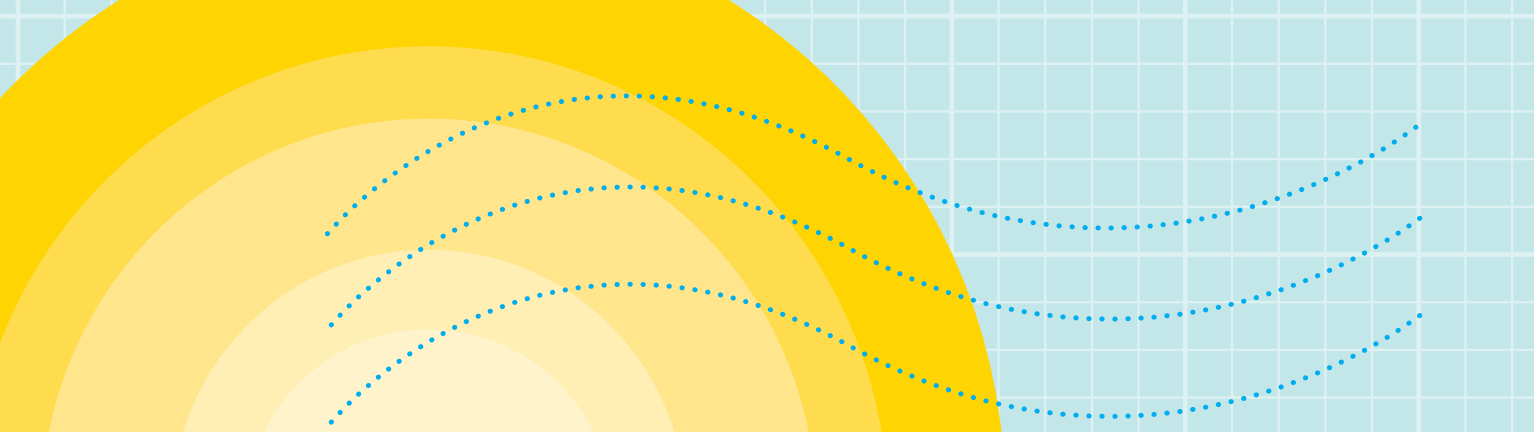


CLIMATE CHANGE RISKS AND OPPORTUNITIES EC2

Climate change poses risks to many communities around the world, including the communities we serve at CVS Caremark. To prepare for potential climate impacts, we evaluate our risks and opportunities on an annual basis. We know that the occurrence of “superstorms” is increasing, which is why we identified the potential for extreme weather-related events or patterns as a major climate risk for our company.

As a provider of prescription medication and retail health services, we understand that a major disruption in our business can have serious implications for patients who rely on us for health care needs. We have responded to disasters in the past and learned some valuable lessons – most recently from the Moore, OK, tornado, Superstorm Sandy and the Polar Vortex. These experiences help our business continuity team enhance our emergency response action plans on a regional level. Their focus is on ensuring we are operational during times of severe weather events or directing customers to other nearby CVS/pharmacy locations in the event that a particular store must close.

In evaluating and preparing for these risks, we believe that the unexpected closure of our data centers and corporate offices would pose the greatest jeopardy to our business because it would impede our ability to operate the systems that support our stores. Our Business Continuity Plan addresses the loss of facilities, IT infrastructure and human resources as well as losses in our supply chain in the case of floods and hurricanes. Financially, we are at risk of physical damage to our facilities, lost inventory from power outages and lost business from being closed in the wake of a natural disaster.



TOTAL ENERGY USAGE, BY TYPE, FOR 2011-2013

	2011	2012	2013
Electricity*	2.9 MILLION MWh	2.9 MILLION MWh	2.9 MILLION MWh
Natural Gas**	10.1 MILLION THERMS	8.0 MILLION THERMS	12.0 MILLION THERMS
Propane and Oil***	580,000 THERMS	490,000 THERMS	580,000 THERMS
Fuel Consumption****	10.1 MILLION GALLONS	9.7 MILLION GALLONS	9.6 MILLION GALLONS

* Data represents total electricity consumption (in megawatt hours) at all CVS Caremark distribution centers, stores and administrative locations.

** Data represents total natural gas consumption at CVS distribution centers, stores and administrative locations. Totals exclude oil and propane usage at exclusively Caremark facilities and facilities with landlord paid utilities.

*** Data represents total propane and oil usage at CVS distribution centers, stores and administrative locations. Totals exclude oil and propane usage at exclusively Caremark facilities and facilities with landlord-paid utilities.

**** Data represents total fuel consumption for deliveries, air and car fleet, company-owned cars and rental cars.



TOTAL CARBON FOOTPRINT AND CARBON INTENSITY MEASUREMENT EN18 EN19

	2011	2012	2013
CO2 Equivalents (metric tons CO2e)	1,800,500	1,712,000*	1,737,000
CO2 Equivalents Intensity Per Square Foot of Retail Space (metric tons CO2e)	0.025	0.023*	0.023
Square Feet of Retail Space	71.5 MILLION	73.1 MILLION	75.0 MILLION
Year-to-Year Change	Intensity decreased slightly	Intensity decreased slightly	Intensity continued to decrease from baseline
Progress Toward Carbon Intensity Reduction Goal	1%	8%*	9%

* Adjusted from figure reported in CVS Caremark's 2012 CSR report due to minor (~5%) updates as a result of CVS Caremark's third-party verification process. Carbon Intensity Goal: Reduce carbon intensity by 15 percent by 2018, based on 2010 figures.

Conserving Natural Resources

ENERGY

Operating our retail locations is energy-intensive and expensive. In 2013, we consumed approximately three million megawatt hours of electricity – making electricity the biggest driver of our carbon footprint. As such, we have made reducing energy use a key focus for achieving our carbon intensity goal, with the understanding that it will also help us lower the cost of our business operations and reduce our impact on the planet. Our energy strategy is focused on reducing energy where the impact is greatest – our stores and transportation – and exploring alternative energy solutions, when feasible, as part of our long-term sustainability investments.

ELECTRICITY

In 2013, our overall electricity use remained flat amidst an increase in overall square footage. We believe this is partly attributable to the efficiency programs we continued to implement in our CVS/pharmacy stores, including the ongoing rollout of our Energy Management System (EMS), the continuation of our lighting retrofit initiative and the incorporation of more green building specifications in our new store construction, which are described in more detail below.

NATURAL GAS AND OTHER FUELS

Our use of natural gas and other fuels saw an increase in 2013, likely due to colder weather that caused the U.S. to experience a 20 percent increase in heating demand or “heating degree days” (HDD). HDDs are a measurement of the overall demand for energy required to heat a building. More HDDs often correlate with higher heating costs in cold climates.

ALTERNATIVE ENERGY SOLUTIONS

We continued exploring alternative energy solutions for certain store and distribution center locations, installing a solar photovoltaic system at our West Haven, CT store and beginning a solar project at our Kapolei, HI distribution center. We also introduced 86 high-efficiency battery chargers for forklifts at our distribution centers.

ENERGY MANAGEMENT SYSTEM

In 2013, we continued to expand our EMS, which has been implemented in the majority of our stores and two of our distribution centers. Our EMS was designed based on ISO specifications and equips stores with digital components to help them better track and manage their energy use. We run the system from a central location that allows us to monitor energy use in each store and automatically adjust lighting, temperature, HVAC and other systems so energy is only used when needed.

LIGHTING RETROFITS

Our lighting retrofit initiative continued to deliver game-changing returns on our sustainability investments in 2013. During the course of the year, we completed LED lighting retrofits for freezers and coolers at 566 of our existing stores and two distribution centers. We also upgraded exterior signage, drive-through windows and entryway canopies with high-efficiency LED lighting, and installed additional LED retrofits to store parking lots and exterior signage.

We are currently piloting LED lighting for future integration, as we believe this technology will provide the greatest efficiency gains in the future.

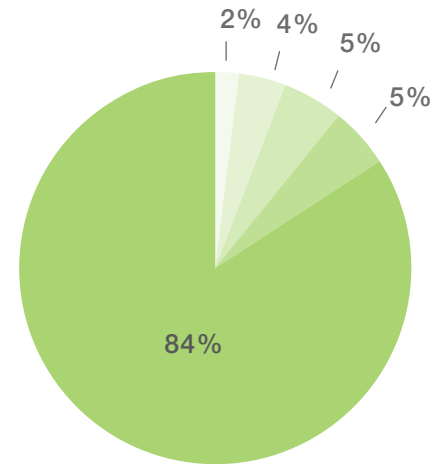
TRANSPORTATION

Transporting products from our distribution centers to stores is the second-largest contributor to our carbon footprint, and we are always searching for new and innovative ways to optimize fuel efficiency and mitigate our transportation-related carbon emissions. In 2013, our fleet was comprised of 266 company-owned tractors and 844 trailers, as well as 428 third-party tractors and 1,039 trailers, which consumed a total of 7.26 million gallons of fuel. Our fuel consumption decreased slightly in 2013 due to fleet efficiency initiatives, such as route optimization, improved cube utilizations, reductions in idling times, tire monitoring inflation systems and regular tire checks for tread depth and air pressure.

Highlights from our 2013 transportation energy efficiency initiatives include:

TOTAL CARBON FOOTPRINT

in CO₂ Equivalent Emissions, by Type and Per Metric Ton
2013: 1,737,000 Tons/CO₂e



84% ELECTRICITY
(1,466,000 TONS CO₂e)

5% REFRIGERANTS
(82,000 TONS CO₂e)

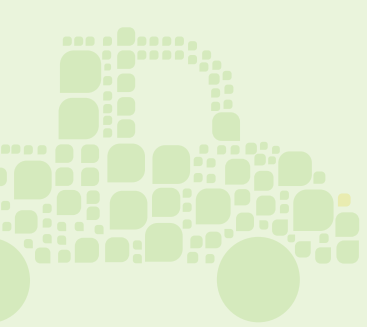
5% PRODUCT DELIVERIES
(81,000 TONS CO₂e)

4% NATURAL GAS & OTHER FUELS
(69,000 TONS CO₂e)

2% BUSINESS TRAVEL
(39,000 TONS CO₂e)

Emission breakdown by source remained relatively constant compared to 2012

EN15 EN16



Transportation Efficiencies Achieved through Cube and Routing Optimization. ^{EN30}

**DROVE
800,000
FEWER MILES**

**SAVED
34,150
GALLONS
OF FUEL**

**REDUCED
CO2 EMISSIONS
BY 359
METRIC
TONS**

- Incorporating the use of alternative fuel, LED lighting in new trailers, aerodynamic skirts, electronic tire monitoring, cube optimization, delivery route efficiency and driver performance monitoring
- Enforcing a no-idling policy
- Ensuring all new tractors met the California Emissions Guidelines, going above and beyond industry standards
- Bringing 90 tractors with automatic transmissions into our fleet
- Retrofitting 100 trailers with Trail Charge technology – a high-efficiency battery charger

Our private fleet continues to be an Environmental Protection Agency Smartway Carrier Partner for the fourth year in a row, receiving the highest carrier rating of Level 1 for emission control, and has been a Smartway Shipping Partner since 2012.

Moving forward, we will continue investing in reducing energy-related transportation impacts, and in 2014 we plan to further improve efficiencies by implementing new onboard computers in our fleet.

WATER

Water scarcity is a global concern and water is a highly sought after resource for the production of raw materials and use in manufacturing processes; unfortunately, climate change is only further decreasing its availability. While we are a relatively small user of water, we recognize the

importance of conserving this precious resource within our business operations and take steps to monitor and reduce our overall water usage, as well as report our water footprint data annually through the CDP.

CVS Caremark’s water management strategy provides guidance for how we drive water efficiencies and reduce water usage. Our strategy calls on us to: continuously measure and monitor our water use and savings; establish water guidelines around the development of new properties with appropriate landscaping; and implement water reduction initiatives into both LEED and non-LEED buildings.

The vast majority of the water we use comes from United States municipal water systems. The biggest source continues to be our irrigation systems for landscaping, most of which occurs at our retail locations. We look to decrease water use and implement landscaping efficiencies, where possible. For example, we piloted zero irrigation at our new retail store in West Haven, CT in 2013, radically reducing the amount of ground water used. We plan to expand this approach to other locations as jurisdictions allow.

WASTE & RECYCLING

As a company that manages retail pharmacies and clinics, distribution centers and corporate offices, we must pay close attention to the waste associated with our various business operations.

While we have systems in place to



**WATER USE INTENSITY MEASUREMENT
BASED ON PER SQUARE FOOT OF RETAIL SPACE,
FOR 2011-2013 ^{EN8}**

	2011	2012	2013
Total Water Usage (ML)	7,200	7,550	6,700
Sq. Ft. of Retail Space	71.5 MILLION	73.1 MILLION	75.0 MILLION
Normalized Water Usage (ML)	0.000101	0.000103	0.000089

DISTRIBUTION CENTER WASTE STREAMS BY TYPE/AMOUNT EN23

help us reduce waste and recycle as much as possible at our retail locations and distribution centers, we recognize we have an opportunity to better understand what comprises our waste footprint. To support this effort, we have expanded our Energy Technology Assessment Committee to include a Waste Stream Management subcommittee, and we will work to identify areas for improvement by completing a system-wide waste audit in 2014.

