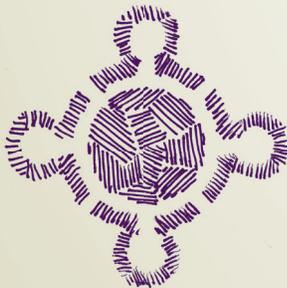


**COVANCE**<sup>®</sup>

*2012 Corporate Responsibility Report*





We believe that integrity, diversity, inclusion,  
respect for the environment, philanthropy,  
animal welfare, and employee health and safety  
are not only good business practices,  
but the right thing to do.



For Covance and its associates, being “good enough” has never been good enough. We strive constantly to improve ourselves and our company, and by doing so, hope to play a role in improving the world, as well.

At Covance, we intentionally set challenging goals—both as a service provider to our clients and as a citizen in our communities. When we achieve a goal, we set the bar even higher, always pushing ourselves to perform better, smarter, and with distinction.

How well we meet our obligation as a responsible member of the global community is one of the most important measures of our success. This update, which tracks our progress against specific corporate social responsibility goals set in 2011, is our third annual report on how Covance is working toward becoming a more responsible corporate citizen.

The efforts of our employees, both in the workplace and in communities around the world, have moved us well along the path of achieving our goals. In some cases, we exceeded them. In others, we still have work to do.



As a company, we have improved the lives of millions of people through our scientific research. At the same time, we have looked for ways to conserve our resources. As an extension of this work, we support a number of grassroots and more structured community activities and encourage our employees to participate. Our wide-ranging efforts touch every aspect of our business and have produced measurable results in reducing our environmental impact, improving the health and safety of our colleagues, setting and safeguarding standards in biomedical research, and increasing access to healthcare.

We believe that integrity, diversity, inclusion, respect for the environment, philanthropy, animal welfare, and employee health and safety are not only good business practices, but the right thing to do. We carry these core values with us, in our business practices, in our relationships with our clients and strategic partners, and in the community.

Far from perfect, we strive constantly to improve, and our efforts show notable progress in 2012. This report highlights our successes as well as our challenges.

You have our promise that all 12,000 of us here at Covance will continue to challenge ourselves to set, meet, and exceed goals that contribute to a cleaner, safer, healthier world.

Joe Herring

Chairman and Chief Executive Officer



# Environmental

*A company-wide focus on being green has led to new ways of operating our business*

Many of Covance's sustainability efforts grow from employees at individual sites who create imaginative pilot programs that focus on reducing, recycling, and rethinking. Successful programs often expand regionally and globally, maximizing the impact across Covance locations worldwide.





## 2012 Scorecard

**ENERGY SAVINGS PLAN TO GO GLOBAL** Covance's United Kingdom facilities continued their impressive program of energy conservation, reducing consumption by an additional 10 percent over 2011's average 13 percent reduction. Their efforts earned the prestigious UK Carbon Trust Standard accreditation. Using the UK energy management program as the model, we're implementing similar plans at additional Covance sites.

Given the success marked by the accreditation for sustainability from the Carbon Trust, Covance re-launched the Global Energy Team. The team has been tasked with collecting and analyzing data from all early development sites, as well as some clinical and late-stage locations, to benchmark current energy usage as an important first step in achieving further reductions.

The initial audit is nearly two-thirds complete, and the team has documented a number of opportunities and best practices, such as group reporting and consolidation of energy suppliers to create additional efficiencies and better financial reporting, staff awareness, and training. Once wrapped up in 2013, we'll share the findings with all our locations as a resource to further reduce energy usage.

**PAPER USAGE** Covance Market Access paper usage decreased 32 percent in 2012. Usage of recycled paper went from literally none at all to 33 percent. Although recycled paper is more costly, company-wide paper costs dropped an impressive 28 percent.

The program's success, supported by an awareness program, resulted from increased use of electronic documents, from paperless applications and faxes to electronically signed documents.

