

Celebrating Differences

An Interview with Laurie Havanec, Executive Vice President and Chief People Officer, CVS Health

EDITORS' NOTE *As EVP and Chief People Officer at CVS Health, Laurie Havanec leads Human Resources for a workforce of 300,000 diverse employees across the U.S. She is responsible for all HR functions including talent development, diversity, equity and inclusion, compensation and benefits as well as labor and employee relations. Havanec brings more than 25 years of experience to CVS Health, most recently serving as Executive Vice President and Chief People Officer of Otis Worldwide Co., the world's leading elevator and escalator company. Before joining Otis, she served as Corporate Vice President of Talent and Human Resources at UTC after having held senior HR roles at Aetna and Sikorsky. Havanec is an inductee of the YWCA Academy of Women Achievers and served as a member of the Board of Directors of the Connecticut Women's Hall of Fame and the Connecticut Governor's Committee on Workforce and Education. She earned a BS in business from the University of Connecticut and a JD from the University of Connecticut School of Law.*



Laurie Havanec

COMPANY BRIEF *CVS Health (cvshealth.com) is a diversified health services company with nearly 300,000 employees united around a common purpose of helping people on their path to better health. Built on a foundation of community presence, its diversified model engages one in three Americans each year. From its innovative new services at HealthHUB locations, to transformative programs that help manage chronic conditions, CVS Health is making healthcare more accessible and more affordable.*

How do you define the role of the Chief People Officer and how important is it for the role to be engaged in business strategy?

Without question, lofty job-seeker expectations, fierce global competition for highly-skilled talent, remote work and gig economy employment models, and changing demographics are paving a path for human resources executives to serve at the center of corporate strategic decision-making. Chief Human Resource Officers or Chief People Officers (CPOs) are seeing increasing emphasis on the employee experience and corporate culture, in addition to the important functions HR leaders have managed

historically. Delivering a welcoming, energizing and rewarding experience for candidates and a thriving culture for employees has taken on new importance in a company's success. It is no secret that engaged employees are more productive, less likely to leave, and more driven to contribute to a company's goals. Conversely, an inability to attract and retain top talent can hamper an organization's growth, hurt profitability, and create a negative brand experience in the marketplace.

Having a dedicated C-level individual to oversee an organization's people – in healthcare or in any industry – makes good business sense. In addition to identifying and recruiting premier new talent, a CPO can enable team members to achieve their highest potential, thrive in a fast-paced, fast-changing environment, and make a profound impact in the organization. This is where Chief People Officers can make major contributions to a company's performance and there is no better investment in a company's future.

What excited you about the opportunity to lead the HR function at CVS Health and what made you feel it was the right fit?

I joined CVS Health for a couple of professional reasons. First, I was so genuinely drawn by how CVS has uniquely positioned itself to be a leader and innovator in providing broader access to healthcare to everyone, in every community. Second, I'm inspired by our leaders and by our 300,000 employees who are in every corner of America and who make a difference every single day. It's been said that businesses don't create value; people do. In partnership with our CEO, Karen Lynch, and the HR teams, the challenge to build and sustain a united, consumer-centric culture that enables CVS Health to transform healthcare for consumers across the nation was a leadership opportunity that I couldn't pass up. The way we support and develop talent directly impacts our ability to meet these goals and fulfill our purpose for helping people on their path to better health.

I was also attracted to CVS for a personal and, perhaps, more serendipitous reason. My dad was a pharmacist. He owned a small drugstore when I was growing up and he always wanted me to be a pharmacist. We lost my dad about 17 years ago, but I am certain he's smiling right now knowing I work for the nation's largest pharmacy.

Will you provide an overview of CVS Health's diversity and inclusion strategy?