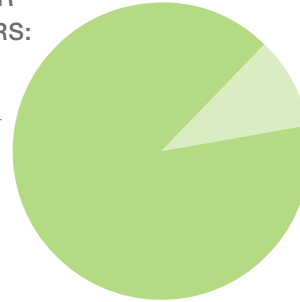
REDUCING WASTE AT CVS/PHARMACY

We seek to reduce waste at CVS/pharmacy stores through the use of technology. For example, we supply retail locations with hand-held scan units that are programmed to help our colleagues manage non-saleable consumer products, which are products that are removed from our store shelves due to slow sales, discontinuation or other reasons. Using the scan unit technology, our colleagues are given direction on how to properly donate, liquidate, recycle or, when necessary, dispose of items as waste. In 2013, this process helped our stores support local organizations across the country by donating \$48 million worth of product, based on cost of goods, including 5.9 million pounds of food to our food bank partners. EN23

We are also reducing our environmental footprint by minimizing waste produced from our photo-processing business, where feasible. We are converting most stores with chemical-based photo-development processors to dry digital processors. This transition to digital photo-processors will minimize our usage of photo-development chemicals and the subsequent need to recycle spent silver-containing solutions that result from the process. In contrast, the ink cartridges from dry digital processors do not contain materials considered hazardous or that require special handling. CVS/pharmacy has converted approximately 2,350 stores to digital photo-processing in 2013 and expects to convert another 1,500 by 2015.

**TOTAL WASTE FOR OUR
DISTRIBUTION CENTERS:
58,017 TONS**

90%
(52,132 tons)
Recycled Material
**(cardboard, stretch film,
totes, metal, other)**



10%
(5,885 tons)
Landfill Waste
**(waste that cannot
be recycled or
repurposed)**

We also provide consumers with opportunities to recycle plastic bags and other items, such as bottles and cans, batteries and electronics, at many of our stores. Our plastic bag recycling program is available at many of our retail locations, and encourages customers to bring in their used plastic bags instead of throwing them in the trash. In 2013, we expanded our plastic bag, bottle and can recycling programs, keeping more than 33,000 pounds of plastic bags and more than 4,000 pounds of plastic bottles and aluminum cans out of landfills. In addition, we changed to single-stream recycling in stores in Connecticut and New Jersey, which helped us recover more than 550,000 pounds of recyclable material.

Moving forward, we are also exploring opportunities to create additional recycling stations for products and packaging that are typically purchased at CVS/pharmacy stores. We will pilot these opportunities in 2014 and determine if customer participation warrants greater adoption across our store footprint.

DISTRIBUTION CENTERS AND CORPORATE OFFICES

In 2013, we continued to improve recycling initiatives in our distribution centers, stores and corporate offices. Our overall efforts resulted in the recycling of 199 tons of plastic stretch film, an increase from 188 tons in 2012, and 50,307 tons of cardboard, representing a two percent increase from 2012. We also recycled 698 tons of the totes we use to carry and ship many of our products, 504 tons of metal and 424 tons of other miscellaneous waste, which includes office paper, magazines, greeting cards and co-mingled recyclables.

ENVIRONMENTAL MANAGEMENT PROGRAM

We established the Environmental Management Program (EMP) in 2011 with the goal of providing a basic framework for us to responsibly manage our environmental compliance obligations within our operations and have since rolled it out to all of our retail pharmacies, corporate offices and distribution centers. In addition to ensuring compliance, the EMP helps us reduce environmental risk and guides us toward continuous improvement.

HAZARDOUS WASTE

In 2013, we continued to build out our Hazardous Waste Management Program (HWMP) to prevent incidents that can result from the improper storage, handling and disposal of consumer product determined to be hazardous waste.

In 2013, we enhanced our HWMP by implementing WERCSmart™, a tool that collects ingredient information on applicable products from our suppliers. WERCSmart enables us to classify products as non-hazardous or hazardous according to both federal and state regulations, and ultimately, drives the proper management of products requiring disposal at the store-level.

Other initiatives include working with our waste vendor to drive stronger compliance through improved reporting and enhancing our colleague training on the proper handling of waste in our stores. In 2013, while we managed 2,100 tons of waste through our HWMP, more than 50 percent of the waste collected was converted to energy and less than five percent was sent to landfill. The remaining waste was sent for fuel blending, incineration, recycling or waste water treatment. [EN23](#)

In the event that a hazardous-waste incident does occur, we have a strict protocol in place, per federal and state environmental regulations, to responsibly manage such an event and inform the proper authorities.

Incorporating Green Building Practices

We incorporate sustainable building design into our new store and facility specifications, whenever possible. In order to stay on top of developing trends in green design, we participate in the United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) training programs as well as our home state of Rhode Island's USGBC chapter.

RESTORING BROWNFIELDS

When we consider building a new store, we start by identifying the ideal location and designating an environmental liaison to assess the environmental risk and remediation issues associated with a potential site.

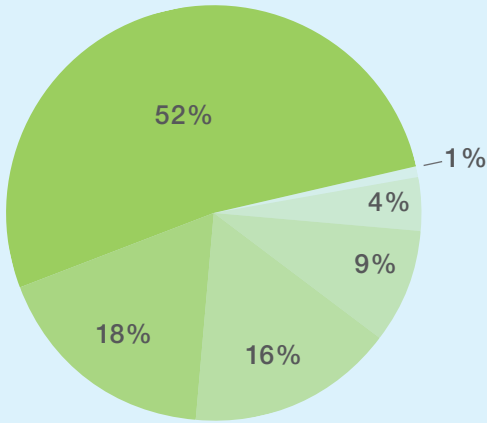
Depending on the type of business that previously occupied a prospective site, it can come with potential problems and may be considered a "brownfield." A brownfield is land that may be contaminated by concentrations of hazardous waste or pollution, due to its former use for industrial or commercial purposes, such as a gas station or dry cleaner. We don't shy away from brownfield sites and instead assume the added responsibility and costs of remediating and restoring them to be safe and viable properties for a CVS/pharmacy and for the community. Approximately half of the new stores we opened in 2013 required brownfield remediation.

BUILDING ENERGY-EFFICIENT STORES

After ensuring a construction site meets environmental regulations, our next step is to build a store that is both energy-efficient and cost-effective to operate. In the past decade, we have made a number of improvements to our stores to reduce their impacts, and to further support this effort in 2013 we updated our building prototype to be compliant with the 2012 International Building Code (IBC), which ensures a higher standard for building efficiency.

We also opened a new, energy-efficient pilot store in West Haven, CT. Our pilot store was designed to the USGBC's LEED Platinum standards, and we expect it will be Certified in 2014. The store features the latest elements in sustainable design, including a charging station for electric cars, zero irrigation landscaping, solar panels on the roof, solar tubes in the pharmacy area, and daylighting which reduces electricity use. While we do not seek LEED certification for all new buildings, we are using this store as a testing ground for exploring energy-efficient features we can incorporate into the 200-300 stores we build each year.

**CONVERSION OF
HAZARDOUS WASTE
IN 2013**



- 52%** waste to energy
- 18%** recycling
- 16%** fuel blending
- 9%** hazardous waste incineration
- 4%** stabilization to landfill
- 1%** waste water treatment

**CVS CAREMARK
LEED-CERTIFIED BUILDINGS**

- 2013** Finance Center
Cumberland, RI
- 2013** Retail Store
Los Angeles, CA
- 2011** Retail Store
Burtonsville, MD
- 2011** Distribution Center
Chemung, NY
- 2011** Customer Care Center
Cumberland, RI
- 2011** Marketing Support Center
Woonsocket, RI
- 2010** Retail Store
La Quinta, CA



**ADOPTING NEW GREEN
BUILDING SPECIFICATIONS**

Every day, we are evaluating opportunities to reduce the environmental impacts of our stores. Based on findings from our West Haven, CT test site, we are incorporating the following green specifications into all new stores:

- LED lighting for all coolers**
- Photo lab sink removal**
- LED exterior site lighting**
- LED building lighting**
- LED ground signs (pylons)**
- Single lane drive-thru canopy**



Integrating Sustainability Across Our Organization

In 2013, our Energy Technology Assessment Committee (ETAC) was comprised of five subcommittees: Energy Star Standards and LEED Certifications, Alternative Energy Sources, Energy Efficiency Projects, Waste Stream Management and Resource Conservation. These groups actively monitor and pilot sustainability initiatives across our company and present proposals to a newly formed ETAC Advisory Team, a cross-functional team led by our Vice President of Property Administration and Energy Management, and comprised of subcommittee heads who review project results and identify opportunities to scale solutions.

In 2013, our ETAC led a wide variety of projects that helped integrate sustainability across our business. Some of the initiatives ETAC took on include engaging vendors to pilot new energy programs, updating new store construction specifications and implementing new processes to improve energy efficiencies.

IMPROVING THE SUSTAINABILITY OF OUR PRODUCTS

At the heart of our business are the products we sell and the medications we dispense. These products have impacts on the environment before and after they enter our stores, and we recognize the important role our company can play in ensuring products are designed, manufactured and disposed of in a more sustainable manner.

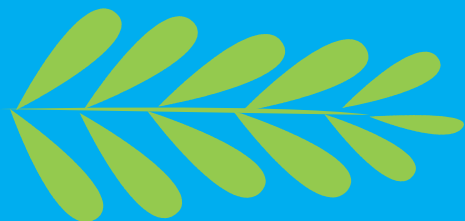
Choosing the Right Ingredients

Long before a product hits our store shelves, it goes through a rigorous process to identify and assess potential risks to the environment. Selecting the right ingredients for our products is a key component of this process, and we are working to take a more active role in understanding, monitoring and managing the ingredients found in our CVS and national brand products.

At a minimum, we comply with all FDA, federal and state requirements and seek to be an early adopter of proposed regulations. Our ingredient strategy is not only driven by regulation, but also by our internal high standards for quality, safety and mitigating environmental risk. We also consider the need to meet the changing demands of consumers who want more environmentally preferable products.

Chemical ingredients, in particular, require extra scrutiny. We prioritize certain chemical ingredients and evaluate whether they should be removed, reduced and/or replaced in certain CVS Brand categories, including beauty, baby and food products. As new conclusive research is published on how certain chemical ingredients are linked to health and environmental risks, and safer alternatives are made available, we use our Cosmetic Safety Policy to evaluate and inform the replacement of priority ingredients in other CVS Brand products.

In 2013, we addressed certain ingredients we had prioritized using our WERC Smart tool. We removed Cocamide and Cocamide DEA,



an emulsifying and foaming agent, from all CVS Brand products. In addition, we reformulated and relaunched our Essence of Beauty line, removing parabens from the entire line and removing artificial dyes from body and hand creams. [EN27](#)

In evaluating supplier compliance with our Cosmetic Safety policy, all products must be formulated to ensure they present no risk of contamination and each production batch must be tested to meet FDA requirements and CVS/pharmacy specifications. As required of us by regulation, we confirm “colorants” or dyes to ensure they are acceptable for use by FDA requirements and perform testing to assess and confirm skin compatibility as well as to verify the absence of lead, bisphenol-A (BPA) and phthalates.

Managing a Sustainable Supply Chain

Reducing the environmental impacts of a product requires understanding and addressing the source of the item’s raw materials, how and where it was manufactured and under what conditions. We are working to gain more visibility into our supply chain, especially through initiatives such as WERCSmart and our Supplier Ethics Policy.

MONITORING SUPPLIERS FOR SUSTAINABILITY COMPLIANCE

All CVS suppliers must comply with state and federal environmental laws and regulations and with CVS Caremark’s Supplier Ethics Policy, which outlines the key environmental and social criteria we require of all suppliers. For instance, we want to know whether or not factories have a written environmental policy, if they have established an environmental management system, and if they obtained any environmental certifications such as ISO 14001. These criteria are evaluated as part of our factory audit process. [EN32](#)

We also care about the ethical treatment of animals and have product test requirements which state that animal testing is strictly prohibited.

WERCSMART AND OUR SUPPLIERS

In 2013, we worked to enhance our ability to monitor product inputs by implementing a new supply chain management and reporting tool called WERCSmart. As part of the WERCSmart rollout, we required our suppliers to register ingredient information for all the chemical-based, over-the-counter health, pesticides, aerosols, battery and other hazardous-material products sold in our stores (see table on p.46 for additional details). We also made it mandatory for all new products and all products whose formulations, ingredients or UPCs (Universal Product Codes or “bar codes”) have changed to disclose their ingredients in WERCSmart if they meet our registration criteria. Using this data, we are now able to identify which products have certain chemical ingredients and determine the best methods for the safe handling, transport and disposal of these products.

SHIFTING TO FSC-CERTIFIED PAPER AND PRINTING

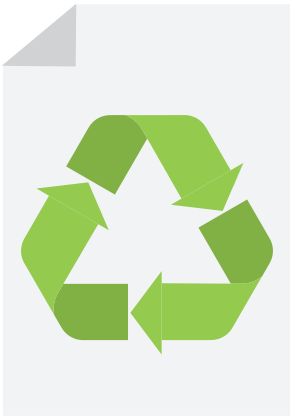
While our CVS/pharmacy stores sell only a limited number of paper products, we consume a large amount of paper as part of our business operations. In-store receipts and pharmaceutical bags, PBM member mailers, marketing collateral and corporate documentation – these all contribute to the nearly 65,500 tons of paper our company uses each year, sourced by our procurement team.

In recent years, we have begun to focus more on this issue and are taking steps to protect the forests that supply our paper and in the process, reduce our contributions to climate change. We have made a significant shift in our approach to the sourcing of paper, and 54 percent of our paper used for external marketing materials is currently coming from Forest Stewardship Council-certified mills. We project reaching the 100 percent level by 2015. After centralizing this function, we consolidated the number of printers and paper mills we contract with to produce materials and began setting environmental requirements, similar to those we set for our product suppliers.

ENVIRONMENTALLY PREFERRED PRODUCTS

For our customers interested in environmentally preferable product offerings, we offer a variety of CVS Brand products that have sustainable attributes, from personal care to household products. Our Earth Essentials® product line includes Glass & Surface Cleaner, Bathroom Cleaner, All Purpose Cleaners, Paper Towels and more. All Earth Essentials products are manufactured using an ecologically aware process with natural and renewable ingredients, and all packaging is recyclable. None of the products have been tested on animals.

