




2014 CORPORATE
RESPONSIBILITY REPORT

COVANCE[®]
SOLUTIONS MADE REAL[®]



Covance is committed to making a positive difference in our global community. Identifying new approaches and anticipating tomorrow's challenges, each of us is dedicated to improving lives through science, while working toward a healthier, safer, and cleaner world.



FIVE YEARS AGO, COVANCE MADE A COMMITMENT TO STEP UP OUR EFFORTS TO EFFECT POSITIVE CHANGE THROUGHOUT THE WORLD. We began by taking small steps to solve some big challenges, setting goals, and tracking our progress. From our own environmental, health, and safety programs to business integrity, we reached beyond our borders to encourage global supplier sustainability and to improve the welfare of people in one of the world's poorest regions.

Putting employee health first, we earned the CEO Cancer Gold Standard Employer Accreditation in the U.S. for the third consecutive year. This accreditation has helped us drive a culture of health and safety around the world. We are pleased to announce that effective July 1, 2015, all Covance sites are now tobacco-free. This year, one of our greatest accomplishments was engaging more employees to be citizens of the world and embrace corporate

social responsibility. Covance people volunteered at a company-sponsored free health clinic for the uninsured in Madison, Wisconsin. They traveled to Nepal and raised money to improve women's health and reduce infant mortality rates, and to Mexico to assemble bicycles and school supplies for orphans. They formed constituency groups to promote diversity, carpooling, energy savings, and recycling. They even shaved their heads for hope in Singapore to raise money for the Children's Cancer Foundation.

I am proud that Covance people all over the world are living our company mission by donating their talent, time, and resources to help improve lives. We are far from done, but we already are making a difference.

Deborah Keller
Chief Executive Officer



ENVIRONMENT

Part of our approach to being a good corporate citizen is an expanding commitment to improving the environment — a commitment that produces better ways to operate the business. It's our way of being green.



GLOBAL ELECTRONICS RECYCLING/REUSE PROGRAM

For the past two years, Covance has worked with Cascade Asset Management to ensure that we are maximizing the benefits of our recycling efforts. Cascade is a woman-owned and certified Minority Business Enterprise that provides reuse and recycling services for comprehensive information technology equipment.

Since 2013, we've sent nearly 4,100 units of office electronic equipment to Cascade for reuse in schools and offices and recycled nearly 5,900 units, including computers, laptops, notebooks, and mobile phones.

Our focus on electronics recycling and reuse during the past two years has had quite an environment impact: we have avoided more than 662 tons of carbon emissions, saved enough electricity to power nearly 1,000 households for a year, and reduced greenhouse emissions equivalent to removing 403 passenger cars from the road annually.

ZERO WASTE TO LANDFILL

For the past two years, our laboratory in Porcheville, France, has achieved the milestone of zero waste to landfill by finding alternative means to safely dispose of all waste solvents generated by its pharmaceuticals production.

Porcheville employees discovered an industrial waste disposal facility just down the road that now works with the lab to transform the bulk of its solvent waste into pure solvents or distill them into technical-grade solvents for reuse or, in some cases, resale. The small number of remaining solvents are either burned by the disposal facility in an environmentally safe manner or reused as rinsing agents for the waste solvent tanks at the lab. Nothing is wasted, and nothing ends up in the landfill.

Porcheville employees' focus on sustainability also applies to no-longer-needed equipment. Pallets and purified-water drums used at the lab are sold or donated, and the lab works with companies that employ workers with disabilities to recycle donated electronics.

DRIVING GREEN IN GENEVA

For the second year in a row, Covance captured first place in a local carpooling challenge. An employee "Mobility Team" publicized the challenge within Covance

and helped increase the number of carpooling employees to 60, about 10 percent of the workforce on-site, to achieve the best result among the challenge's 35 participating companies. It was a win for Covance Geneva, which gained 30 more employee parking spaces and some relief from a difficult parking situation in a busy industrial area, and a win for the local community, which gained an improved environment with lower carbon emissions and fewer vehicles on the road.