CVS Health has a long-standing and holistic approach to strategic diversity management that is inclusive of all of those we care for each day. Our nearly 300,000 employees are a microcosm of America and a reflection of the diversity that is foundational to who we are as a country. We have made great strides in advancing a strategy that supports our business objectives and creates new opportunities for our colleagues – most notably is our progress against key industry measures. In 2017, we were honored to be named to the DiversityInc list of Top 50 Companies for Diversity, coming in at #49. This is a leading assessment for diversity management practices in corporate America and over the last four years we have continued to improve our standing, ranking #26 in the 2021 survey.

Despite our progress, and in reflecting on the events of the past year as a management team, it became clear that the American healthcare system could do a lot better to serve and support underserved populations across the country. The COVID-19 pandemic laid bare the systemic health inequities felt by Black and Brown communities, as they have been among the hardest hit by COVID-19. In addition, last year's protests showed that these communities need more support now more than ever to achieve true equity across society.

This reflection led to the company committing nearly \$600 million over five years to advance employee, community and public policy initiatives that address inequities faced by Black/African American and other historically disenfranchised communities. The goal is simple: we will use our presence in communities across the country to be a force for good and for helping underserved communities. For us, that starts by meeting people where they are. Whether that's expanding access to community-based healthcare screenings, increasing access to affordable housing, or helping fight COVID-19, CVS Health is playing an important role in helping to address health inequities across the country. These new investments build on our strategic approach to managing diversity that touches every aspect of our business:

- Mentoring, sponsorship, development and advancement of diverse employees;
- Company-wide learning experiences and corporate culture programs, with a focus on promoting inclusion and belonging;

- Partnership and development programs for minority- and women-owned suppliers;
- Workforce initiatives to provide employment services, training and apprenticeships for people with disabilities, transitioning military and other underrepresented communities;
- Social determinants of health, with a focus on increasing access to affordable housing, which is inextricably linked to health;
- Access to healthcare, including expanding Project Health and other investments that address health disparities; and
- Partnerships with civil rights and social justice organizations to support shared goals.

We are also using our industry leadership position to advocate for public policy that addresses the root causes of systemic inequities and barriers, including efforts to address socioeconomic status, education and access to healthcare. One recent example is our support for the FDA's ban on menthol flavoring in tobacco. The targeting of Black/African American communities through the use of flavored tobacco products has been well-documented.

Another example is our Abilities in Abundance program, which provides employment opportunities for people with physical, mental and emotional disabilities – a group of 61 million Americans who comprise the largest minority population in the nation. In 2020, our long-standing commitment in this area was recognized by the Department of Labor with its inaugural Excellence in Disability Inclusion award.

While we're proud of our work in these areas, we will continue to push ourselves to do more and raise the bar even higher.

While diversity is the right thing to do, it is also a business imperative. What do you see as the impact of diversity on driving better business outcomes?

We see our culture of diversity, equity, justice, and inclusion as a strategic advantage, especially in a fiercely competitive globalized economy. CVS Health serves over 100 million people every year. For our company to have the greatest impact, it's important to have a workforce that reflects not only our customers, but also the communities where they live. When an organization has people with diverse perspectives and approaches, ideas and innovation flourish. That positively impacts business performance and the bottom line. Companies that do not leverage the advantages of strategic diversity management will continue to struggle. If you don't understand that this work enables innovation and business performance by now, you're already behind.

How engrained is diversity and inclusion in CVS Health's culture and values?

The fundamental values of diversity, equity, justice, and inclusion are embedded in the CVS Health culture, where our differences and similarities are celebrated, and every person has an equal opportunity to contribute and advance their careers. Our 300,000 colleagues represent the communities we serve and bring unique ideas, experiences and skills that are

necessary to fulfilling our purpose: to support individuals during every meaningful moment of health throughout their lifetime.

Ultimately, we want to continue to be recognized as an inclusive company that relies on different experiences and points of views to develop consumer-focused products, innovations and solutions.

How do you engage your employees in CVS Health's diversity efforts?

Our company works hard to empower all of its employees and offers programs and initiatives that celebrate the differences among its colleagues in a variety of ways. This year, for example, we embarked on an initiative to bring required, conscious inclusion learning experiences to 100 percent of our colleagues. This new program adds to the diversity-focused learning and development programs that we offer to both new hires and long-time employees throughout the year. These learning opportunities give colleagues the tools they need to meet and exceed their personal and professional goals.