We also provide natural beauty products which meet European Union standards for reduced environmental risk and impact, including Avalon® Natural Products, Yes to Carrots®, Dr. Bronner’s and Weleda. These beauty brands have also signed the Compact for Safe Cosmetics. We continue to have discussions with the Campaign for Safe Cosmetics (CSC) and appreciate its input as we strengthen and evolve our policies and approach to product stewardship. CSC has ranked CVS Caremark second among retailers for our commitment to safer, more sustainable personal care products and for being the first major retail pharmacy chain in the United States to establish a Cosmetic Safety Policy.



TOTAL PAPER USE
65,437 TONS

Marketing Materials
2,737 TONS

**Corporate and
Administrative Use**
5,500 TONS

Circular Inserts
57,200 TONS

Investing in Sustainable Packaging

As a company that relies largely on the sale of products, product packaging is an important sustainability consideration for our business operations. We have the ability to influence packaging design for most of our CVS Brand products, and to a lesser extent, we can influence the packaging of our national brand vendors.

We work directly with CVS Brand suppliers to address issues related to labeling, primary and secondary packaging, and hazardous material packaging, and we encourage them to minimize or eliminate inner packaging and use recycled packaging materials whenever possible. We utilize our WERCSmart tool to search for suppliers that may be impacted by new packaging regulations and proactively alert them to ensure appropriate adjustments are made. In the past, we have also held packaging and sustainability summits, led awareness initiatives and hosted one-on-one meetings with our vendors to share sustainable packaging best practices and better understand our packaging needs. [EN27](#)

At the same time, we recognize we have the opportunity to do more. At present, we are evaluating opportunities to improve packaging design to ensure our CVS Brand packaging uses the least amount of materials necessary and can be easily recycled or decomposed. We are also evaluating opportunities to incorporate more recycled content into our packaging material and will consider options for quantifying and reporting on the percentage of recycled content we use as an input material. [EN2](#)

Addressing End of Life Impacts

The disposal of products and packaging materials is a growing environmental challenge. While the majority of our products are designed to be completely consumed in use, millions of tons of unused pharmaceuticals are improperly disposed of each year, and these drugs are entering our environment and water systems. As a pharmacy company, we believe we have an opportunity to inform patients about the proper disposal of unused or expired medicines, and support efforts to ensure drugs are disposed of safely.

All CVS/pharmacy locations throughout the United States participate in the Sharps Compliance Takeaway Environmental Return program, which provides customers with the ability to safely dispose of their unused, expired or unwanted drugs using medication disposal envelopes. Customers can use the envelopes to mail their unwanted prescription and over-the-counter medications through the U.S. Postal Service to a licensed, secure facility for safe destruction. In 2013, the program helped dispose of more than 12,000 pounds of pharmaceutical waste in a responsible way. [EN28](#)

We also support other medication-disposal programs as part of our efforts to combat prescription drug abuse.

ENGAGING OTHERS ON OUR PATH TO SUSTAINABILITY

As one of the largest pharmacy chains in the United States, we rely on collaboration with a variety of stakeholders – investors, suppliers, clients, employees and customers – to be successful, and the same is true for our approach to sustainability.

Engaging Our Colleagues

First and foremost, we rely on input from internal experts to help us identify and address gaps in our company’s sustainability strategy, including our:

- **Sustainability Leadership Council**, which is a team of leaders who meet on a quarterly basis to discuss our sustainability strategy and set our carbon-reduction goal
- **Executive Environmental Management Council**, which is comprised of senior-level corporate executives representing all business units of CVS Caremark who direct the overarching strategy, policy and implementation of our Environmental Management Program (EMP) and advise our CEO on the program’s performance
- **Energy Technology Assessment Committee (ETAC)**, a cross-functional team that monitors sustainability initiatives, emerging technologies, trends in energy efficiency and evaluates opportunities for our company to pilot potential improvements in our facilities
- **Sustainability Committee**, is part of ETAC and is a cross-functional team that drives sustainability initiatives across our enterprise. This committee is focused on initiatives such as recycling and lighting efficiency and evaluating performance indicators and metrics

REGISTRATION OF INGREDIENT INFORMATION

PRODUCT	CRITERION
Chemicals	<p>Any product that is advertised or labeled to kill, repel, or prevent the growth of any living organism (e.g. anti-microbial products and pesticides)</p> <p>Any product that contains a powder, gel, paste, liquid, or gas, and is not intended for human consumption</p> <p>In addition, the following products also must be submitted, even though they are intended for human inhalation, consumption or absorption:</p> <ul style="list-style-type: none"> • Liquids, lozenges, pills or capsules (e.g. pain relievers, vitamins, water pills) • Any other over-the-counter medication or supplement of any kind (e.g. nicotine replacement therapies, antihistamines) • Medicated swabs, wipes and bandages • Patches (heated and/or medicated) • Liquids (e.g. soap, shampoo, cough medicine, eye drops, ear drops, nasal spray and inhalers) • Medicated shampoos, gums, ointments and creams (e.g. suntan lotion, antibiotic cream) • Lip balm, lip creams and petroleum jelly • Skin lotions, creams and ointments • Contraceptive foams, films and spermicides • Equipment sold with chemicals (e.g. vaporizer sold with medication, air fresheners, gel shoe inserts) • Cleaning products • Cosmetics • Perfumes
Aerosols	Any product that contains a compressed gas or propellant; includes bag on valve (e.g. spray cheese, continuous-spray sunscreen)
Batteries	All batteries, any product that contains a battery of any kind
Electronics	Any product that contains a circuit board (e.g. blinking lights or making sounds)
Food	Cooking oil, energy bars, dietary supplements and vitamin drinks
Light Bulbs	Any fluorescent, incandescent, LED, halogen, neon, mercury vapor, or high-pressure sodium



leader in growth



Over the last decade, there has been greater emphasis on how a company operates and conducts its business affairs, beyond what it returns to its investors. While growth and return on investment will always be determinants of a successful business, we believe there is more to the equation when considering a company's long-term viability and value to society.

First, a company employs people. In the case of CVS Caremark, we employ more than 200,000 people – our colleagues – the vast majority of whom are in the United States. Since one measure of a strong company is the vitality of its workforce, we understand the importance of providing jobs and career opportunities to people of all walks of life, and strive to create a workplace environment where our colleagues can grow, thrive and feel cared for.

The last decade has also ushered in the era of corporate transparency, making it easier for stakeholders, including shareholders, to assess a company's business practices and determine how companies are addressing their CSR priorities and operating in a responsible and sustainable manner.

Being a Leader in Growth is a strategic focus of our Prescription for a Better World. We have three priorities in this area: investing in our people; operating with integrity; and conducting business responsibly.

OUR LEADER IN GROWTH PRIORITIES

Investing in Our People

- Job creation, benefits and career development
- Diversity

Operating with Integrity

- Corporate governance and compliance
- Information governance
- Transparency and disclosure

Conducting Business Responsibly

- Human rights in the supply chain
 - Diversity in the supply chain
-

INVESTING IN OUR PEOPLE

ENCOURAGING A TOBACCO-FREE WORKPLACE

We are committed to helping our employees quit smoking and by the end of 2013, more than 840 of our colleagues had enrolled in a smoking cessation program, and more than 760 confirmed they quit smoking. All employees can currently access cessation services through MinuteClinic, at no cost. In 2013, we took our commitment to our colleagues' health a step further and made all of our corporate campuses tobacco-free.

CVS Caremark's Prescription for a Better World begins with our employees. Their contributions and dedication are what enable our company to grow and thrive, and we are dedicated to supporting them on their career journeys.

Supporting Job Creation, Benefits, and Career Development

Our priorities as an employer are creating jobs, providing career opportunities and health care benefits, and ensuring a safe, inclusive and rewarding work environment – all essential ingredients needed to cultivate an engaged and high-performing workforce.

We are continually creating jobs – we hired more than 10,000 new employees at our corporate facilities and nearly 65,000 at our stores in 2013. We also introduced hundreds of new positions across our operations.

We also invest in partnerships and initiatives that help bring new colleagues into our business. This includes an emphasis on science, technology, engineering and math (STEM) careers to help ensure a robust pipeline of the qualified pharmacists, pharmacy technicians, nurse practitioners, physician assistants and other skilled professionals we need to support our business. LA1

INVESTING IN A FUTURE WORKFORCE

The health care sector is forecasted to create 5.6 million new jobs by 2020. The United States faces a shortage of skilled health care workers, including pharmacists, nurse practitioners and physician assistants, and a rising gap in the number of college graduates with STEM degrees.

To address this challenge, we created the Pathways to Pharmacy program. It has a successful history of introducing more than one million young people to careers in pharmacy and has resulted in hundreds of successful partnerships with nonprofit, faith-based and government organizations, including the Hispanic Heritage Foundation

and America's Promise. These partnerships bring attention to the issue of youth employment and created job opportunities across our CVS/pharmacy footprint. Outside of our focus on STEM, our Regional Learning Centers (RLCs) are at the core of a successful training model. Several of these innovative facilities are fully operational mock-ups of CVS/pharmacy stores, allowing our colleagues and community partners to receive instructor-led training in a "real-world" environment. In 2013, the program supported the training and development of 12,591 retail colleagues and trained more than 2,000 job-seekers with valuable pre-employment skills as a result of our community partnerships.

We continue to invest in our Welfare to Work program, which focuses on hiring new colleagues who were previously on public assistance prior to joining our workforce. In 2013, we hired approximately 5,000 people through this program and saw a high retention rate (70 percent) of these colleagues, more than double the rate of average new retail colleagues. LA10

COMPREHENSIVE BENEFITS & COMPENSATION AT CVS CAREMARK

We are committed to providing our colleagues with a benefits package that is comprehensive, competitive and customizable. We realize compensation comes in many forms and a paycheck is only one part of that equation, which is why we have a best-in-class benefits program that makes employee engagement a top priority and rewards achievement and talent in a variety of ways. LA2

Full-time colleagues⁷ earn a full benefits package, which includes comprehensive medical and prescription coverage with a company contribution to a Health Savings Account (HSA); vision and dental coverage with contributions payable on a pre-tax basis; a 401(k); an employee stock purchase plan; fertility and adoption benefits; life, accident and disability insurance; flexible spending accounts; paid time off; tuition reimbursement; and an employee discount

⁷ Must work an average of 30 hours per week, except in California (23 hours per week) and Hawaii (20 hours per week).

at our stores, as well as access to many other employee discounts. Part-time colleagues qualify for a different benefits package, which includes hospital indemnity, dental, vision, accident and life insurance that are paid by the colleague on a pre-tax basis.

Our company is also committed to providing fair compensation to all of our colleagues. We meet all state/federal minimum wage requirements.

HEALTH PLANS

During the past two years, we have been evolving our health plan coverage. This process has been driven by a variety of factors, including market trends, costs, the implementation of the Affordable Care Act (ACA), and a company perspective that health coverage and wellness programs should be integrated and interdependent. Our perspective is that wellness should not be optional, and we have put more resources in place to encourage colleagues to embrace their path to better health.

In 2012, we took the first step by launching Plan for Health, a program aimed at helping our colleagues better understand the changing landscape of health care by putting more emphasis on preventive care and wellness programs. The program offers incentives, including a \$600 reduction in paycheck contributions, for colleagues who undergo a free health screening and complete an online health assessment each year. The program has already been successful, helping colleagues learn, some for the first time, that they have a chronic health condition that needs to be addressed or they have the risk of developing a chronic health condition. In 2013, close to 90 percent of our colleagues who enrolled in the medical plan participated in a health screening and online health assessment. LA2

We also continue to incentivize our colleagues to strive for better health with our WellRewards employee wellness program. The program, which is facilitated through WebMD, offers colleagues access to an online, confidential Wellness Review (health risk assessment), personalized health programs, and health challenges and trackers. The program is linked to our employee recognition program, Values in Action and provides colleagues with the opportunity to



In 2013, sample wellness activities included:

- Completing three calls with a WebMD Health Coach over a three-month period (July-September)
- Getting a routine physical exam or preventive screening, such as a mammogram, colonoscopy, well-woman exam or another recommended preventive screening test or exam from a doctor
- Participating in the *Hit Your Stride* Fall walking challenge and completing at least 7,500 steps four days per week for eight weeks
- Registering for our health care cost and quality transparency tool, Castlight, and completing three searches while on the site



earn up to 15,000 Values in Action points each year which can be redeemed for rewards to spend on merchandise or gift cards on the Values in Action website by completing a variety of wellness activities or challenges. In 2013, sample wellness activities included:

- Completing three calls with a WebMD Health Coach over a three-month period (July-September)
- Getting a routine physical exam or preventive screening, such as a mammogram, colonoscopy, well-woman exam or other recommended preventive screening test or exam from a doctor
- Participating in the *Hit Your Stride* Fall walking challenge and completing at least 7,500 steps four days per week for eight weeks
- Registering for our health care cost and quality transparency tool, Castlight, and completing three searches while on the site

In 2013, we made further changes to our health benefits by introducing a high-deductible health plan into our benefits offerings. We help offset the costs of these plans by contributing to an HSA for each employee enrolled. The company contributes different amounts to HSAs depending on the base salary of each employee (see the chart on below). We contribute a greater amount to lower-earning

colleagues to help make health care costs more affordable. We also encourage colleagues to contribute their own money to their HSA, which offers several tax advantages and allows 100 percent of funds to be rolled over year after year. In 2014, we plan to start phase two of our health benefits plan, moving the majority of our colleagues into high-deductible health plans.

EMPLOYEE RELIEF FUND

Three years ago, we established a company-wide Employee Relief Fund (ERF) to provide short-term, immediate financial relief to colleagues who have suffered significant hardship as a result of a natural disaster, military deployment, family death, medical emergency or other unforeseen event. Ever since, our company and colleagues have contributed to this fund and, in 2013, more than \$348,000 in grants was awarded to colleagues. To date, more than \$600,000 has been granted through the ERF, helping hundreds of colleagues.

