

[CVS Health Corporation: Rule 14a-8 Proposal, December 1, 2021]
[This line and any line above it – Not for publication.]
ITEM 4*: Report on Effect of Junk Food Sales on Diversified Portfolios

RESOLVED, shareholders ask that the board commission and publish a report on (1) the link between the public-health costs created by the Company's food, beverage, and candy business and its prioritization of financial returns over its healthcare purpose and (2) whether such prioritization threatens the returns of diversified shareholders who rely on a productive economy to support their investment portfolios.

Supporting Statement:

The Company's website emphasizes health:

Our purpose:

Helping people on their path to better health.

This purpose is belied by the unhealthful foods, beverages, and candy that feature prominently on the Company's store shelves,¹ which are among the top culprits in the obesity epidemic.² In its quest for sales, the Company is willing to force customers with type-two diabetes or hypertension to run a gauntlet of sugar and salt to obtain their prescriptions.

The World Health Organization assesses the unpriced social burdens of obesity as almost three percent of global GDP.³ Yet the Company does not disclose any methodology to address the public-health costs of its "front-store" business, which promotes consumption of chips, soda, cookies, and candy. This is a good strategy for growing profits: on a recent earnings call, the CEO highlighted strong revenue growth in the category that includes these items: "Front store sales [showed] revenue growth of 13%. . . . with . . . volume increases across most front store categories."⁴

But it is a bad strategy for putting people on a better path to health:

The point of purchase is the setting where people are challenged to either follow through on their long-term goals to stay healthy or are tempted to buy and consume foods that will increase the risk of weight gain, hypertension, diabetes, and cancer.⁵

Promoting junk food isn't only bad for customers—it hurts most of the Company's owners as well because a gain in revenue that comes at the expense of public health is a bad trade for most Company shareholders, who are diversified and rely on broad economic growth to achieve their financial objectives. A strategy that increases Company financial returns but that contributes to obesity runs counter to the

¹ <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2021/youngcvs032221-14a8.pdf>

² <https://www.hsph.harvard.edu/nutritionsource/healthy-drinks/sugary-drinks/>

³ <https://www.schroders.com/en/sysglobalassets/digital/insights/2019/pdfs/sustainability/sustainex/sustainex-short.pdf>

⁴ <https://www.fool.com/earnings/call-transcripts/2021/11/03/cvs-health-cvs-q3-2021-earnings-call-transcript/>

⁵ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5406228/>

interests of most Company shareholders: a reduction in GDP created by public-health costs reduces diversified portfolio returns over the long term.⁶

This proposal asks the Board to commission a report that analyzes the trade-offs the Company makes by prioritizing its financial returns over public-health risks and the global economy, taking the perspective of its diversified shareholders, whose portfolios are at risk from public-health threats.

The report will help shareholders determine whether Company policies serve their best interests and whether the Company should prioritize certain public-health issues over financial returns.

Please vote for: Report on Effect of Junk Food Sales on Diversified Portfolios – Proposal 4*



[This line and any below are *not* for publication]

[*Number to be assigned by the Company]

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss mutual elimination of both shareholder graphic and any management graphic in the proxy in regard to this specific proposal.

Reference SEC Staff Legal Bulletin No. 14I (CF)

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004, including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

⁶ https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005).

I also remind you of the SEC's recent guidance and my request that you acknowledge receipt of this shareholder proposal submission. SLB 14L Section F, <https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals>, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."