### **WATER TREATMENT SOLUTIONS REDUCE HAZARDOUS WASTE**

Our previous water treatment protocol called for using acid for water conditioning. The new salt-based water-softening system we're using in Greenfield, Indiana, creates a more eco-friendly treatment, eliminating several thousand gallons of acid from storage.

### Snapshot:

**22%**

reduction in biohazard waste at Geneva facility

**1.3 million pounds**

of recycled materials at Geneva and Indianapolis facilities

**Goal:** Achieve an additional 10 percent energy savings, equivalent to 7.6 MKw, at all UK sites

**Status:** Reduced UK facilities energy usage by 10 percent, equivalent to 7.6 MKw

**Goal:** Adopt a common system to measure energy savings across all Early Development Sites

**Status:** Adopted and implemented a common system to measure energy savings across all Early Development sites

**Goal:** Complete an environmental impact project by 2015 at all operations sites

**Status:** 42 percent of sites have completed environmental impact projects; working to achieve 100% participation by 2015

**9,600** pounds of household hazardous waste, such as paints, pesticides, and other materials that require special disposal methods, were collected at Covance Greenfield from local residents for disposal during the Covance-hosted 2012 Hancock County Hazard Waste Day



# Employee Health & Safety

*For Covance, making the world a better, healthier place begins with creating a safe and healthy work environment for employees.*

With some 12,000 employees working in 60 countries, eliminating workplace injuries is no small task. However, by adopting and adhering to the best demonstrated practices from around the world, we continually work to create a culture of health and safety for our employees.





Snapshot:

**33%**

reduction in lost-day injuries  
from 2010 levels

**69%**

of Covance sites reported zero  
lost-day injuries

**EMPLOYEE HEALTH** At least half of all cancer deaths are preventable. In 2012, Covance achieved the Gold Standard Employer Accreditation from the CEO Roundtable on Cancer, a non-profit organization whose goal is to make continual progress toward the elimination of cancer.

The CEO Roundtable on Cancer recognized Covance for implementing a number of programs across all our U.S. sites to support the health of our employees and their families, including prohibiting tobacco use at the workplace; encouraging physical activity; promoting healthy nutrition; detecting cancer at its earliest stages; and providing access to quality healthcare.

**A SAFER WORKPLACE** The company's overall injury rate saw a slight increase in 2012, while the number of more serious lost-day injuries declined 6.5 percent. Fifty-five percent of Covance locations experienced zero reportable injuries. To achieve our goal of reducing reportable injuries by 10 percent by year-end 2015, we are placing renewed focus on our most frequent types of injury.



## 2012 Scorecard

Goal: Apply for the CEO Cancer Gold Standard Accreditation from the CEO Roundtable on Cancer

**Status: Achieved Gold Standard Employer Accreditation**

Goal: Reduce reportable injuries by 10 percent by 2015

**Status: Reportable injuries increased slightly, from a 1.56 injury rate in 2011 to 1.64 in 2012**



# Philanthropy

*Helping improve people's lives is not only our business,  
but our responsibility.*

Covance and our employees give back to the community in a variety of programs at the site and corporate levels. Frequently, the best of these programs expand organically to other company locations. All around the globe, we dedicate Covance's important resources – people, time, and money – to make the world a better place. We find that we get back much more than we give through the sense of community and fulfillment that helping others provides.





## 2012 Scorecard

**Goal:** Launch Covance-CARE Nepal Saving Mothers' and Infants' Lives (SMILE) Program

**Status:** Launched SMILE and gained employee support

**Goal:** Sponsor National Association of Free and Charitable Clinics CARE Clinic, support with employee volunteers

**Status:** Sponsored a one-day CARE clinic in Dallas, supported by 30 volunteer Covance employees representing eight sites

**Goal:** Establish Covance Cares Committees at 80 percent of Covance sites by 2014

**Status:** On track to achieve goal

**Snapshot:**

**100,000**

women and girls of reproductive age will benefit from the CARE Nepal SMILE program

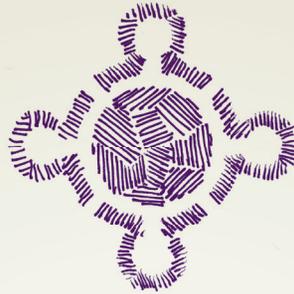
**VOLUNTEERISM** Thirty medical and non-medical Covance employees from eight U.S. locations traveled to Dallas to assist more than 1,200 under/uninsured patients at the C.A.R.E. (Communities Are Responding Everyday) Clinic, a one-day event organized by the National Association of Free and Charitable Clinics. Patients received immediate treatment and a free 90-day supply of their prescription medication, as well as referrals to a local, free clinic for follow-up care, extending the benefits of the program.