CREATING OPPORTUNITIES FOR CAREER GROWTH

Our company has more than 50 development and training programs tailored for our colleagues. These programs focus on career advancement and help ensure that our colleagues are keeping up with everything from new technologies to business trends. Some examples include: [LA2](#)

CVS CAREMARK HEALTH SAVINGS ACCOUNT (HSA) CONTRIBUTIONS TO COLLEAGUES EC5

COLLEAGUE BASE SALARY	Individual		Family	
	Annual	Quarterly	Annual	Quarterly
Less than \$35,000	\$1,000	\$250.00	\$2,000	\$500
\$32,000 to \$80,000	\$750	\$187.50	\$1,500	\$375
\$80,000 to \$150,000	\$500	\$125.00	\$1,000	\$250
More than \$150,000	\$250	\$62.50	\$500	\$125

- **Emerging Leaders Program:** This long-standing program helps prepare exemplary store managers, pharmacists, pharmacy supervisors, other field managers and, as of 2013, Human Resource Business Partners for promotions within our company. The program focuses on management and leadership training and on-the-job experience, and provides career coaches for additional support
- **Leaders of Tomorrow Program:** Launched in 2011, this program is dedicated to developing managers and directors from the retail business each year. They are chosen by senior leaders and provided with a series of mentoring and coaching sessions. We also have a Pharmacy Benefit Management Leaders of Tomorrow program
- **Leadership Forum:** This program helps our company cultivate future leaders by providing them with a fully integrated view of our business. Each individual is placed in a 24-month training program, which helps further develop the abilities to champion our culture, employ strategic thinking in our various lines of business and develop and grow connections across the company
- **Foundations for Leading and Learning:** In its second year, this program helps new supervisors understand best practices for managing others. The three-day curriculum is offered every month at our Rhode Island headquarters and at our other corporate hub offices

RECOGNIZING OUR COLLEAGUES

Recognition is an important element of the workplace experience at CVS Caremark, as we strongly believe hard work and a commitment to our purpose should be rewarded and celebrated. Some examples of our recognition programs include:

- **Paragon Awards:** Recognizing customer-facing colleagues who have had an extraordinary impact at work or in their community

- **CEO Awards:** Geared for colleagues who work in a corporate setting and is presented to those who have led major initiatives, championed teamwork, generated innovative ideas, increased revenue or shown leadership around our core values
- **Values in Action:** An online rewards system in which colleagues and leaders can recognize each other and grant points redeemable for merchandise, travel vouchers, gift cards or charitable donations. It is open to all colleagues
- **Values in Action Breakthrough Awards:** Celebrating colleagues whose ideas, actions and behaviors have led to a breakthrough that exemplifies our company values of innovation, collaboration, caring, integrity and accountability

PRIORITIZING HEALTH & SAFETY

Creating and reinforcing a culture of safety remains one of our core commitments at CVS Caremark. We have made safety awareness a continuing point of emphasis for our employees through weekly communications (called “huddle talks”) in our stores. In addition to communicating safety topics applicable to all retail stores in our industry, we use analytics from our injury, illness and compliance data to develop huddle talk topics that are unique to our company. These analytics formed the basis of the Stockroom Standards Program, which was launched in 2010 and designed to raise awareness of safety practices in our retail stockrooms. We also have continued our focus on food safety and developed a pilot employee training program in 2013 that is being rolled out in six markets in 2014.

Our safety program is supported by our Environmental, Health and Safety (EHS) team who regularly visit our workplaces and work with colleagues to identify and address potential hazards, and assess opportunities for process improvements. To ensure the continued competency and effectiveness of our EHS professionals, we developed and conducted formalized skills assessments and

**CVS CAREMARK
EMPLOYEE
RELIEF FUND
SUPPORTED
HUNDREDS OF
COLLEAGUES
IN NEED DUE
TO UNFORESEEN
HARDSHIP.**



training for them in 2013. We will continue this program into 2014, which will help ensure our EHS professionals have the necessary tools to address the needs of today's and tomorrow's work environments.

In 2013, we also moved our safety culture forward through the implementation of a company-wide Emergency Action Plan. We furthered this initiative by developing plans for Emergency Response Teams at our corporate locations, which will be deployed in 2014. In addition, we implemented a process to conduct worksite ergonomic assessments and conducted more than 200 assessments in 2013. These assessments have formed the basis for proactive ergonomics training that we believe will result in improved work stations and practices in the future.

WORKPLACE PRACTICES & POLICIES

Our principles as an employer are designed to create a welcoming, inclusive and productive workplace where all colleagues feel safe and empowered to contribute. These principles are outlined in our Code of Conduct, which states that our workplace should be free from discrimination and harassment, threats or acts of violence or intimidation and provide all employees an equal opportunity to grow and develop their careers and be appropriately compensated for their contributions to the company's success. All colleagues receive and acknowledge our Code when joining the company and revisit it annually through training. CVS Caremark's Compliance team, in conjunction with support from the Legal Department, plays a role in assessing any potential code violations and corrective action, as needed.

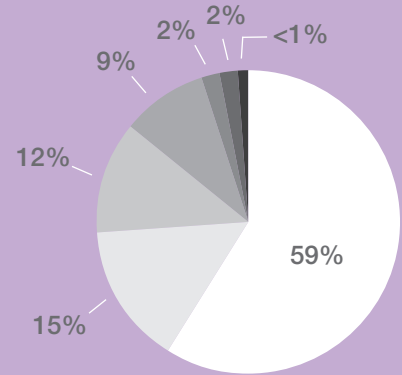
We have professional and productive relationships with our union colleagues and their representatives, and recognize the rights of our employees to decide whether or not to join a union – which is included in our company policies.

We also comply with local labor laws regarding employment of youth. The minimum age of employment at CVS Caremark is 16, or older in some instances.

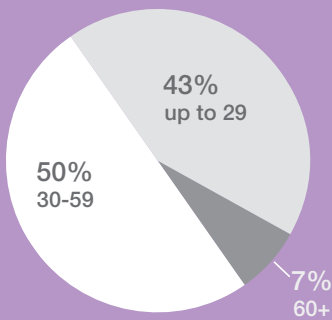
CVS CAREMARK WORKFORCE DIVERSITY* LA12

BY COMPOSITION

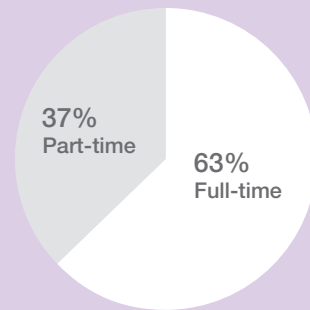
- 59% White
- 15% African-American
- 12% Latino
- 9% Asian
- 2% Not Specified
- 2% Two or more races
- <1% American Indian, Alaska Native, Native Hawaiian, Pacific Islander, Other



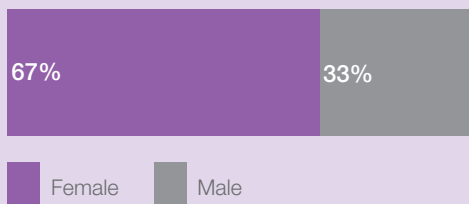
BY AGE GROUP



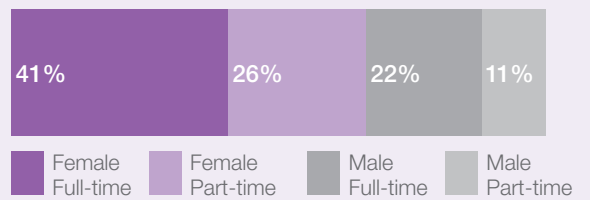
BY EMPLOYMENT TYPE



BY GENDER**



BY EMPLOYMENT TYPE AND GENDER**



* Breakdown, in whole numbers, (U.S. only) in 2013; totals may not add up to 100 due to rounding.

** Less than one percent of colleagues chose not to identify their gender.

CVS Caremark Colleague Resource Groups



Integrating Our Diversity Management Strategy

A diverse and inclusive workplace is vital for any company operating in today's marketplace, especially one with a presence in thousands of different communities across the United States. Understanding the importance of diversity not only helps create a supportive, accepting and innovative workplace, it also helps us better understand and meet the needs of a large consumer base comprised of people of all ages and from all walks of life. Our goal is to have a workforce reflective of our patients, customers and communities.

The ways in which we are cultivating a culture that empowers all colleagues, regardless of their differences, is through colleague training and development programs, expanding the number of Colleague Resource Groups and external partnerships.

DIVERSITY LEADERSHIP

Our internal diversity management leadership includes the Diversity Management Leadership Council (DMLC), which provides enterprise-level strategic diversity management and focuses on reviewing progress and goals for workforce representation, colleague engagement, talent development and marketplace diversity. In addition, it is responsible for:

- Incorporating and leveraging strategic diversity management to deliver on business objectives
- Serving as visible and verbal champions of the company's diversity management strategy
- Providing advice and counsel on short- and long-term corporate driven initiatives that reach across the enterprise LA10

We also have Area Diversity Leadership Teams (ADLTs) established in all of our retail areas, as well as in the logistics, information systems and retail pharmacy departments. Each ADLT is charged with translating and executing the enterprise diversity management strategy at a business unit level. In our PBM business, a Strategic Diversity Management Oversight Committee oversees a detailed Strategic Diversity Management Integration Plan that is being integrated into the various PBM business units and facilities. LA2

COLLEAGUE RESOURCE GROUPS

Colleague Resource Groups (CRGs) are one of the many ways CVS Caremark supports and celebrates diversity among our colleagues. The CRGs are networks that give colleagues the opportunity to share or support a particular ethnicity, culture or perspective. They include Asian, African-American, African-American-Hispanic, Latino, Portuguese-Latino, women, military, family-focused/caregivers, LGBT, health and wellness, and those with differing abilities. We introduced 14 new regional CRG chapters and one new CRG in 2013.

Our new CRG, DRIVEN, focuses on retaining and growing future leaders by supporting younger professionals with development, mentoring and networking within and outside CVS Caremark.

Colleagues are provided detailed guidance on how to form CRGs and, if approved, they are sponsored by the company and encouraged to represent CVS Caremark within the community. At the end of 2013, there were 12 national CRGs and 40 regional chapters of these CRGs, comprising more than 4,000 colleagues in 40 states. CRG members also contributed 2,144 volunteer hours to community initiatives as part of their 2013 efforts.

MATURE WORKERS

CVS Caremark's mature workers program, Talent is Ageless, is an initiative designed to recruit and retain colleagues who are age 50 or older. We continued this program in 2013, hiring more than 34,000 individuals, many of whom came through partnerships we have with organizations like the American Society on Aging (ASA), Experience Works, AARP, National Council on Aging, Senior Community Service Employment Program, among others. Today, mature workers represent about 20 percent of our workforce, up from less than ten percent in the late 1990's.

VETERANS, CURRENT SERVICE MEMBERS AND MILITARY FAMILIES

In 2013, we continued supporting enterprise-

wide military alliance programs, including the Hiring Our Heroes (HOH) program – the U.S. Chamber of Commerce's nationwide initiative to help veterans and military spouses find meaningful employment. We attended more than 40 events across the country in support of hiring veterans, current uniformed service members and military spouses.

We launched 14 new partnerships with military organizations, including:

- **Hiring Our Heroes:** Attended more than 40 hiring events across the country
- **Wounded Warrior Project:** Provided a \$50,000 grant for workforce programs
- **Military Spouse Employment Partnership:** Sourced and recruited military spouses
- **The Value of a Veteran:** Conducted recruiting, interviewing and military management skills training for company recruiters and hiring managers
- **USO:** Donated \$100,000 during the week of Veterans Day through an in-store customer donation program
- **Business and Professional Women (BPW) Foundation:** Piloted the Joining Forces Mentoring Plus (JFMP) online mentoring program for women veterans. Three of our company's CRGs, Women's Success Network (WSN), VALOR and the Logistics Diversity Leadership Council participated in this soft launch to recruit mentors and promote the program. Plans are in place to expand the programs' reach in 2014 to encourage our military spouses to become mentors
- **Veterans Advantage:** Partnered with the leading card benefit program for U.S. military, veterans and their families. CVS/pharmacy benefits now include twenty percent off cvs.com orders and in-store purchases; \$20 off Veterans Advantage annual membership; and \$3 off in-store coupon delivered to new members in a Welcome Kit
- **Joining Forces:** Supported this White House initiative, which focuses on placing service members who will be separating from the service during the next five years

CVS CAREMARK
ATTENDED
MORE THAN



40

HIRING OUR HEROES
EVENTS



DiversityInc

In 2013, our company was, once again, named one of *DiversityInc's* 25 Noteworthy Companies.

CVS Caremark was named one of the Top 10 Companies for Veterans. We were also recognized by Work Life Matters, *Profiles in Diversity Journal*, Urban League of Rhode Island, Massachusetts Rehabilitation Commission, Hispanic Network, Black EOE Journal, Society of Human Resource Professionals, *Latino Magazine*, and *Latina Style Magazine* for our diversity-related programs and as an employer of choice for multicultural colleagues.

YOUTH EMPLOYMENT

In 2013, CVS Caremark hired approximately 28,500 young colleagues between the ages of 16 and 24. Our hiring of youth is aligned with our continued support of the United States Department of Labor and President Obama's Summer Jobs+ initiative, a call to action for businesses, nonprofits and government to work together to provide pathways to employment for low-income and disconnected youth. Through this initiative, we partnered with mayors' offices in Philadelphia, Washington, D.C., New York City, Detroit, Atlanta and San Francisco in 2013. In addition, we hosted Retail Management Summer Interns in Chicago, Washington, D.C. and Boston. This program supports interns on a market-per-market basis and accepts referrals from the Black Retail Action Group (BRAG), The POSSE Foundation, Inc. and the Greater Washington Urban League.