We also support Colleague Resource Groups (CRGs) that give colleagues the opportunity to network, share or support a particular ethnicity, culture, or perspective, as well as partner with teams to add value to our business. There are currently 15 CRGs with over 23,000 members and over 40 local chapters, including those founded by Latinos, Black/African Americans, Asian Americans, military veterans, caregivers, LGBTQ+ employees and, most recently, by colleagues with disabilities. We've also established an additional group, C.A.L.M. (Colleagues, Allies and Leaders for Mental Well-Being), launching in July. Our goal is to have 10 percent of our workforce participating in at least one CRG by 2025.

Another example of our strategy includes encouraging employees to champion supplier diversity. All across America, diverse and women-owned enterprises are fast growing segments of the economy. By referring, advocating for and tapping into this expanding supplier pool, CVS Health is able to build supply chain excellence, add distinctive goods, services and capabilities to our business offerings, and create a competitive advantage. At the same time, we're creating jobs and increasing economic opportunities for the people and local businesses in the communities we serve. In 2020, our supplier diversity program supported 46,000 jobs and \$2.3 billion in wages. At the same time, we have achieved over \$3 billion in spending annually with diverse suppliers and have been a standing member of the Billion Dollar Roundtable, an organization that promotes excellence in supply-chain diversity.

Our strategic diversity management work is rich with employee engagement programs, and these are just a few examples.

Is it critical to have metrics in place to track the impact of CVS Health's diversity and inclusion efforts?

Having metrics and sharing information about our Strategic Diversity Management (SDM) efforts are critical to fostering a culture

of diversity, inclusion and belonging, and we hold ourselves accountable to achieving our goals and regularly reporting on our progress. These are also ways we can continue to foster a spirit of continuous improvement. As an example, this year we publicly published our first SDM Report – a reflection of the work CVS Health has done and will continue to do – to champion diversity, equity, inclusion and justice throughout our company and in the communities where we work and live.

To further enhance our transparency, we have reiterated the need for 100 percent of our colleagues to self-identify in terms of gender, race, ethnicity, disability and veteran status and are proud to publicly disclose our EEO-1 data for the first time. We also developed benchmarks to measure outcomes in diverse representation at all levels of the organization across senior leadership.

These initiatives are supported by our executive diversity council, 15 colleague resource groups (CRGs), and business unit Diversity Leadership teams, which continue to help the company effect meaningful improvement in our diversity performance.

How valuable has it been to have the commitment of CVS Health's board and senior management in its diversity and inclusion efforts?

When a culture of diversity, inclusion and belonging starts with C-suite leaders, talent will be heard, rewarded, and retained. In other words, workplace culture starts with top leadership. HR is there to implement, support, and grow that culture, but diversity and inclusion must begin with top leadership. Fortunately, the CVS Health Executive Leadership Team and Board are committed to fostering an inclusive organization where a diverse workforce can thrive – a company where a diversity of thoughts, ideas and approaches is encouraged, and everyone shares in problem-solving. This produces greater engagement, more innovation and, ultimately, better business outcomes.

What would you tell young, diverse talent about the opportunities that exist to grow and lead in the industry?

I would tell them to look at healthcare as an exciting sector and as an upwardly mobile career track. The healthcare industry is keenly aware that diversity among staff, leadership and board members is important to improving patient outcomes and reducing health disparities. Leading companies like CVS Health are recruiting and developing junior employees from a variety of diverse backgrounds to become the next generation of leaders to better reflect the rapidly changing demographics of the country's patient and consumer populations. They are also working with diversity-focused executive search firms and professional associations to fill open positions.

The world is getting smaller as cultures intertwine and it's now conceivable that a healthcare company can serve patients from any corner of the globe. For skilled and diverse talent, CVS Health offers a rich and rewarding career path. ●