**MULTI-YEAR PHILANTHROPY PROGRAMS** In Nepal, 80 percent of births take place in the home, without medical assistance because most Nepali citizens, particularly those in rural areas, do not have access to healthcare or modern delivery procedures. In 2012, Covance took on the issue of maternal and infant mortality in Nepal by funding community health project, SMILE (Saving Mothers' and Infants' Lives), an outreach of CARE Nepal, an NGO operating throughout the country.

The Covance Charitable Foundation committed \$300,000 over three years to fund training and education, and to create 10 birthing centers in existing community clinics in the Nawalparasi and Rupandehi districts. Six were completed in 2012. The program has built a network of mothers' groups and provided coaching to nearly 300 Female Community Health Volunteers to help them serve their various communities. Twelve midwives attended an intensive 60-day training program. Numerous health workshops and instructional programs provided training for hundreds of community leaders, healthcare providers, and pregnant women.

**COMMUNITY INVOLVEMENT** In 2011, our Greenfield, Indiana, facility's team launched a gardening project to raise and donate food to a local food bank. The success and overwhelming positive community and employee response to the program inspired Covance's Madison, Wisconsin, site to start its own garden.

Building upon its successful inaugural year, the Greenfield team doubled last year's plot size, producing 2,800 pounds of vegetables. Madison's inaugural garden grew 1,700 pounds of vegetables, including zucchini, beans, cucumbers, kale, squash, and herbs that were distributed to Wisconsin food banks.



# Diversity & Inclusion

*There are numerous roads to solutions, and the more varied and broad the input, the stronger the results.*

Operating in more than 60 countries, Covance is stronger because of its commitment to diversity and inclusion, inspiring diversity in the field of scientific research and appreciating and recognizing the benefits of inclusion.





## 2012 Scorecard

**BUILDING BENCH STRENGTH** To increase diversity in our leadership ranks and support diversity of recruitment slates, Covance challenges leaders to build professional, diverse networks and embrace mentoring and sponsorship practices.

**BUILDING A STEM PIPELINE** To encourage more female and minority students to pursue the life sciences as a career, Covance is developing relationships with universities globally that specialize in STEM degrees. Through mentorships and workshops such as Women in Science and People of Color in Science for students, Covance employees share their personal experiences in the fast-growing contract research industry and offer insights into career growth and advancement in their respective fields. Covance also sponsors specialized internships and job-shadowing programs.

**VALUING SUPPLIER RELATIONSHIPS** Covance seeks out the best possible suppliers while expanding its diversity base. Electron Microscopy Sciences (EMS), a woman-owned business led by Stacie Kirsch, is a good case in point. EMS has carved out a special niche of manufacturing chemicals in small volumes that larger companies typically don't consider. In the early testing phase for some medical research, only small quantities of highly specialized chemicals are required. EMS manufactures small-batch, tailor-made, quality laboratory chemicals and microscopy supplies, whether it is 50 vials of an adhesive or 1,000 test tubes of a specific chemical compound. EMS consistently delivers on-time and at or below budget, holding down development cost and speeding the testing process.