DIVERSITY TRAINING

CVS Caremark colleagues are first introduced to our diversity management strategy during the orientation process. We support this effort with a variety of other diversity-focused training programs throughout the year, including our "Diversity – the Competitive Advantage" curriculum. This two-part web-based seminar is focused on providing managers, supervisors and directors the tools they need to meet and exceed their personal and professional diversity management goals. Building on the success of this program, in 2013 we launched a similar program for all non-manager colleagues.

In addition, we continue to see increased demand and utilization of our diversity-related and cultural competency training materials that are accessed by employees through our online Learning Management System (LMS), LEARNet.

COMMUNITY PARTNERS

In 2013, CVS Caremark teamed up with hundreds of partners across the country who work with and support individuals and families in multicultural communities.

NATIONAL PARTNERS

- **Hispanic Heritage Foundation (HHF):**

In 2013, we awarded 30 educational grants to high school seniors for their academic achievement, leadership and interest in pursuing a career in health care

- **United Negro College Fund (UNCF):**

We provided financial support to UNCF initiatives, which help college students at historically black colleges and universities graduate

- **National Urban League (NUL):**

We supported the National Urban League (NUL), a civil rights organization dedicated to economic empowerment, by collaborating on a wide array of programs across the country

OPERATING WITH INTEGRITY

Stakeholders are increasingly interested in understanding and influencing a company's corporate practices. This includes how the Board of Directors operates, company involvement in the political process, compliance with laws and regulations, and ensuring practices are in place to protect employees, customers, shareholders and other stakeholders influenced by the business.

CVS Caremark has a strong corporate governance model, including Board and senior management oversight of our CSR strategy and approach. We also have policies and practices in place to ensure we are listening to and engaging with stakeholders; providing transparency and disclosure on public policy, political contributions and lobbying activities; protecting the security and privacy of personal and sensitive information; and complying with applicable laws and regulations.

Emphasizing Sound Corporate Governance

CVS Caremark is committed to sound corporate governance and accountability. Our efforts are reflected in our drive to be transparent about our Board structure, independence and oversight of the business, especially on items related to social and environmental responsibility. In addition, we have made strides in the past several years to disclose more about our political spending and lobbying activities. Our increased transparency has been, and continues to be, influenced by our stakeholder engagement efforts. To learn more, please visit the Corporate Governance section of our website.

Establishing Board Independence

According to our Corporate Governance Guidelines, a substantial majority of directors must meet the New York Stock Exchange

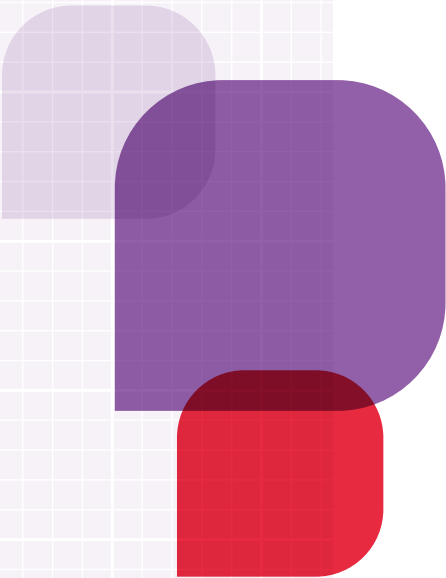
(NYSE) requirements for independence. The Board determines the independence of each director annually and reevaluates its determinations during the year, as needed. In 2014, eight of the nine nominees for election as directors at the annual meeting of stockholders were determined to be independent. Only directors determined by the Board to meet independence standards serve on our Board's Audit, Nominating and Corporate Governance, and Management Planning and Development Committees.

Sharing Responsibility via Board Committees

The Board considers its role in risk oversight when evaluating the company's Corporate Governance Guidelines and its leadership structure, which facilitates the Board's oversight of risk and communication with management. The Chairman and the CEO are each focused on the company's risk management efforts and ensure relevant matters are appropriately brought to the Board and its Committees for their review. The other Board Committees are responsible for oversight of risk management practices for the categories relevant to their functions.

AUDIT COMMITTEE

One of the Audit Committee's important charges is carrying out risk oversight responsibilities on behalf of the Board and reviewing CVS Caremark's major financial risk exposures, as well as major operational, compliance, reputational and strategic risks, including steps to monitor, manage and mitigate those risks. At least once a year the Audit Committee receives comprehensive assessments from management concerning existing and emerging business risks, financial risks and legal and compliance risks – all of which include briefings on social and environmental risks and issues. These reports also include recommendations concerning mitigation and remediation of identified risks and issues, when appropriate.



NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee advises the Board of Directors on membership criteria; recommends individuals for the Board; makes recommendations as to determinations of director independence; evaluates the performance of the Board and its committees; and considers matters of corporate governance, including annually reviewing the Corporate Governance Guidelines and overseeing compliance with such Guidelines.

In addition, as of January 2014, the Committee now reviews and considers the company's policies and practices on issues relating to CSR, charitable contributions, political contributions and other significant public policy issues. To learn more, view the Nominating and Corporate Governance Committee Charter.

There are not currently any specific minimum qualifications for candidates or a specific policy regarding diversity, but the Committee believes that the Board's current composition, which represents diverse backgrounds and experiences, provides significant benefits to the company. The Board membership in 2014 includes seven men and two women. LA12

The Committee does focus on the following qualities in identifying and evaluating candidates for Board membership: background, experience and skills; character, reputation and personal integrity; judgment; independence; diversity; commitment to the company and service on the Board; and any other factors that the Committee may determine to be relevant and appropriate.

Each year, the Nominating and Corporate Governance Committee leads the Board in a self-evaluation to determine whether the Board and its Committees are functioning effectively. The Committee oversees the evaluation process and reports to the Board on the process and results of the evaluations, including any recommendations for proposed changes. When appropriate, this process includes economic, environmental or social matters.

MANAGEMENT PLANNING AND DEVELOPMENT COMMITTEE

The Management Planning and Development Committee oversees the company's overall remuneration structure, including review of its compensation practices, and assessing associated risk. The committee pays particular attention to executive compensation to ensure appropriate alignment with company performance. For more information, visit our Committee Composition web page.

Contacting the Board of Directors

Stockholders and other parties, including employees, interested in communicating directly with the Board of Directors may do so in writing by sending correspondence to their attention, care of CVS Caremark Corporation, One CVS Drive, Woonsocket, RI 02895. The Corporate Secretary of the company reviews all such correspondence and forwards the Board a summary of all correspondence that deals with the functions of the Board or its Committees.

STOCKHOLDER PROPOSALS

In accordance with Securities and Exchange Commission (SEC) rules, we reprint properly submitted stockholder proposals and supporting statements, as they were submitted to us, in our annual proxy statement. Once submitted, we typically engage proactively with the filing parties to better understand and address their concerns.

For more information, please visit the 2014 CVS Caremark Proxy Statement.

Disclosing Public Policy Activities and Political Contributions

CVS Caremark participates in the political process to help shape public policy and address legislation that has a direct impact on the company. The engagement ensures that the interests of our business, customers, shareholders and employees are fairly represented at all levels of government.

It is CVS Caremark's policy that the CEO and the Board are responsible for determining the company's policy and political interests, and how to further those interests in a manner consistent with applicable laws. Specifically, as of January 2014, the Nominating and Corporate Governance Committee will review and consider the Company's policies and practices, including expenditures, regarding political contributions, and direct and indirect lobbying. It will also review and consider the Company's policies and practices regarding other significant public policy issues, which the Board may determine from time to time.

Our Public Policy Principles outline our priorities for participating in the public policy sphere. We are committed to addressing health costs, quality and access, because ensuring people get the right care, at the right time and in the right setting reflects our company purpose. We work with federal and state policymakers, others in our industry, the broader business community and nonprofit and civic partners to advance policies that will improve health outcomes. The list on the right provides an overview of our focus areas. For more information visit the Public Policy Principles on our website.

LOBBYING ACTIVITY

Lobbying is highly regulated in the United States, and we comply with applicable U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules.

Our company's federal lobbying reports can be found on the Lobbying Disclosures website.

In 2014, we will be adding more content on our website to make the information more accessible and provide additional context on our lobbying efforts.

Our Government Affairs team represents the company's point of view in Washington, D.C. and in state capitals around the country. We focus on legislative and public policy issues that impact the company's delivery of pharmacy care and long-term business interests, and communicate with policymakers and stakeholders on issues that impact our business.

PUBLIC POLICY PRIORITIES

Reducing access to and use of tobacco to improve public health and reduce costs to the health care system

- Working to Remove Tobacco from the Health Care Setting
- Undertaking a Robust, National Smoking Cessation Program

Solutions for the Cost, Quality and Access Challenges

- Customizing Pharmacy Benefit Programs to Meet the Needs of Individual Health Plans
- Applying Proven Commercial Tools to Modernize and Sustain Medicare
- Supporting Medicaid Reforms to Manage Cost and Quality
- Lowering Cost through Generic and Biosimilar Medications.

Helping to Ensure that Medications Are Used as Intended

- Battling Prescription Drug Abuse
- Keeping People Healthy by Improving Medication Adherence
- Delivering High-Quality Care in New and Innovative Ways
- Addressing the Patient Need for Primary Care Health Services
- Better Use of Pharmacy Care in the Health Care System
- Improving Health through Integration, Coordination and Personalization

Supporting Economic Growth, Jobs and Investment

- Reforming the Corporate Tax Code to Encourage Investment in the United States
- Building Talent and Expanding Opportunity



POLITICAL DONATIONS

As a public corporation, CVS Caremark is prohibited by federal law from making contributions to candidates or political parties in federal elections. We make contributions at the state level, as allowed by state laws. All of the company's contributions promote the interests of the company and are made without regard for the private political preferences of company officers and executives. A listing of our 2013 political donations at the state and local level, including candidates, political parties and ballot initiatives, is available in the Political Activities and Contributions report on our website. All past reports published by CVS Caremark are also maintained on our website. S06

CVS CAREMARK EMPLOYEES

POLITICAL ACTION

As with many corporations, we offer certain eligible employees an opportunity to participate in the political process by voluntarily contributing to the CVS Caremark Employees Political Action Committee (EPAC). Political contributions to federal candidates, political party committees and political action committees are made by our EPAC. Consistent with federal law, CVS Caremark pays the administrative, solicitation and compliance costs of the committee. The activities of the CVS Caremark EPAC are subject to comprehensive regulation by the federal government, including detailed disclosure requirements.

Under the Lobbying Disclosure Act of 1995, CVS Caremark submits to Congress semi-annual reports, which also include a listing of CVS Caremark EPAC's contributions to federal candidates. In a move toward greater transparency and per shareholder requests, we report these contributions in the Political Activities and Contributions report on our website. Included on our website are disclosures of the contributions the CVS Caremark EPAC also makes at the state level. We operate employee-funded state Political Action Committees (PACs) in Rhode Island, Massachusetts and New York.

CVS Caremark has a policy governing political contributions made from corporate and EPAC funds to ensure that all potential political contributions made by or on behalf of CVS Caremark or a CVS Caremark EPAC are reviewed and approved internally for compliance with all federal, state and local laws, and that all of the company's political activities are conducted in accordance with high ethical standards. This policy applies to all employees of CVS Caremark, and each of its subsidiaries and affiliates. CVS Caremark does not make any independent expenditures in federal, state or local elections. CVS Caremark requires certifications of compliance with this policy generally through the company's annual compliance training. Certifications must be submitted following such training by all CVS Caremark representatives and director-level employees and above who maintain budgetary authority for potential political contributions.

TRADE ASSOCIATION PARTICIPATION

CVS Caremark participates in various federal and state trade associations or organizations that operate in support of specific industries. Trade associations participate in activities such as education, advertising and lobbying to influence public policy. Many associations offer other services, such as producing conferences, networking or charitable events or offering classes or educational materials. Some associations also make political contributions or operate a PAC.

In 2013, CVS Caremark paid approximately \$4.6 million in dues to trade and industry associations. Details regarding 2013 membership dues can be found in our annual Trade Association Dues Report, along with our past reports. These reports include the amount paid for advocacy and/or political purposes for any trade or industry association with annual total dues of \$25,000 or more.

Managing Information Security and Governance

The world of technology is quickly evolving, offering many new opportunities for

CVS Caremark to innovate the path to better health as part of our Prescription for a Better World. However, with this evolution also comes an increasing responsibility to protect the information in our charge. Protecting and safeguarding personal information across the enterprise, including the health and personal information of our customers, plan members and employees, is implemented through our Information Governance Framework and is a top priority.

INFORMATION SECURITY PROGRAM

CVS Caremark's internal practices, as well as external assessments, help us identify potential internal and external risks to the security, confidentiality and integrity of personal information that could result in the unauthorized disclosure, misuse, loss, alteration, destruction, or other compromise of such information. In 2013, as per the Payment Card Industry Data Security Standard, we completed an annual external assessment by a qualified security assessor (QSA) of our policies and safeguards in connection with cardholder data. The assessment found no major security risks or faults for cardholders or our company.

Our Chief Information Security Officer (CISO), Chief Technology Officer (CTO), and Chief Information Officer (CIO) also develop and implement technical controls and measures through our applications, systems and technology infrastructure. These measures help control risks and manage the company's investment in security infrastructure, while also improving the information security architecture and operations.

PRIVACY PROGRAM

As part of our Information Governance Framework, we maintain a privacy program to improve and enhance our practices. Internal activities include an investigation and response team that manages the review and response to any potential privacy incident. When incidents are discovered, the team uses a protocol that involves processing, tracking, reviewing, making improvements and, when appropriate,

retraining or developing a corrective action plan. In addition, we provide privacy and security trainings for all our colleagues, including training that must be completed by all new colleagues within 30 days of being hired. Training frequency depends on a number of factors, including where an employee works within the company and how likely that position is to encounter privacy and security risks. Generally, this equates to an annual training for corporate employees, semi-annual training for in-store and pharmacy employees, and as-needed retraining for employees following their involvement in a potential incident. [PR8](#)

We also conduct an annual assessment of our retail facilities, using an independent assessor to review a statistically significant sample of stores and to ensure implementation of necessary protections and safeguards.