ENERGY SAVINGS ACROSS COVANCE

HARROGATE, ENGLAND Saved 120,000 kilowatt hours per year by switching to more energy-efficient light fixtures and saved 176,000 kilowatt hours per year by modifying on-site heating and cooling systems. The site also dramatically reduced carbon emissions generated by waste disposal trucks by cutting the number of disposal companies serving the site from 10 to one.

PORCHEVILLE, FRANCE Reduced gas consumption by 8.8 percent and power consumption by 5.5 percent; reduced carbon footprint by cutting carbon dioxide and nitrogen oxides emissions by 23 percent and 35 percent respectively. Next up: a trial program in 2015 to use computers to optimize the settings on HVAC units based on weather conditions.

GREENFIELD, INDIANA Saved nearly 2 million kilowatt hours annually through a variety of energy efficiency efforts, including saving more than 1.2 million kilowatt hours by optimum use of HVAC systems and 464,280 kilowatt hours by closing the plant's waste water treatment facility.

SINGAPORE Saved more than 31,600 kilowatt hours annually by running HVAC systems on demand.

SCORECARD UPDATE

Goal: Complete an Environmental Impact project by 2015 at all operation sites.

Status: 71 percent of sites have implemented projects.

EMPLOYEE WELL-BEING

As a global company dedicated to health science and medical advancement, we're committed to creating a cleaner, safer, and healthier world. Achieving that goal starts with creating a culture of health and safety for our employees working in more than 60 countries worldwide. We continually review existing processes and adopt new best practices to reinforce a healthy and safe workplace culture, which is critical to our mission of developing treatments and cures for patients.



CEO GOLD STANDARD

Our commitment to employee health and wellness earned Covance the CEO Cancer Gold Standard Employer Accreditation in the United States for the third consecutive year. To become Gold Standard-accredited, employers must meet a series of requirements that include providing coverage for certain benefits and fostering a culture of wellness that encourages employees to make healthy lifestyle choices. Last year, we announced that every Covance site would be smoke-free by July 1, 2015. As in the U.S., where our sites have been smoke-free since January 2013, smoking cessation support is a free benefit to every Covance employee. Employees, as well as their spouses or domestic partners, can

access the services of a trained smoking cessation coach 24 hours a day, seven days a week. In addition, we continue to encourage healthy food choices and physical activity, as well as prevention, early detection, and appropriate cancer screenings. Our spring Shape Up challenge again provided employees the opportunity to form teams and compete against each other in global fitness contests.

TEAMWORK, PROCESS IMPROVEMENTS REDUCE INJURIES

At our research and development facilities around the world, employees are making great progress in reducing the number of injuries to employees in our animal operations groups. Last year, by focusing on

process improvement, teams of employees created procedures that helped reduce injuries to animal technicians by 33 percent. Teams of employees worked with managers worldwide to ensure standard use of protective equipment and analyze any injuries to animal technicians. They also established mentoring programs where experienced employees now work side by side with newer employees to share safety practices on the job. Another team added pre-shift stretching exercises, which help employees avoid muscular-skeletal injuries.

A CULTURE OF HEALTH AND SAFETY AROUND THE WORLD

SHAPING UP THE OFFICE In the past few years, we made huge investments in upgrading many of our offices to ensure that employees have a more comfortable and efficient place to work. In Singapore, for example, we installed a one-team social area and pantry for use by a number of different work groups, and it has been a huge success in fostering greater teamwork.

1,000 PIECES OF FRUIT “Fruit Friday” has been inspiring employees at Covance Harrogate in England to eat more healthily. Every Friday, 1,000 pieces of fruit are shipped to the site, and each employee can take a free piece from one of the collection points. The collection points have been deliberately positioned away from work stations so employees must walk to the pick up their free fruit.

ANSWERING THE BELL TO EXERCISE

Last year, the wellness committee in our San Diego office began displaying, on our call center monitors, slides encouraging employees to exercise. Before the slides appear, a chime plays over the office intercom for a few seconds to alert employees that it’s time to pay attention to the exercise prompts.

SCORECARD UPDATE

Goal: By 2015, reduce reportable injuries by 10 percent from 2011 levels.

Status: Reportable injuries decreased from 2.15 in 2013 to 1.46 in 2014. We are on track to reach our goal by 2015.

