

# QUEST DIAGNOSTICS INCORPORATED

## Corporate Governance Guidelines

(As amended on October 16, 2014)

The Board of Directors (the “Board”) of Quest Diagnostics Incorporated (the “Company”), acting on the recommendation of the Governance Committee, has developed and adopted these guidelines to describe the Company’s approach to corporate governance, promote the effective functioning of the Board and its committees, set forth a common set of expectations as to how the Board should perform its functions, comply with applicable legal requirements and, ultimately, enhance stockholder value. These guidelines formalize existing Company corporate governance practices and policies and state the Company’s objectives regarding future corporate governance standards, and should at all times be read in conjunction with applicable laws and regulations, the Company’s Restated Certificate of Incorporation and By-laws, the charters of Board committees and any applicable contractual obligations relevant to the policies described below.

The Governance Committee will periodically review these guidelines in light of the Company’s commitment to strong corporate governance and recommend to the Board of Directors such changes in the guidelines as Committee determines appropriate.

### **I. Director Responsibilities**

#### A. Basic Responsibilities

The Board is responsible for managing or directing the management of the business and affairs of the Company in accordance with Delaware law, and represents and is accountable to the stockholders of the Company. The Board’s responsibilities are active and not passive, and include the responsibility to regularly evaluate the strategic direction and business objectives of the Company, management policies and the effectiveness with which management implements its policies.

The basic responsibility of the directors is to act in good faith and with due care so as to exercise their business judgment on an informed basis in what they reasonably and honestly believe to be in the best interests of the Company and its stockholders. In discharging that obligation, the directors must inform themselves of all relevant information reasonably available to them. In forming their judgment, directors are entitled to rely in good faith on the accuracy of the records of the Company and the information, opinions, reports or statements presented to them by the Company’s officers, employees, Board committees, expert outside advisors and auditors. In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interest of the Company take precedence over any interest possessed by a director. Each director will promptly advise the Chairman of the Board and, if the Board has appointed a Lead Independent Director, the Lead Independent Director, of any actual or potential conflict of which such director is aware on any issue under discussion or being voted upon by the Board.

The Company has adopted a Code of Business Ethics, including compliance standards and procedures that will facilitate the effective operation of the Company's Code of Business Ethics. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's counsel in the event of any issues.

#### B. Board and Committee Meetings

The Board and each committee will meet as frequently as the Board or such committee deems necessary to properly discharge its responsibilities, provided that the full Board will meet at least five times per year. The Secretary will coordinate any secretarial, telephone, transportation and other support services necessary to facilitate organization and administration of the meeting and avoid delays and interruptions.

Directors are expected to prepare for and attend all Board meetings and meetings of committees on which they serve. Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business.

The Chairman of the Board will prepare the agenda for each Board meeting in consultation with the Chief Executive Officer and, if the Board has appointed a Lead Independent Director, the Lead Independent Director. Each director is free to suggest items for inclusion on the agenda.

The agenda for each meeting and any information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will, to the extent practical, be distributed in writing to the directors sufficiently in advance of the meeting to permit meaningful review, and directors are expected to review in detail the provided materials in advance of each meeting. Each Board or committee meeting that management attends will contemplate a question and answer session during which each director is encouraged to ask for details, clarifications and other information regarding the topics on the agenda.

#### C. Lead Independent Director

If the Board appoints a Lead Independent Director, the following shall apply.

The Lead Independent Director will meet the independence standards determined pursuant to Section IIB and will be selected by the non-management directors. The name of the Lead Independent Director will be disclosed on the Company's website and in the Company's annual proxy statement. In addition, the Lead Independent Director will have the following duties:

- Participate with the Chairman of the Board and the Chief Executive Officer in the preparation of the agenda for Board meetings;
- Serve as a member of the Executive Committee;
- Coordinate providing timely feedback from the directors to the Chairman of the Board and Chief Executive Officer;
- Preside at all executive sessions of the non-management directors;
- Be identified on the Company's website and in the Company's annual proxy statement as the principal contact for stockholder communications with the Board; and
- Monitor on behalf of, and discuss with, the non-management directors any stockholder communications received by the non-management directors.

In performing the duties described above, the Lead Independent Director is expected to consult with the Chairs of the appropriate committees and solicit their participation.

#### D. Meetings of Non-Management Directors; Communications to Non-Management Directors

The non-management directors will meet at regularly scheduled sessions either before or after every regularly scheduled full meeting of the Board and at such other times as such directors believe is appropriate. Independent directors will meet separately in executive session at least once a year.

In order to facilitate the ability of interested parties to communicate with and make their concerns known to the non-management directors, the non-management directors will establish an electronic mailing address and a physical mailing address to which such communications may be sent and publish the address in the Company's annual proxy statement and on the Company's website.