Goal: Cast a wider net in hiring practices

Status: Diverse candidate slates were presented for 79 percent of all filled positions in our leadership ranks, up from 78 percent in 2011

Goal: Improve representation in our senior management ranks

Status: Improving diversity representation in our senior management ranks remains an area of opportunity

Snapshot:

**\$81 million**

a 47 percent increase in 2012  
supplier diversity spend over 2011

**68%**

of all 2012 hires  
were female

Goal: Require at least one diversity supplier for each request for information (RFI), where available, by 2013

Status: On track to meet goal



# Animal Welfare

*Proper respect and care for research animals  
is fundamental to our scientific research.*

Research animals play an integral role in creating new medicines and procedures that save and enhance millions of lives annually. At Covance, our biomedical research is guided not only by all applicable laws, regulations, and standards, but also by ethical and scientific principles related to animal sourcing, care, and use.



**TRAINING & EDUCATION** We believe it is not only good business to assure that our animals are well cared for in accordance with all applicable regulations and standards, but also is the right thing to do. All employees who work with research animals receive in-depth training and are held to the highest and most rigorous of ethical animal welfare standards.

**INDEPENDENT OVERSIGHT & EVALUATION** We have both internal and external goals and controls to help assure that research animals in our care are treated with respect and compassion. Institutional Animal Care and Use Committees (IACUC) review and approve—and have the authority to amend—all study protocols in order to provide the best care of the animals and to achieve the most accurate research results. The committees, composed of Covance staff, including a veterinarian and at least one community member, also inspect animal facilities and evaluate care.

**HIGH STANDARDS OF CARE** In addition, all Covance sites involved in biomedical research received the Association for Assessment and Accreditation of Laboratory Animal Care International accreditation. The process begins with an extensive internal review resulting in a comprehensive document that describes all aspects of the animal care and use program, including policies, animal housing and management, veterinary care and facilities. This review is followed by a thorough on-site assessment by AAALAC evaluators and then reviewed by the entire Council on Accreditation.

The private, nonprofit organization promotes the humane treatment of animals in science in 37 countries. In addition to Covance, some of the other AAALAC-accredited organizations include Sloan-Kettering Cancer Center, St. Jude Children's Research Hospital, the American Red Cross, and the National Institutes of Health.



## 2012 Scorecard

**Goal: Maintain AAALAC accreditation for 100% of our pre-clinical facilities**

**Status: Retained independent AAALAC accreditation at all 10 Covance sites**

**Goal: Continue to develop and implement technologies that advance our commitment to the three R's: replace, reduce, and refine the use of animals, as appropriate**

**Status: On track to meet goal**

**Snapshot:**

**30**

Laboratory animal veterinarians  
on staff

**100%**

of Covance animal facilities are  
AAALAC-accredited

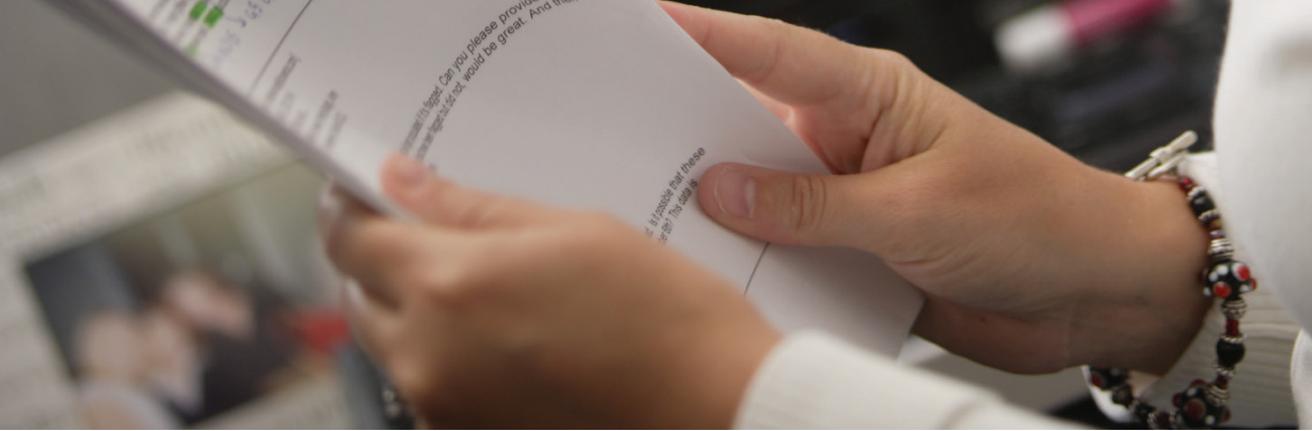


# Business Integrity

*Doing the Right Thing—In Every Site,  
In Every Study, Every Day*

Integrity is not optional or conditional, especially in scientific research. At Covance, we hold ourselves and our suppliers to the highest ethical standards. Three principles guide our efforts: integrity, transparency, and accountability. We engage in proper conduct not simply because we should, but because it is the way we expect others to behave, too.