Goal: Maintain U.S. CEO Gold Standard Accreditation and work toward Global CEO Gold Standard Accreditation.

Status: Met requirements to maintain CEO Gold Standard Accreditation in the U.S. and introduced the program worldwide, announcing that every Covance site would be smoke-free by July 1, 2015.





PHILANTHROPY

With employees at more than 60 locations around the globe, Covance is committed to making the world a better place, whether in our hometowns or in the remote regions of mountainous Nepal. Covance employees continually donate their talent, time, and resources to help improve communities worldwide. In our business, we dedicate ourselves to finding the cures and treatment for diseases, and we bring that same dedication to making a difference in our global community.

CARE NEPAL

In 2014, the Covance family again responded with overwhelming support for the CARE Nepal *Saving Mothers' and Infants' Lives* (SMILE) program, which aims to improve the quality of pregnancy and delivery care services in two of Nepal's poorest districts, Rupandehi and Nawalparasi.

Our partnership with CARE Nepal began in 2012 with the launch of the SMILE program and a commitment from the Covance Charitable Foundation to donate \$300,000 over three years. So far, our donations have funded training and education of local midwives, built a network of mothers' groups, and created 10 birthing centers within existing community clinics.

In March 2014, four employees, chosen by their colleagues around the world, visited Nepal as Covance Ambassadors. Following the ambassador tour, a company-wide employee auction, which featured authentic artwork, jewelry, and other items from Nepal, raised \$10,530 toward the construction of dormitory-style waiting homes that will be built adjacent to existing birthing centers. These waiting homes provide much-needed overnight accommodations, sparing pregnant women the burden of having to wait until they go into labor before entering a birthing center.

In a second company-wide auction in October, employees raised more than \$14,000 from the sale of more than 80 baskets donated from 68 teams across 43 countries.

EMPLOYEES SUPPORT FREE CLINIC FOR THE UNINSURED

Based on the outstanding success of previous clinics in Dallas and New Orleans, the Covance Charitable Foundation sponsored a one-day, pop-up *Communities Are Responding Every Day* (C.A.R.E.) clinic in Madison, Wisconsin, a city where Covance has a long and prominent history and strong ties to the community. C.A.R.E. clinics turn convention centers and sports arenas into enormous doctors' offices for the day, providing free medical care and prescriptions for the underinsured and uninsured. One Saturday in August 2014, a contingent of 90 Covance employees donated 12 hours to the clinic. Medical employees treated patients, many of whom had not seen a doctor in years, while non-medical Covance employees spent the day escorting patients to the right providers, interpreting for those who did not speak English, and assisting care providers.

As Dr. Randy Stoltz, medical director at Covance Evansville (Illinois), said, "It's a priority for Covance to give back to the community, and I feel lucky that I have the medical knowledge and training to help people who really need it."

GLOBAL PHILANTHROPY

A few examples of how employees contributed to helping people around the world.

BONDING OVER BIKES IN MEXICO

Employees added a charitable component to team-building activities at a Global Commercial Meeting in Cancun by inviting 20 children from a local orphanage and providing each with a bicycle. A special bus carried the kids and their bikes home, along with a dozen more bikes for kids who couldn't attend and 150 backpacks with school supplies, diapers, blankets, and other supplies.

AWARD-WINNING SPIRIT IN GREENFIELD, INDIANA Covance was one of only four companies to receive the United Way of Central Indiana's Spirit of Service Award, which celebrates companies that have made an exceptional commitment to the United Way by giving, advocating, and volunteering throughout the year. To be eligible, companies must have received the UWCI's Company That Cares Award for three consecutive years.

CASUAL THURSDAYS IN NASHVILLE For a \$5 donation, employees could wear jeans and tennis shoes on

Thursdays, raising a total of \$2,735 for designated charities. The office also contributed \$4,500 to CARE Nepal, \$1,052 on Lee National Denim Day in support of cancer research, and \$430 to fight Amyotrophic Lateral Sclerosis.