#### E. Board Interaction with Employees, Shareholders, Research Analysts and Media

As a general rule, management will speak on behalf of the Company. Comments and other statements from the entire Board, if appropriate, will generally be made by the Chairman of the Board. In normal circumstances, each director will refer all inquiries from third parties to management. In appropriate circumstances, one or more directors, after coordinating with management, will be available for discussion with shareholders. Directors are encouraged and expected to attend the Company's annual shareholders meeting.

#### F. Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director.

## G. Unsuccessful Incumbent Director

An incumbent director who fails to receive a majority of the votes cast in an election that is not a Contested Election (as defined in the By-Laws) and who has tendered his or her resignation pursuant to the By-Laws shall remain active and engaged in Board activities while the Governance Committee considers and the Board decides whether to accept or reject such resignation, or whether other action should be taken; provided, however, it is expected that such incumbent director shall not participate in any proceedings by the Governance Committee or the Board regarding whether to accept or reject such director's resignation, or whether to take other action with respect to such director.

## II. **Composition and Selection of the Board**

### A. Size and Composition of the Board

The Company's Restated Certificate of Incorporation provides that the Board will consist of not fewer than three nor more than twelve directors, the exact number to be determined from time to time by resolution of the Board. The Board will assess its size from time to time to determine whether its size continues to be appropriate.

The Governance Committee is responsible for reviewing with the Board, on an annual basis, the composition of the Board as a whole and whether the Company is being well served by the directors taking into account each director's independence, skills, experience, availability for service to the Company and any other factors the Governance Committee deems appropriate.

### B. Board Membership Criteria

The Board will have at least a majority of independent directors, as independence is determined by the Board based on the guidelines set forth in Attachment A of these Corporate Governance Guidelines and subject to the criteria for independence required under the listing rules of the New York Stock Exchange ("NYSE Rules"). The Board will monitor its compliance with the NYSE Rules for director independence on an ongoing basis.

Each independent director will notify the Chairman of the Board and, if the Board has appointed a Lead Independent Director, the Lead Independent Director, as soon as reasonably practicable, in the event that his or her personal circumstances change in a manner that may (1) affect the Board's evaluation of such director's independence or (2) cause such director not to satisfy the standards for being a member of any committee of which such director is a member.

The Governance Committee will recommend to the Board director nominees, including re-nomination of persons who are already directors, in accordance with the policies and principles in Attachment B of these Corporate Governance Guidelines. The invitation to join the Board will be extended jointly by the Chairman of the Board and, if the Board has appointed a Lead Independent Director, the Lead Independent Director.

### C. Membership on Other Boards

Because of the substantial time commitment required by service on the Board, the Governance Committee in recommending director candidates will consider the number of public company boards of directors on which such candidates serve. Directors shall inform the Secretary prior to being elected to serve on the board of directors of any public company (other than a board on which the director already serves). The Secretary shall inform the Chairman of the Board and, if the Board has appointed a Lead Independent Director, the Lead Independent Director, of the director's interest in serving on such board of directors and, before the director commences service on such board of directors, shall inform the director of any concerns known to the Company that would arise from the director's service on the board.

No director may serve on the board of directors of any other independent clinical laboratory, including an anatomic pathology provider, or any contract research organization that performs clinical trials testing.

### D. Sale of Company Stock

Directors will comply with the Company's policy related to transactions by directors in Company securities. In accordance with such policy, directors will notify, and obtain approval from, the General Counsel or the Secretary before engaging in any transactions in any Company securities, regardless of whether such securities were acquired in connection with such director's service on the Board. Directors will also comply with the stock ownership guidelines applicable to directors.

### E. Changes in Current Job Responsibility

Directors, including employee directors, who retire from or change the principal professional responsibility they held when they were elected to the Board, will promptly advise the Chairman of the Board and, if the Board has appointed a Lead Independent Director, the Lead Independent Director, of the change and of any actual or potential conflict that may arise by reason of any new responsibilities that the director may have assumed. The Chairman of the Board and, if the Board has appointed a Lead Independent Director, the Lead Independent Director, will consider whether it is appropriate for such director to resign as a result of any such change or conflict, and make a recommendation regarding this issue to the full Board of Directors. In the event that the Board of Directors determines that it is appropriate for such director to resign as a result of any such change or conflict, the director will, on request of the Board of Directors, tender his or her resignation.