VENDOR ASSESSMENT PROGRAM

CVS Caremark maintains a Vendor Assessment Program. Each vendor who collects, uses, stores, shares, processes, transmits or destroys confidential information on our behalf must undergo initial and recurring assessments to ensure they are operating in accordance with our privacy and information security policies and procedures.

GOVERNANCE OVERSIGHT

We operate oversight committees to enhance our privacy and information security programs. The committees meet periodically to make recommendations aimed at enhancing our practices, which are then implemented at the company. We also engage senior leaders in decision-making processes related to new digital interfaces and analytical technologies to help ensure appropriate protections and safeguards are taken into consideration when we implement these new tools.

Remaining Compliant

Companies are under increasing scrutiny and pressure to ensure that the right business practices, policies and processes, as well as compliance mechanisms, are in place. CVS Caremark is committed to following the



highest ethical standards and complying with all applicable laws and regulations in the conduct of our business. This commitment extends to everyone within the organization and to all interactions with customers, plan members, clients, physicians, vendors and all other business associates. To learn more about how these processes apply to our supply chain partners, please see Conducting Business Responsibly.

PROGRAMS & OVERSIGHT

CVS Caremark’s Compliance and Integrity Program provides a framework for fostering a culture of compliance throughout the company. Key components include our Code of Conduct; policies and procedures; education and training; reporting mechanisms for unethical behavior or non-compliance; remedial measures and discipline procedures; periodic risk assessments; and compliance and fraud, waste and abuse programs applicable to our Medicare Part D business.

Our Chief Compliance Officer (CCO) is responsible for overseeing and implementing our Compliance and Integrity Program. Our CCO reports to the Audit Committee of the Board of Directors and to the company’s Chief Executive Officer. As part of the administration of the program, the CCO chairs the Corporate Compliance Committee, a cross-functional group comprised of company legal and business leaders who provide expertise, coordination and oversight.

CODE OF CONDUCT

The CVS Caremark Code of Conduct sets forth the company’s expectation of legal and ethical behavior of all employees. The CCO leads the development of and periodic updates to the Code.

COMPLIANCE EDUCATION AND TRAINING

The CVS Caremark Integrity Training Program underscores the company’s commitment to high ethical standards and practices that comply with applicable laws, regulations and company policies. Training content is reviewed and approved by

the Compliance Office, and aims to raise employee awareness of policies through the presentation of real-life work situations that pose ethical dilemmas or may violate aspects of our Code of Conduct.

We provide this training to all new full-time or part-time employees and also require that they read and understand our Code of Conduct. Ongoing compliance training requirements are based on employee job function and responsibilities, and existing government mandates.

ETHICS LINE

CVS Caremark maintains a toll-free, 24-hour Ethics Line to receive communications from employees, vendors and other third parties in connection with alleged unethical or illegal behavior. Parties also may contact the Ethics Line via mail, email or fax. In addition, any employee also has the ability to raise a compliance issue and seek guidance directly with the CCO and members of management, Human Resources and the Legal Department. CVS Caremark has a strict non-retaliation policy that protects our employees who use these resources in good faith.

Our Compliance Office oversees the Ethics Line as well as other alleged violations and is responsible for logging, triaging, following up and tracking reported potential compliance violations to conclusion. This includes directing a thorough investigation and, upon completion, determining whether credible evidence of a violation exists. When it is confirmed that misconduct has occurred, corrective action – which may include remedial action to address the specific issue or help prevent similar issues in the future, discipline and/or additional training – is initiated promptly.

As appropriate, certain confirmed violations may be reported to outside agencies or authorities. In addition, the CCO provides the Audit Committee of the Board of Directors with information concerning significant violations or alleged significant violations of the Code of Conduct and applicable policies and procedures.



CVS CAREMARK MAINTAINS A TOLL-FREE, 24-HOUR ETHICS LINE TO RECEIVE COMMUNICATIONS FROM EMPLOYEES, VENDORS AND OTHER THIRD PARTIES IN CONNECTION WITH ALLEGED UNETHICAL OR ILLEGAL BEHAVIOR.

RESPONSIBLY MANAGING OUR SUPPLY CHAIN

Companies are under increasing scrutiny and pressure to ensure they have the right business practices, policies and processes in place. These responsibilities extend far beyond direct company employees and into the offices, delivery vessels and factory floors of the suppliers that are helping bring products to market.

CVS Caremark is committed to following the highest ethical standards and complying with all applicable laws and regulations in the conduct of its business with suppliers. Our commitment to a Prescription for a Better World is supported by an approach that promotes integrity, accountability and diversity through our Code of Conduct, Supplier Ethics Policy and Supplier Diversity Program. It is further enhanced by our Supplier Audit Program, which plays an important role in preventing, detecting and resolving instances of potential unethical behavior and noncompliance.

Ensuring Human Rights Considerations

Respect for human rights is expressed in CVS Caremark's Supplier Ethics Policy, which all new and existing vendors must adhere to as a condition of doing business with the company, including suppliers producing direct import and CVS Brand items manufactured in high risk countries but sourced domestically. HR1

The policy is aligned with the principles outlined by the International Labour Organization (ILO) and the United Nations' Universal Declaration of Human Rights, which prohibits human trafficking and the use of child, forced or imprisoned labor; requires that working conditions are safe and fair; forbids any form of discrimination with regard to age, gender, minority status and/or other protected classes; and upholds the right to freedom of organization, among other essential human rights. We monitor compliance with the Supplier Ethics Policy through risk-based audits created with and conducted by

external third parties. For more information about audits, please see the Global Supplier Audit Programs section on the following pages.

The same international principles that are applied to our Supplier Ethics Policy are also upheld in our workplace policies and practices, and in the CVS Caremark Code of Conduct. We believe every employee is entitled to a safe and healthy work environment that is free from discrimination and harassment, threats or acts of violence or intimidation and where all employees have an equal opportunity to grow and develop their careers and be appropriately compensated for their contributions to the company's success. The company complies with local labor laws regarding employment of youth. The minimum age of employment at CVS Caremark is 16, or older in some instances. For more information on our workplace practices, please see the Investing in Our People section of this report.

SUPPLIER ETHICS POLICY

CVS Caremark requires all suppliers to conduct business in accordance with the CVS Caremark Supplier Ethics Policy and other applicable legal and ethical standards. We seek suppliers that share our values as well as our promise to deliver outstanding service. CVS Caremark suppliers are required to adhere to our company's ethical standards, supplier requirements, and business processes, which are published on www.cvssuppliers.com and communicated in our CVS Caremark Supplier Ethics Policy. As defined by this policy, suppliers must:

- Prohibit human trafficking and the use of child, forced or imprisoned labor and provide working conditions that are safe and fair
- Forbid any form of discrimination with regard to age, gender, minority status and/or other protected classes; and uphold the right to freedom of organization



CVS CAREMARK
IS COMMITTED TO
FOLLOWING THE
HIGHEST ETHICAL
STANDARDS.



- Conduct business in accordance with established legal and ethical standards
- Not require workers to surrender identity papers, other critical personal documents, or a “deposit” as a condition of employment
- Not subject workers to physical or mental coercion
- Strictly adhere to applicable child labor and workplace safety laws and regulations and respect and apply international treaties, compacts and regulations addressing the use of child labor and workplace safety in the absence of applicable local law setting minimum standards for the protection of workers (CVS Caremark will support legitimate workplace apprentice programs for young workers, provided such programs are voluntary)
- Pay workers a fair and legal wage under applicable laws and regulations and not withhold wages for coercive purposes
- Be familiar with and adhere to import requirements of the United States Customs and Border Protection, a component of the Department of Homeland Security, and other United States governmental and/or regulatory agencies, including Customs-Trade Partnership Against Terrorism
- Not appear on the United States Department of Health and Human Services or the General Services Administration’s Lists of Parties Excluded from Federal Programs

CVS Caremark also requires full compliance with all applicable anti-corruption laws, including the United States Foreign Corrupt Practices Act. Vendors and suppliers may not, directly or indirectly, offer, pay, promise or authorize the payment of any money or thing of value to any government official, including any employee or agent of a government-owned or government-controlled business, for the purpose of influencing any act or decision of such government official, in his/her official capacity; inducing such government official to do or omit to do any act in violation of the lawful duty of such official; securing any improper advantage;

or inducing such government official to use his influence in order to assist in obtaining or retaining business.

Our Code of Conduct also addresses the company’s standard of ethics when interacting with suppliers. Employees with direct responsibility for import supply chain management have been trained on mitigating risks within the supply chain of products, including risks associated with human trafficking and slavery.

GLOBAL SUPPLIER AUDIT PROGRAMS

We monitor compliance with the Supplier Ethics Policy through risk-based audits conducted by our partner, Intertek, and other external third parties. Intertek also helped us create the CVS Factory Social Audit Program, which helps us assess our performance and results against industry standards, and helps ensure our direct import suppliers and certain other global supply chain partners are in compliance with social, legal and trade security standards in accordance with local laws in which they operate. Our factory audit program focuses on auditing new and existing foreign factories that manufacture items directly imported by CVS Caremark and factories in certain high risk countries that manufacture CVS Brand products.

CVS Caremark participates in two of Intertek’s audit programs: the Workplace Conditions Assessment (WCA) and the Global Security Verification (GSV). The WCA program is based on industry best practices and assigns scores based on observation for the following five criteria:

- **Labor** – Child Labor, Forced Labor, Discrimination, Discipline, Harassment or Abuse, Freedom of Association, Employment Contracts
- **Wages and Hours** – Working Hours, Wages and Benefits
- **Health and Safety** – General Work Facility, Emergency Preparedness, Occupational Injury, Machine Safety, Safety Hazards, Chemical and Hazardous Materials, Dormitory and Canteen
- **Management Systems** – Established policies and procedures to ensure compliance with applicable laws

• **Environment** – In compliance with all required environmental permits, licenses and registrations; aware of the potential environmental impacts of its site and having an effective environmental management system to better understand and comply with all environmental laws, regulations, and permits as they relate to hazardous waste and emissions. In 2013, 91 percent of all factories audited were screened with these criteria. EN32

In 2013, we expanded our factory audit program to include factories located in high risk countries that produce regulated and non-regulated CVS Brand items. As a result, in 2013, 100 percent of direct import supplier factories and CVS Brand product supplier factories in higher risk countries underwent a human rights screening via the CVS Factory Social Audit Program, including all new supplier factories. We are expanding the program further in 2014, by requiring social audits for all subcontracted factories outside of the United States and Canada that are paid to supply consumer-ready finished goods to a CVS Caremark supplier. HR1, HR10

In lieu of the WCA audits, CVS accepts other globally-recognized third-party social audit reports, including:

- **ICTI** – International Council of Toy Industries
- **WRAP** – Worldwide Responsible Accredited Production
- **BSCI** – Business Social Compliance Initiative
- **SA8000** – Social Accountability International (SAI)

CVS Caremark also participates in Intertek’s GSV program to maintain certification status with the Customs-Trade Partnership Against Terrorism (C-TPAT) program of United States Customs. We perform GSV audits on 100 percent of foreign factories that produce direct import products and are located outside of China, and 20 percent of foreign factories located within China.

CVS Caremark takes its Global Supplier Audit Program very seriously, including setting policies around zero tolerance and

non-passing audits. If a factory does have a zero-tolerance failure, such as child labor, forced or prison labor, abuse, harassment or attempted bribery, the company will take appropriate action up to and including cancelling all orders and placing the factory on probation for one year. In 2013, we performed initial and follow-up assessments on a total of 667 factories and discovered 24 zero-tolerance failures. The details of the zero-tolerance incidences are listed in the table on p.67.

Supporting Diversity in Our Supply Chain

CVS Caremark views diversity as an imperative to our business. Our ability to provide high-quality, innovative pharmacy services to a diverse set of customers and clients, and serve our communities and constituents, is absolutely contingent on our ability to be inclusive – including within our own supply chain. With this in mind, CVS Caremark focuses on diversity through partnerships with diverse suppliers and diverse-owned pharmacies.

SUPPLIER DIVERSITY PROGRAM

Our Supplier Diversity Program aims to ensure all types of businesses are given the opportunity to do business with CVS Caremark. This not only expands our supplier pool, which increases competition and potentially reduces cost, but also provides a competitive advantage that allows us to attract and retain clients. In short, a more diverse supplier base contributes to a more resilient supply chain.

Our Supplier Diversity Program consists of two tiers: Tier I focuses on monitoring our purchases to ensure we have diverse suppliers providing quality goods and services. Tier II takes the program to a new level by monitoring our large valued suppliers to ensure that diverse suppliers are included in their supply chains. This two-tiered program further demonstrates our commitment to both the use of diverse direct suppliers and doing business with suppliers who are embedding diversity in their own supply chains. In 2013, we continued to build our efforts for this program in the following ways:

2013 AUDITS PERFORMED BY COUNTRY

COUNTRY	NUMBER OF AUDITS	PERCENTAGE OF AUDITS
China	642	90.68%
India	12	1.69%
Taiwan	12	1.69%
Vietnam	12	1.69%
Mexico	8	1.13%
Thailand	7	0.99%
Israel	4	0.56%
Pakistan	3	0.42%
Cambodia	1	0.14%
El Salvador	1	0.14%
Macau	1	0.14%
Malaysia	1	0.14%
Philippines	1	0.14%
South Korea	1	0.14%
Sri Lanka	1	0.14%
Turkey	1	0.14%
TOTAL	708	100.00%

2013 GLOBAL SUPPLIER AUDITS: ZERO-TOLERANCE INCIDENTS HR5, HR11

2013 Zero Tolerance Issues/Low Scoring Factories	Number of Factories Found to Have a Zero Tolerance Issue	Action Taken	Follow-up/ Remediation Process
Forced /Person Labor	0	N/A	N/A
Abuse & Harassment	0	N/A	N/A
Life-Threatening Conditions – Locked /Blocked Exits	9 Locked /7 Blocked 16 (2.4% of total factories)	Orders for locked/blocked exits were placed on hold until corrective action was taken.	For blocked exits, immediate corrective action was taken and proof of correction was submitted through a corrective action plan for approval. For locked exits, either corrective action was taken or the orders were moved to approved factories.
Attempted Bribery (factory management bribing the auditor to receive a passing score on the audit)	6 (0.9% of total factories)	Orders for 6 factories were cancelled and all 6 factories were placed on a one-year probation. All factories must pass a social audit prior to receiving new orders.	Production for approved orders moved to approved facilities.
Child Labor	2 (0.3% of total factories)	Both facilities were placed on probation. Orders were cancelled.	Production for approved orders moved to approved facilities.