SHAVING HEADS FOR HOPE IN SINGAPORE

21 Covance employees — 15 men and six women — raised nearly \$16,000 by shaving their heads as part of a longstanding Singapore charity event, "Hair for Hope," which raises funds for the Children's Cancer Foundation and awareness of childhood cancer.

LENDING A HAND IN TAIWAN

Employees donated new and secondhand items to a charity bazaar in Taiwan that supported CARE Nepal. The event raised more than \$690, which was used to provide hand-washing facilities and drinking water for Nepalese people in remote areas.

In addition, the Covance Foundation donated more than \$18,000 to match funds raised by employees participating in walk-a-thons and other activities sponsored by charitable organizations that support the cure and treatment of diseases.

SUPPLIER SUSTAINABILITY

Our rigorous focus on supplier sustainability assures clients that they can rely on us and our network of key suppliers to deliver quality results. As our teams find success with our sustainability program, we work to expand it to maximize the impact across our locations worldwide and contribute to our ongoing efforts to deliver effective, sustainable solutions.



OUR SUPPLIER CODE OF CONDUCT

Our Supplier Code of Conduct is at the heart of our Supplier Sustainability Program. We conduct an in-depth assessment of select suppliers to ensure they are abiding by the principles of our code, including integrity; fair labor and human rights practices; commitment to quality, the environment, health, and safety; and implementation of management systems. We also mentor our suppliers to drive continuous improvement in their practices. In addition to communicating our code of conduct to critical suppliers, we reinforce our commitment

to supplier sustainability and supplier diversity to our employees worldwide. In 2014, we trained more than 150 of our internal staff on the use of our Supplier Sustainability process, which is based on best practices established by the Pharmaceutical Supply Chain Initiative (PSCI). The PSCI is a group of major pharmaceutical companies that share a vision of better social, economic, and environmental outcomes for all those involved in the pharmaceutical supply chain. This global approach to continuous improvement in supplier sustainability helps us minimize risk in our supply chain and deliver operational and service excellence.

ENHANCING OUR SUPPLIER PORTAL

In 2014, we launched Phase One of our outreach program to encourage suppliers, particularly new and prospective suppliers, to register on the Supplier Portal on the Covance website. The portal is an interactive tool that enhances our communication with suppliers and provides them with information on our Supplier Sustainability Program and our Supplier Code of Conduct. The portal also provides them with tools and resources to use in developing or enhancing their own processes. In Phase Two in 2015, our objectives are to enhance the Supplier Portal by updating training materials to align with new external portal functionality and train 100 percent of our procurement staff on our Supplier Sustainability process.

2014 SUPPLIER DIVERSITY SPEND

Up to \$93.6 million from \$91 million in 2013. Spending with small businesses owned by minorities, women, veterans, and other socially economically disadvantaged groups was equivalent to 3.7 percent of revenue in 2014.

2015 GOALS

Goal: We are continually working on new practices and procedures that will expand our sustainability efforts to our global supply chain. In 2015, these will include reaching out to 100 percent of new critical suppliers to make them aware of the Covance Supplier Code of Conduct Confirmation Form and request that they register and confirm that they will comply with our Code.

ANIMAL WELFARE

Animal research is critical to developing new, safe, and effective medicines that save the lives of people and animals. At Covance, we are committed to ensuring the welfare of animals used in research. We treat all animals humanely, with compassion and respect. In providing for their welfare, we adhere to strict standards of care and ethical principles.



MEETING ALL REQUIREMENTS AND STRIVING TO DO MORE

Over the past 30 years, we've established and maintained a corporate culture that makes animal welfare a top priority. We strive every day to maintain contemporary standards of animal care and continually improve our processes as industry standards evolve.

We have also maintained an excellent record of compliance with animal welfare regulations, including the European Council Directive 2010/63/EU and the U.S. Animal Welfare Act. In addition, to help ensure that we meet global animal welfare standards, our Global Animal

Welfare Organization conducts regular audits of all our animal facilities and vendors. Each of our Institutional Animal Care and Use Committees and Animal Welfare Ethical Review Boards include veterinarians, scientists, and at least one member of the public. These groups review and approve or make changes to study designs before any research can begin. Once every three years, each of our biomedical research sites submits, to the Association for Assessment and Accreditation of Laboratory Animal Care, International (AAALAC), a detailed description of our policies, animal housing and management, veterinary care, and facilities. All 10 Covance sites are accredited by AAALAC.