## **III. Board Committees**

### A. Composition and Responsibilities

The Board will have at all times at least the committees required by the NYSE rules, and currently has an Audit and Finance Committee, a Compensation Committee and a Governance Committee. The Board also may have a Quality, Safety and Compliance Committee, an Executive Committee and any other committees the Board deems appropriate. All of the

members of the Audit and Finance Committee, the Compensation Committee, the Governance Committee and the Quality, Safety & Compliance Committee will meet the independence standards determined pursuant to Section IIB and such other requirements as the Board determines. In addition, members of the Audit and Finance Committee will also satisfy the additional eligibility requirements of SEC Rule 10A-3 and members of the Compensation Committee will also satisfy the additional eligibility requirements of SEC Rule 10C-3.

The members and chairs of all Board committees will be appointed by the Board upon recommendation of the Governance Committee based on the qualification standards set out in the respective committees' charters. Consideration will be given to the desires, skills and characteristics of individual directors. A director may serve on more than one committee for which he or she qualifies.

The Governance Committee will annually review the committee assignments and will consider the rotation of committee chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. The Board will annually determine that each member of the Audit and Finance Committee, the Compensation Committee, the Governance Committee and the Quality, Safety & Compliance Committee meet the independence and other standards described above.

#### **B. Charters**

The Board shall establish for each committee a written charter setting forth the committee's purposes, goals and responsibilities as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. In the case of the Audit and Finance Committee, the Governance Committee and the Compensation Committee, the charters will also satisfy the NYSE rules. In addition, the Audit and Finance Committee charter will satisfy the requirements of SEC Rule 10A-3 and the Compensation Committee charter will satisfy the requirements of SEC Rule 10C-3.

### **IV. Director Access to Officers, Employees and Independent Advisors**

#### **A. Access to Management and Employees**

Directors have full and unrestricted access to the Chief Executive Officer and any other officers and employees of the Company to discuss any aspect of the Company's business; provided, however, that directors will not directly or indirectly attempt to influence any employee of the Company to enter into a transaction, arrangement or relationship in which the director or an immediate family member (as defined in the Statement of Policy and Procedure for the Review and Approval of Related Person Transactions) could reasonably be expected to have a direct or indirect material interest without the approval of the Governance Committee. At the request of a director, the Secretary will arrange any meetings or contacts that a director wishes to initiate. Each requesting director will ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the Chief

Executive Officer on any written communications between a director and an officer or employee of the Company.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge of those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

#### **B. Access to Independent Advisors**

The Board and each committee has the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the prior approval of any officer of the Company. However, no committee shall engage the Company's independent auditors to perform any services without the approval of the Audit and Finance Committee. The Company will provide sufficient funding to the Board and to each committee, as determined by the Board and each of its committees, to exercise their functions and provide compensation for the services of their advisors and, in the case of the Audit and Finance Committee, the independent auditors.

#### **C. Internal Reporting**

The Audit and Finance Committee encourages submission of complaints and concerns by officers and employees regarding accounting and auditing matters. The Quality, Safety & Compliance Committee encourages submission of reports regarding alleged violations of the Company Code of Business Ethics or other Company policies or law. Each such Committee will establish procedures for the confidential treatment of such complaints, concerns and reports by the appropriate officers under the supervision of such Committee.

### **V. Director Orientation and Continuing Education**

Each new director will be provided with these Corporate Governance Guidelines and will participate in the Company's orientation initiatives as soon as practicable after the meeting at which such new director is elected. The initiatives will include providing background materials on the Company and presentations by the Board, senior management and outside advisors, as appropriate, to familiarize new directors with the Company's business, its strategic plans, its significant financial, accounting and risk management policies and issues and its compliance programs, as well as their fiduciary duties and responsibilities as directors. All other directors are also invited to attend any orientation initiatives.

The Governance Committee and appropriate members of senior management of the Company, as well as appropriate outside advisors, will periodically report to the Board on matters relevant to the Company and any significant developments in the law and practice of corporate governance and other matters relating to the duties and responsibilities of directors in general.

The Board and its committees shall from time to time receive presentations by management and outside advisors regarding the Company and its industry and important

developments. The Company also encourages directors to participate in continuing education programs on the roles and responsibilities of directors and other corporate governance issues. The Company will reimburse each director for the cost, including reasonable travel-related expenses, related to such continuing education.

## **VI. Conflicts of Interests Involving Directors**

### **A. Disclosure Requirements**

As set forth in the Company's Code of Business Ethics, all directors must disclose in writing to the Company's General Counsel or Corporate Secretary all relevant facts about any personal relationships and transactions that constitute potential conflicts of interest.

### **B. Review by the Governance Committee or the Board**

Each relationship and transaction disclosed to the General Counsel or the Corporate Secretary will be forwarded for review by the Governance Committee or the Board. The Governance Committee or the Board will review all relevant information concerning any such disclosed relationship or transaction in order to determine whether the relationship or transaction constitutes an actual conflict of interest.