All foreign factories audited for social compliance are required to receive a passing WCA score before they are allowed to ship the product to CVS. Follow-up audits are then performed based on the result of the initial audit. The frequency of audits for existing factories is dependent on previous audit scores. Frequency adheres to the following schedule:

- **Failing Factories** are required to complete a re-audit and achieve a passing grade within three months of the initial audit date
- **Low-Scoring Factories** are required to complete a follow-up audit within three to six months of the initial audit date
- **Medium- to High-Scoring Factories** are required to complete a follow up within six months to one year from the initial audit date

The overall intent of the audit-based program is to do business with continually high-performing factories. Although CVS Caremark is committed to assisting suppliers in their compliance efforts, suppliers or factories that repeatedly perform poorly within the program jeopardize their business relationship with CVS Caremark.

- Continued our Construction Business Building Events, holding events in Philadelphia, Chicago and Los Angeles. The full-day events offer diverse suppliers the chance to meet with CVS Caremark purchasing representatives, allowing them to make valuable connections and learn about potential business opportunities
- Sponsored, attended and/or exhibited at several Supplier Diversity Development Council events and Business Opportunity Fairs, including events held by the following organizations:
 - National Minority Supplier Development Council
 - Women’s Business Enterprise National Council
 - United States Hispanic Chamber of Commerce
 - National Gay and Lesbian Chamber of Commerce
 - Keeping the Promise – Disabled Veteran Business Enterprise
 - South Florida Minority Supplier Development Council
 - Chicago Minority Supplier Development Council
 - Greater New England Minority Supplier Development Council
 - US Pan Asian American Chamber of Commerce
- Continued membership with the National Minority Supplier Diversity Council (NMSDC), NMSDC Health Care Industry Group, NMSDC Retail Industry Group, Women’s Business Enterprise National Council, Association for Disabled Veterans Business Enterprises, United States Hispanic Chamber of Commerce, the National Gay and Lesbian Chamber of Commerce, and Keeping the Promise. In 2013, we added two new organizations to our list of membership partners: the U.S. Pan Asian American Chamber of Commerce and U.S. Business Leadership Network (Disability at Work)
- Obtained recognition by Minority Business Network (MBNUSA) Magazine as having Top Supplier Diversity Programs. Diversity Plus Magazine also recognized Monette Knapik, CVS Caremark’s Director of Strategic Procurement, as one of the Top 25 Women Impacting Diversity

CVS Caremark also strives to include local diverse suppliers that conduct repair and maintenance services at our facilities. In 2013, we formed a partnership with Service Channel and encouraged our suppliers to register through this third-party application. The application not only helps us find diverse suppliers that provide these types of services, but it also lists their information for other companies to see – allowing the suppliers to further build their business.

We also register diverse suppliers through our online portal, www.cvssuppliers.com/supplier-diversity. The portal allows us to consider diverse suppliers in all not-for-resale sourcing and procurement opportunities and helps facilitate the tracking of Tier I and Tier II spending, supplier certification and capabilities. In 2013, more than 500 certified diverse suppliers registered within the online portal. In addition, we awarded, and are currently doing business with, more than 1,000 certified diverse suppliers across our not-for-resale business activities.

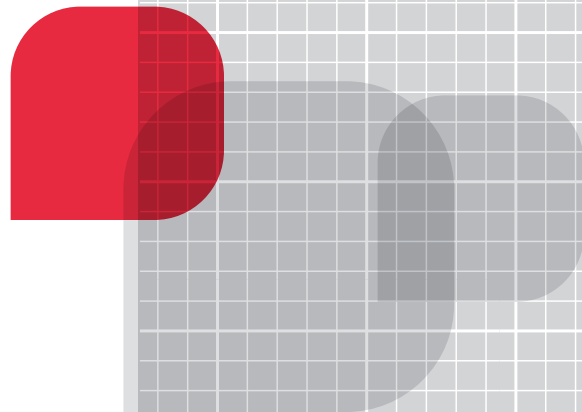
DIVERSE RETAIL PHARMACY PROGRAM

Diversity is also an important component of the pharmacy partners we work with on behalf of our pharmacy benefit management (PBM) business. Our Diverse Retail Pharmacy Program encourages diverse-owned retail pharmacies, many of which are independently-owned, to become certified with CVS Caremark. The certification allows them to expand and establish potential business opportunities with our company, as well as become qualified for targeted government programs. In order to encourage growth and participation, CVS Caremark provides guidance and assistance to potential partners about the certification process.

At the end of 2013, we had more than 67,000 retail pharmacy partners in the program, and more than 36 percent of the pharmacies in our network were identified as diverse-owned businesses. We spent more than \$85 million with these pharmacies in 2013.

In 2013, we spent more than \$300 million with diverse vendors in our Supplier Diversity Program – an increased spend of 45 percent since 2012. Diverse suppliers are defined as Minority Owned, Woman Owned, Veteran or Disabled Veteran Owned, Disability Owned, Disadvantaged Owned, LGBT Owned, HU-Zone Owned, 8(a) Owned Business Enterprise or a Small Business Enterprise. We also recognize certifying organizations such as the National Minority Supplier Development Council, Women’s Business Enterprise National Council, National Gay and Lesbian Chamber of Commerce, United States Hispanic Chamber of Commerce, U.S. Pan Asian American Chamber of Commerce, U.S. Business Leadership Network, Small Business Association or a recognized government agency. EC9





ABOUT THIS REPORT

Boundary and Scope

CVS Caremark's 2013 Corporate Social Responsibility (CSR) Report provides an overview of our company's social and environmental commitments and progress updates on our CSR-related initiatives and goals.

Consistent with previous reports, the boundaries for this report extend to all United States company-owned and/or operated facilities, administrative offices and retail pharmacies for the corporate enterprise, including CVS/pharmacy, MinuteClinic and CVS Caremark Pharmacy Services. Company operations outside the United States represent less than one percent of the total enterprise and are not covered in this report. Topics related to the company's supply chain include our Supplier Ethics Policy, supplier diversity strategy and product quality and safety procedures, but does not extend to environmental impacts.

Data contained in this report covers activities that occurred in fiscal year 2013 (January 1 – December 31), unless otherwise noted. There may also be certain events or activities referenced in this report that were initiated in 2013, but came to fruition in early 2014. Our process focused exclusively on CVS Caremark's operations, communities and stakeholders in the United States. During 2013, we acquired Drogaria Onofre, a 45-store retail drugstore chain in Brazil, and NovoLogix, a health care technology company, and in January 2014 we acquired Coram, one of the nation's largest suppliers of infusion and enteral nutrition services. These new entities were not included in the boundaries of our CSR materiality assessment. Therefore, all references to data in our 2013 CSR Report do not include these entities.

Our 2013 CSR report is our seventh annual publication of this type; our last report was published in May 2013. We plan to continue reporting on an annual basis.

Content and CSR Materiality

To determine the content for this report, we conducted a CSR materiality assessment to identify issues most relevant to CVS Caremark, our industry and our stakeholders. The process involved gathering input from external and internal sources, as well as reviewing prior feedback from stakeholders. We have focused the content for this report on the material aspects identified through this process. For additional detail on our materiality process, please see Priority Issues.

Disclosure and Assurance

CVS Caremark management is responsible for the preparation and integrity of the information in this report. The enterprise metrics and goals in this report are established through a rigorous review process involving internal subject matter experts and we believe this report accurately and fairly represents our CSR activities, programs and results for the fiscal year ended December 31, 2013. The report was reviewed and approved by members of CVS Caremark senior management. However, this report has not been externally assured or verified by an independent third-party, except for certain carbon footprint data, which is in the process of being assured by an independent third party. At this time, the company does not plan to have the remaining content and data of its CSR Report externally assured.

This report was produced in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines at the Core level. The GRI Index can be found here. More information on GRI is available at www.globalreporting.org.

Your Feedback

This report is an important tool for communicating our CSR performance and progress. Your feedback is important to us as we continue to look for ways to improve our reporting and provide you with the information you need. Please submit your feedback to CSR@cvscaremark.com.

Preparation of this Report

CVS Caremark, Corporate Communications Department, 1 CVS Drive, Woonsocket, RI 02895, 401-765-1500, CSR@cvscaremark.com. This report contains certain forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking information for a number of reasons as described in our Securities and Exchange Commission (SEC) filings, including those set forth in the risk factors section of our Annual Report on Form 10-K for the year ended December 31, 2013 (Form 10-K) and under the section entitled "Cautionary Statement Concerning Forward-Looking Statements" in our most recently filed Quarterly Report on Form 10-Q. We refer readers of this Report to all of our SEC filings, including our Annual Report to Stockholders, our Form 10-K, Forms 10-Q and any Forms 8-K, which provide important information about our business, operations and financial performance. Before making any investment or other decision relating to the Company, all such public filings should be considered in detail.

References in this document to CVS Caremark products, programs or services do not imply that CVS Caremark intends to provide all products, programs or services across all of its businesses. Statements regarding CVS Caremark's future direction and intent are subject to change or withdrawal without notice and represent goals and objectives only.



Global Reporting Initiative (GRI) Index

G4	General Standard Disclosures	Response/Page/Link	External Assurance
STRATEGY AND ANALYSIS			
G4-1	CEO statement	Letter from Larry Merlo, p. 3	
ORGANIZATIONAL PROFILE			
G4-3	Name of reporting organization	CVS Caremark	
G4-4	Products	Company Profile, p. 7	
G4-5	HQ location	Company Profile, p. 7	
G4-6	Countries of operation	Company Profile, p. 7	
G4-7	Nature of ownership and legal form	Company Profile, p. 7	
G4-8	Markets served	Company Profile, p. 7	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
ORGANIZATIONAL PROFILE			
G4-9	Report the scale of the organization, including: Total number of employees; Total number of operations; Net sales (for private sector organizations) or net revenues (for public sector organizations); Total capitalization broken down in terms of debt and equity (for private sector organization); Quantity of products or services provided	Company Profile, p. 7 Quantity of products or services provided: During 2013, CVS Caremark filled 734 million retail prescriptions, or approximately 21 percent of the U.S. retail pharmacy market	
G4-10	a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations	All work is performed by the company's employees, with a large majority of them performing retail-related duties in the company's 7600 retail pharmacies located in 46 U.S. states Leader in Growth: Investing in Our People, Embracing Diversity, p. 49	
G4-11	Report the percentage of employees covered by collective bargaining agreements	As of December 31, 2013, approximately 5.5 percent were covered by collective bargaining agreements.	
G4-12	Describe the organization's supply chain	CVS Caremark's Prescription for a Better World, p. 9	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	CVS Caremark acquired Drogeria Onofre, a 45-store retail drugstore chain in Brazil, which represents its first retail foray into the international markets. Data for these stores are not included in this report	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	CVS Caremark does not have a formal policy regarding the precautionary principle All CVS Brand products must comply with FDA and government requirements and adhere to the company's Cosmetic Safety Policy. The Policy outlines the company's approach should an ingredient be suspected of causing harm The company also takes a proactive approach to risk management, including climate change, and performs regular reviews of risks in our operations and supply chain	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
ORGANIZATIONAL PROFILE			
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	CVS Caremark's Supplier Ethics Policy, which all vendors around the world must adhere to as a condition of doing business with the company. The policy is aligned with the principles outlined by the International Labour Organization (ILO) and the United Nation's Universal Declaration of Human Rights	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body; Participates in projects or committees; Provides substantive funding beyond routine membership dues; Views membership as strategic. This refers primarily to memberships maintained at the organizational level	Leader in Growth: Operating with Integrity, Trade Associations, p. 58 2013 Trade Association Membership report	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	<ul style="list-style-type: none"> a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report 	Please see company Form 10-K filed 2/11/14 for the Period Ending December 31, 2013, page 29. Data in this CSR report covers our U.S. operations; it does not cover data from our 2013 acquisition of Drogeria Onofre, a 45-store retail drugstore chain in Brazil	
G4-18	<ul style="list-style-type: none"> a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content 	<p>CVS Caremark's Prescription for a Better World: Identifying and Addressing Priority Issues, p. 9</p> <p>About This Report, Boundaries and Scope, p. 69</p>	
G4-19	List all the material Aspects identified in the process for defining report content	CVS Caremark's Prescription for a Better World: Identifying and Addressing Priority Issues, p. 10	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-20	<p>a. For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization. If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspects is material: Report any specific limitation regarding the Aspect Boundary within the organization</p>	<p>All material aspects selected in this report apply to CVS Caremark's operations in the United States as described in G4-17.</p> <p>Aspect boundaries within the organization include:</p> <p>Distribution: CVS Caremark has a robust distribution network that transports products from suppliers to distribution centers, processes products, and transports products to retail stores. It also includes the delivery of products to CVS Caremark's PBM and online customers.</p> <p>Marketing & Retail: CVS Caremark markets and sells products or services online and through its retail stores. This boundary also includes impacts from the company's administrative offices.</p>	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-21	<p>a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified. Report any specific limitation regarding the Aspect Boundary outside the organization</p>	<p>We source from and manufacture in various parts of the world. The majority of our direct import products come from factories in China.</p> <p>Aspect boundaries identified that fall outside the organization include:</p> <p>Sourcing Raw Materials: All raw ingredients for CVS Brand, national products and direct imports are sourced from suppliers. Groups or entities for which aspects are material include patients and customers; suppliers; the company; local communities; the environment.</p> <p>Processing & Manufacturing: All processing and manufacturing for CVS Brand, national products and direct imports is contracted through third-party suppliers. Groups or entities for which aspects are material include suppliers; the company; local communities; the environment; patients and customers.</p> <p>Consumer Use: Groups or entities for which aspects are material include patients and customers; the company.</p> <p>End of life: Groups or entities for which aspects are material include consumers and customers; the company; local communities; the environment.</p>	