3RS GLOBAL RECOGNITION PROGRAM

Our Global 3Rs Working Group, with representatives from around the world, encourages the development and implementation of techniques that *replace, reduce* or *refine* animal use, consistent with the 3Rs principles. The group communicates directly with fellow employees to emphasize the clear links between excellent animal welfare, great science, and commercial success and conducts our Global 3Rs Recognition Program. Created in 2014, the program identifies and promotes outstanding work that embodies the 3Rs and recognizes employees who have developed innovative ways to improve animal welfare while also generating better research results. All employees are invited to submit entries, and each receives a certificate of recognition. Among last year's 26 submissions, many were from employees who do not work directly with animals but, like their research colleagues, care deeply about animal welfare. Of those entries, seven were singled out for special recognition, including one team's partnering with a client to ensure the well-being of rabbits by housing and shipping them in pairs rather than in single cages.

DECLARATION OF OPENNESS IN ANIMAL RESEARCH

Covance has always worked to foster a culture of openness in our animal research. We reinforced that commitment in 2013 when we became one of the more than 70 original signers of the United Kingdom's Concordat on Openness on Animal Research. Along with pharmaceutical companies, universities, contract research organizations, nonprofit associations, and related organizations, we are committed to abiding by the Concordat's guidelines and fulfilling its four commitments to enhance our communications about our use of animals. Before signing the declaration, we already had many mechanisms in place to ensure that we provided accurate descriptions of our work in animal research. We have worked with media organizations around the world to provide information about our research and supported a number of universities and agricultural colleges in their research into the use of animals in science. We have hosted student visits to our animal facilities, and our employees have visited local schools to discuss jobs related to science

and animals in research. In 2014, to showcase our commitment to openness about our use of research animals and our continuous improvements in animal welfare, we began work on a comprehensive website planned for launch in 2015.

2014 SCORECARD

Goal: Maintain AAALAC accreditation for 100 percent of our animal facilities.

Status: Retained independent AAALAC accreditation at all 10 Covance sites, two of which were fully re-accredited in 2014 following the regularly scheduled triennial site visits.

Goal: Continue to develop and implement technologies that advance our commitment to the 3Rs — Replace, Reduce and Refine — regarding the use of animals, as appropriate.

Status: Our new Global 3Rs Recognition Program celebrates employees whose work has helped us replace animal tests where possible, reduce the number of animals required, and refine existing scientific and animal care techniques. The program continues to evolve and expand, with early indications showing even more employee participation in 2015.



BUSINESS INTEGRITY

At Covance, we believe that business integrity is not optional or conditional. Every day, at every site, in every study, our people — at all levels — bring our guiding principles of integrity, transparency, and accountability to life. We also believe that our company is stronger because of our commitment to diversity. In the more than 60 countries where we operate, we work to inspire diversity in scientific research and appreciate and recognize the benefits of inclusion.



BUSINESS INTEGRITY PROGRAM AND COMMITMENT

Our clients are confident of our unwavering commitment to the highest standards of business integrity because of the many ways we demonstrate that commitment in our work and the processes we've put in place to help ensure compliance. For example, all employees must complete global business integrity certification, which we track electronically through our online learning management system. We've also mandated training on the Foreign Corrupt Practices Act and Anti-Bribery Policy for all appropriate employees around the world. Our toll-free hotline — AlertLine — provides employees with an avenue for reporting issues

anonymously, and we include business integrity questions in our global employee engagement survey to receive employee feedback on topics that are relevant to our integrity program. In addition, as part of our Supplier Sustainability effort, we evaluate the business integrity of select suppliers to help ensure that our partners are operating on similar principles.