**GLOBAL POLICIES AND PRACTICES** In 2012, Covance finalized and implemented foreign corrupt practices and anti-bribery policies that apply to all the company's operations worldwide. The documents clearly outline the company's stance on prohibiting corrupt practices and define the way we do business, regardless of where our operations are located.

The policies will be shared with governments, suppliers, and employees around the world with an expected global roll-out by year-end 2013. Training is under way at all locations.

**ONGOING, OPEN COMMUNICATION** Covance believes in open, two-way communication with our employees on all aspects of our business. We employ the full range of internal communications tools, from newsletters and posters to toll-free hot lines and the intranet, among others, to communicate the importance of business integrity in all our dealings. Throughout the year, Covance hosts a number of town hall meetings at different sites and with different departments to review ethical policies and standards, as well as update team members on our strategies and goals.

**SUPPLIER SUSTAINABILITY CODE OF CONDUCT** Corporate stewardship includes holding supply chain partners to our same high ethical standards. Covance introduced our Supplier Sustainability Code of Conduct in 2012. It outlines what Covance expects of our suppliers with regard to ethics, labor principles, monitoring and management systems, environmental safety, and social responsibility.



## 2012 Scorecard

Launched global ethical standards program

Introduced Supplier Sustainability Code of Conduct

Reinforced importance of business integrity in employee town hall meetings



# 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, our communities,  
and our shareholders is a reflection of the value we place those relationships, and inspires us  
to continue to work harder and better every day, for every stakeholder.



## FORTUNE MOST ADMIRED COMPANIES

Covance ranked fourth in the health care pharmacy and other services industry

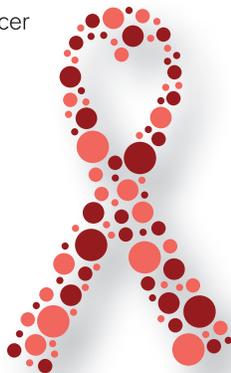
## GOVERNOR'S OCCUPATIONAL SAFETY & HEALTH AWARD

State of New Jersey, Citation of Merit



## CEO CANCER GOLD STANDARD EMPLOYER ACCREDITATION

Covance earned the accreditation for promoting workplace wellness and encouraging healthier behavior in the fight against cancer



## FIERCEBIOTECH.COM TOP 10 WOMEN IN BIOTECH

Deborah Keller, Executive Vice President and Group President, R&D Laboratories, was recognized as a top innovator in life sciences

## SINGAPORE HEALTH AWARD

Covance Asia was a Silver Award recipient



## GREEN ACKRILL BUSINESS AWARD

Covance Harrogate received the award for achievements in sustainability, biodiversity, and energy conservation



## LIFE SCIENCE LEADER CRO LEADERSHIP AWARDS

Pharmaceutical and biopharmaceutical executives acknowledged Covance's leadership in five categories: Quality, Reliability, Productivity, Regulatory, and Innovation





How well we meet our obligation as a responsible member of the global community is one of the most important measures of our success. You have our promise that all 12,000 of us here at Covance will continue to challenge ourselves to set, meet, and exceed goals that contribute to a cleaner, safer, healthier world.



Covance, with headquarters in Princeton, New Jersey, is one of the world's largest and most comprehensive drug development services companies with annual revenues greater than \$2.2 billion and more than 12,000 employees located in over 60 countries. Information on Covance's products and services, recent press releases, and SEC filings can be obtained through its website at **[www.covance.com](http://www.covance.com)**.



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