G4	General Standard Disclosures	Response/Page/Link	External Assurance
STAKEHOLDER ENGAGEMENT			
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	CVS Caremark's Prescription for a Better World: Identifying and Addressing Priority Issues, p. 10	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	There are no significant changes from previous reporting in the Scope and Aspect Boundaries of this report.	
G4-24	Provide a list of stakeholder groups engaged by the organization.	CVS Caremark's Prescription for a Better World: Engaging Stakeholders, p. 12	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	CVS Caremark's Prescription for a Better World: Engaging Stakeholders, p. 12	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	CVS Caremark's Prescription for a Better World: Engaging Stakeholders, p. 12	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	CVS Caremark's Prescription for a Better World: Engaging Stakeholders, p. 12	
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	January 1-December 31, 2013.	
G4-29	Date of most recent previous report (if any).	May 2013	
G4-30	Reporting cycle (such as annual, biennial).	Annual	
G4-31	Provide the contact point for questions regarding the report or its contents.	Please submit questions or feedback regarding this report and our CSR strategy to CSR@cvscaremark.com.	
G4-32	<ul style="list-style-type: none"> a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. 	<p>About This Report, Disclosure and Assurance, p. 69</p> <p>The GRI content index is included on these pages.</p>	

G4	General Standard Disclosures	Response/Page/Link	External Assurance
REPORT PROFILE			
G4-33	<p>a. Report the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</p> <p>c. Report the relationship between the organization and the assurance providers.</p> <p>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</p>	<p>CVS Caremark does not have a policy for external assurance at this time. However, the company does use an external third party to assure its greenhouse gas emissions inventory.</p>	
GOVERNANCE			
G4-34	<p>Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.</p>	<p>Operating with Integrity: Emphasizing Sound Corporate Governance, p. 58</p> <p>CVS Caremark's Prescription for a Better World: Corporate Social Responsibility Governance, p. 10</p>	
ETHICS AND INTEGRITY			
G4-56	<p>Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.</p>	<p>Company Profile, p. 7</p> <p>Operating with Integrity: Remaining Compliant, p. 62</p>	

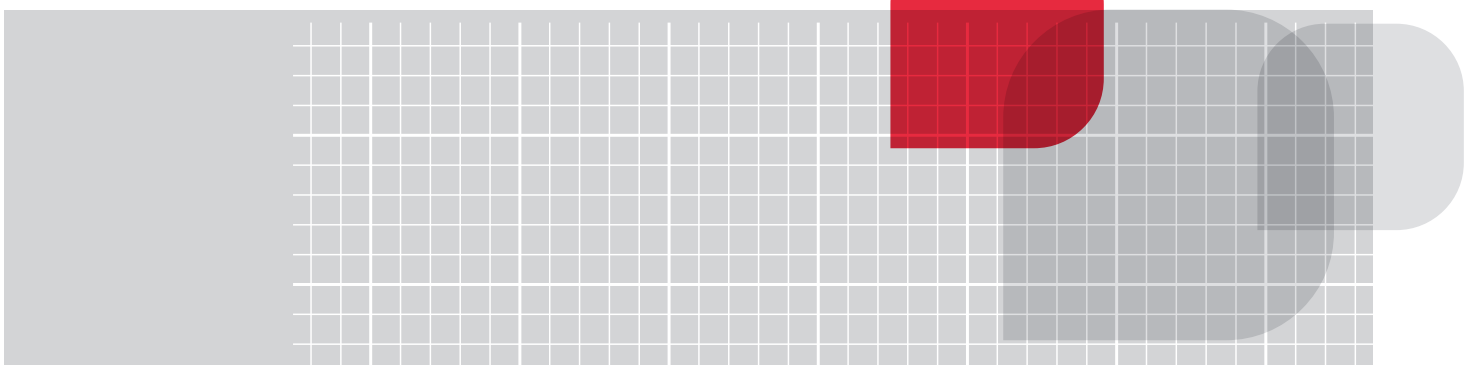
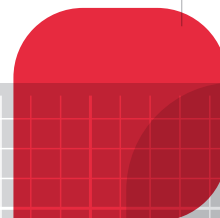


Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Access and Affordability of Care	Economic Performance	EC1	Direct economic value generated and distributed	<p>CVS Caremark's business model is focused on increasing access to high-quality, affordable pharmaceutical and health care products and services. Revenue from these efforts contribute economic value to our stockholders, employees and operating communities.</p> <p>Revenue: Company Profile, p. 7</p> <p>We also make philanthropic investments to further support the delivery of health care to low income and disadvantaged populations.</p> <p>Community Investments: Creating Healthier Communities, Philanthropic Giving, p. 29</p>		
	Indirect Economic Impact	EC8	Significant indirect economic impacts, including the extent of impacts	<p>Health in Action: Creating Healthier Communities, Increasing Access to Quality, Affordable Care, p.28</p>		
Climate Risk	Economic Performance	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<p>Planet in Balance: Addressing Climate Change, Greenhouse Gas Emissions, p. 36</p>		

Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Chronic Disease	Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<p>The prevention and management of chronic disease is a core focus area for CVS Caremark. While we are unable to measure our efforts as a percentage, we continuously monitor and evaluate existing services and develop new services to support patients on their path to better health.</p> <p>Health in Action: Improving Health Outcomes, Reducing Chronic Disease, p. 21</p>		
Deforestation (Paper Use)	Supplier Environmental Assessment	EN32	Percentage of new suppliers that were screened using environmental criteria	<p>The paper mills and printers that provide paper and printing services for CVS Caremark's external marketing and communications materials were assessed against Forest Stewardship Council (FSC) criteria in 2013. 100 percent of printing suppliers met FSC-certification requirements and 56 percent of paper mill suppliers gained or maintained FSC-certification in 2013.</p> <p>For more information: Planet in Balance: Improving the Sustainability of Our Products, Managing a Sustainable Supply Chain, p. 44</p>	Does not include suppliers responsible for paper consumed by corporate and administrative offices.	
	Materials	EN2	Percentage of materials used that are recycled input materials	While CVS Caremark does not presently track the use of post-consumer recycled content as a key metric, we estimate it comprises less than 10 percent of printed materials used for external communications, p. 45	Does not reflect use of post-consumer recycled content for paper consumed by corporate and administrative offices.	

Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Diversity and Inclusion	Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Leader in Growth: Investing in Our People, Embracing Diversity, p. 54	2013 data representing the breakdown per employee category is not available.	
	Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	Leader in Growth: Responsibly Managing Our Supply Chain, Supporting Diversity in Our Supply Chain, p. 68		
Economic Opportunity	Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Leader in Growth: Investing in Our People, Supporting Job Creation, Benefits and Career Development, p. 49		
	Employment	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Leader in Growth: Investing in Our People, Supporting Job Creation, Benefits and Career Development, pp. 49, 50, 51, 55		
	Training and Education	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Leader in Growth: Investing in Our People, Supporting Job Creation, Investing in a Future Workforce, p. 49		
	Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Leader in Growth: Investing in Our People, Supporting Job Creation, Benefits and Career Development, p. 51		

Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Energy Use and Greenhouse Gas Emissions	Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Scope 1: 245,608 mt CO2e Planet in Balance: Addressing Climate Change, Greenhouse Gas Emissions, p. 38		We are in the process of obtaining independent third-party assurance on our 2013 data
	Emissions	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Scope 2: 1,465,827 mt CO2e Planet in Balance: Addressing Climate Change, Greenhouse Gas Emissions, p. 38		We are in the process of obtaining independent third-party assurance on our 2013 data
	Emissions	EN18	Greenhouse gas (GHG) emissions intensity	Planet in Balance: Addressing Climate Change, Greenhouse Gas Emissions, p. 37		
	Emissions	EN19	Reduction of greenhouse gas (GHG) emissions	Planet in Balance: Addressing Climate Change, Greenhouse Gas Emissions, p. 37		
	Transport	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Planet in Balance: Addressing Climate Change, Conserving Natural Resources, p. 39		



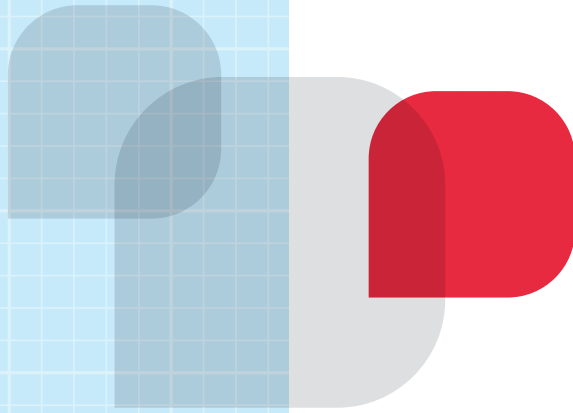
Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Human Rights	Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All of the company's direct imports and CVS Brand product factory suppliers located in high risk countries have gone through a human rights screening, p. 66		
	Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Leader in Growth: Responsibly Managing Our Supply Chain, Ensuring Human Rights Considerations, p. 67		
	Supplier Human Rights Assessment	HR10	Percentage of new suppliers that were screened using human rights criteria	Leader in Growth: Responsibly Managing Our Supply Chain, Ensuring Human Rights Considerations, p. 66		
	Supplier Human Rights Assessment	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Leader in Growth: Responsibly Managing Our Supply Chain, Ensuring Human Rights Considerations, p. 67		



Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Information Security and Customer Privacy	Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Leader in Growth: Operating with Integrity, Managing Information Security and Governance, p. 62		
Labeling and Transparency	Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for products and service information and labeling, and percentage of significant product and service categories subject to such information requirements	CVS Caremark reports on this metric in relation to prescription labeling. All prescriptions dispensed are labeled to meet both regulatory requirements and our company's internal standards. To ensure the safety of patients, we also continuously assess and explore enhanced labeling opportunities. For additional information, see: Health in Action: Improving Health Outcomes, Ensuring Prescription Accuracy, p. 17		
Packaging	Materials	EN2	Percentage of materials used that are recycled input materials	CVS Caremark identified packaging as a material issue and is evaluating opportunities to incorporate more recycled content into the packaging materials of CVS Brand products. At this time we do not have accurate data to report on the percentage of recycled content we use and will consider options for quantifying this moving forward, p.45		
Patient and Customer Safety	Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Health in Action: Improving Health Outcomes, Delivering Safe, High Quality Products, p. 20		

Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Political Disclosure	Public Policy	SO6	Total value of political contributions by country and recipient/beneficiary	Political Activities and Contributions, p. 61		
Prescription Drug Abuse and Disposal	Products and Services	EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<p>Pharmaceuticals are designed to be completely consumed in use. As such, instead of measuring the percentage of pharmaceuticals sold and reclaimed, we report on efforts to reclaim pharmaceuticals through our safe prescription drug disposal initiatives.</p> <p>Health in Action: Battling Prescription Drug Abuse, Supporting Drug Take Back Programs, p. 32</p> <p>Planet in Balance: Addressing End of Life Impacts, p. 45</p>		
Product Ingredients	Products and Services	EN27	Extent of impact mitigation of environmental impacts of products and services	<p>When we look at CVS Brand products, the ingredients and packaging are the areas that might have environmental implications. In both cases, we describe our approach on these pages:</p> <p>Planet in Balance: Improving the Sustainability of Our Products, Choosing the Right Ingredients, p. 44</p> <p>Planet in Balance: Improving the Sustainability of Our Products, Investing in Sustainable Packaging, p. 45</p>		

Material CSR Issue	Material CSR Aspect	Indicator	Indicator Detail	Response/Page/Link	Omissions	External Assurance
Tobacco Cessation	Indirect Economic Impacts	EC8	Significant indirect economic impacts, including the extent of impacts	Health in Action: Improving Health Outcomes, Eliminating Cigarettes and Tobacco, p. 25		
	Marketing and communications	PR6	Sale of banned or disputed products	Health in Action: Improving Health Outcomes, Eliminating Cigarettes and Tobacco, p. 26		
Waste	Effluents and Waste	EN23	Total weight of waste by type and disposal method	<p>CVS Caremark identified waste as a material issue, given the size and scale of our business. However, at this time we do not have accurate data that measures total waste by type and disposal across our entire company. This is something we plan to begin measuring in the future.</p> <p>At present, we are able to measure the following:</p> <p>Waste streams by type and disposal method for our distribution centers:</p> <p>Planet in Balance: Addressing Climate Change, Conserving Natural Resources, p. 40</p> <p>Hazardous waste streams by type:</p> <p>Planet in Balance: Addressing Climate Change, Conserving Natural Resources, p. 41</p> <p>Value of unsaleable products diverted from landfills for donation:</p> <p>Planet in Balance: Addressing Climate Change, Conserving Natural Resources, p. 40</p>		
Water	Water	EN8	Total water withdrawal by source	Planet in Balance: Addressing Climate Change, Conserving Natural Resources, p. 39		



www.cvscaremark.com

One CVS Drive
Woonsocket, RI 02895
401-765-1500