DIVERSITY RELATIONS

Diversity and inclusion are essential components of our company's talent strategy. In 2014, two diversity strategies took center stage: *Covance Veterans* and *Individuals with Disabilities*. Last year, we joined 190 companies committed to hiring 100,000 veterans by 2020, as part of the

100,000 Jobs Mission. Internally, we established Veterans Employee Resource Groups at sites across the company with support from our Global Diversity Council and representatives of the Department of Defense. In introducing our strategy for Individuals with Disabilities, we emphasized education on the Americans with Disabilities Act (ADA), our ADA policy, and awareness and accommodation programs. This strategy includes support for our differently-abled employees through employee resource groups and benefit programs; and an increase in our external recruitment efforts.

UNIVERSITY RELATIONS

Our relationships with universities worldwide have given us access to today's top talent, provided a more diverse workforce, and furthered our reputation as a distinguished Employer of Choice. In 2014, we broadened our strategy by building stronger relationships with

universities that have made specific commitments to women and people of color in STEM (science, technology, engineering, and math) studies. And, to encourage more female and minority students to pursue life science careers, we established programs such as Covance's "Women in the Workplace" workshops and student job shadows and mentorships. In addition, our global internship program grew to five times its size from prior years, as interns around the world completed unique projects that complemented their education, while also making impressive philanthropic contributions by partnering with the CARE organization to raise funds to support children, the elderly, and the homeless in Nepal.

These multidimensional inclusion programs within our University and Diversity Relations strategies reveal our desire to embrace differences and generate diverse ideas from vast talent pools in more thoughtful and proactive ways.

2014 SCORECARD

Goal: Cast a wider net in hiring practices.

Status: Diverse candidate slates were presented for 84 percent of all filled positions in our leadership ranks, up 5 percentage points from 2012.

Goal: Improve representation in our senior management ranks.

Status: Our representation remained constant from 2013, and we remained focused on and committed to improving diversity representation in our senior management ranks.

AWARDS & RECOGNITION

Seeing new medicines we helped to develop reach patients is a reward in itself. Any recognition we receive for our efforts to support our clients and our communities is a reflection of the value we place on those relationships, and inspires us to continue to work harder to go beyond drug development and improve health care — and lives.



ENVIRONMENT

- ▶ The Covance Central Laboratory Services facility in Meyrin, Geneva, received the European Union Eco-Label designation.
- ▶ For the second consecutive year, Covance Geneva captured first place in the 2014 Mobicidée Carpooling Challenge, which encourages employees who are commuting for work into the counties of Zimeysa (Meyrin) and Ziplo (Plan-les-Ouates) in Geneva to share their car ride.
- ▶ Covance's U.K. sites earned Carbon Trust Reaccreditation in 2014.
- ▶ For the second consecutive year, Covance won the Johnson & Johnson Supplier Sustainability Award.

EMPLOYEE WELL-BEING

- ▶ Covance made Flexjobs' list of 25 *Companies with the Most Work-from-Home Jobs* in July 2014.
- ▶ Covance was featured in the *Diversity Employers Top 100 List*.
- ▶ Covance's U.S. sites earned CEO Cancer Gold Standard reaccreditation in 2014.
- ▶ *Bilan* ranked Covance's Geneva site 12th in a best-employee survey for equality, social responsibility, compensation, and benefits.
- ▶ Covance earned the Governor's Occupational Safety & Health Award—State of New Jersey, Recognition Award.

PHILANTHROPY

- ▶ Covance's Greenfield site earned the Spirit Award from United Way. The award recognized Covance for giving, advocating, and volunteering.


INDUSTRY RECOGNITION

- ▶ Covance and Eli Lilly and Company were honored by the Association of Strategic Alliance Professionals (ASAP) with a 2014 Alliance Excellence Award. The two companies were recognized for their transformative collaboration that has infused greater efficiency and quality into the drug development process and enabled new medicines to advance to market sooner.

- ▶ Covance was awarded the 2014 Frost & Sullivan Asia Pacific CRO Growth Excellence Leadership Award based on the company's strong business performance and continued investments in the Asia Pacific region.

- ▶ Covance's Geneva central laboratories site was awarded the 2014 Geneva Economics Prize for its contributions to the local economy.





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Covance, the drug development business of Laboratory Corporation of America® Holdings (LabCorp®), is the world's most comprehensive drug development company, dedicated to advancing healthcare and delivering Solutions Made Real®.

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