### **C. Standards of Review.**

If the Governance Committee or a majority of the independent directors of the Board determines that a disclosed relationship or transaction does not constitute an actual conflict of interest as described in the Company's Code of Business Ethics, no further action will be required by the Board or the Governance Committee.

If the Governance Committee or a majority of the independent directors of the Board determines that an actual conflict of interest may exist, then the Governance Committee or the Board will determine what additional actions or protections are required to be taken in order to avoid a conflict of interest.

Disclosed relationships or transactions that constitute actual conflicts of interest that cannot be avoided or remedied are prohibited.

### **D. Governance Committee's or Board's Determination Not a Waiver of the Code of Business Ethics**

A determination by the Governance Committee or a majority of the independent members of the Board that a disclosed relationship or transaction does not constitute an actual conflict of interest shall not be considered a waiver of the Company's Code of Business Ethics.



## E. Related Person Transactions

Each director will promptly advise the Governance Committee if he or she becomes aware of any proposed or consummated transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which (1) the amount involved exceeds \$120,000, (2) the Company was or is to be a participant and (3) the director or an immediate family member of the director is reasonably likely to have a direct or indirect material interest. Any such transaction, arrangement or relationship will be subject to review, approval and/or ratification pursuant to the procedures set forth in the Company's Statement of Policy and Procedures for the Review and Approval of Related Person Transactions in addition (to the extent that such transaction, arrangement or relationship involves a conflict of interest) to the provisions of this Section VI. As used herein, the term "immediate family member" has the meaning set forth in Item 404 of Regulation S-K issued by the Securities and Exchange Commission.

## **VII. Director Compensation**

The Compensation Committee will annually review and recommend, and the Board will review and approve, the form and amount of director compensation in relation to other similarly situated companies. Board compensation should be consistent with market practices. It is the Company's policy that a significant portion of director compensation be in the form of Company stock or equity-based awards. It is the Company's policy that no substantial charitable contributions will be made to organizations with which a director is affiliated.

## **VIII. Director Insurance, Indemnification and Exculpation**

The Company intends to purchase, and the directors will be entitled to have the Company purchase, directors' and officers' liability insurance on behalf of the directors to the extent reasonably available. In addition, the directors will receive the benefits of indemnification to the fullest extent permitted by the Company's Restated Certificate of Incorporation, By-laws and any indemnification agreements, as well as the provisions regarding absence of personal liability to the fullest extent provided by the Company's Restated Certificate of Incorporation.

## **IX. CEO Evaluation and Management Succession**

The Board is free to select the Chairman of the Board and the Company's Chief Executive Officer in the manner it considers in the best interests of the Company at any given point in time.

The Compensation Committee will conduct an annual review of the Chief Executive Officer's performance, as set forth in its charter, and report the results of its review to the Board of Directors. The Board will review the Compensation Committee's report in order to ensure that the Chief Executive Officer is providing the necessary leadership for the Company in light of the Company's current and longer term goals.

The Compensation Committee shall provide support to the Board in the Board's review of succession plans. In the context of this review, the Board will review the policies and principles developed by management for selecting successors to the principal executive officers

and discuss and evaluate potential successors to the principal executive officers. The Chief Executive Officer will at all times make available his or her recommendations and evaluations of his or her potential successors and potential successors to other executive officers, including in the event of an unexpected emergency, along with a review of any development plans recommended for such individuals.

#### **X. Annual Board Performance Evaluation**

The Governance Committee will oversee an annual evaluation of the Board and of each committee to determine whether each of them is functioning effectively. The Board will discuss each evaluation.

## Attachment A to Quest Diagnostics Corporate Governance Guidelines

### Independence of Directors

A. For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company. The Board has established guidelines to assist it in determining director independence, which conform to or are more exacting than the independence requirements in the NYSE Rules. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making an independence determination, and not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Except as otherwise noted below, for purposes of determining independence the “Company” includes and its subsidiaries.

B. A director will not be independent if:

(1) the director is, or has been within the last three years, an employee of the Company;

(2) an immediate family member of the director is, or has been within the last three years, an executive officer of the Company;

(3) the director or an immediate family member of the director has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(4) the director is a partner or employee, or an immediate family member of the director is a partner, of the Company’s auditor;

(5) the director has an immediate family member who is a current employee of the Company’s auditor and personally works on the audit of the Company;

(6) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of the Company’s auditor and personally worked on the audit of the Company within such period; or

(7) an executive officer of the Company is on the Compensation Committee of the Board of directors of a company that, at the same time within the last three years, has employed the director or an immediate family member as an executive officer; or

(8) the director is a current employee, or an immediate family member is a current executive officer of a third party entity that has made payments to, or received payments from, the Company for property or services in an amount

which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other entity's consolidated gross revenues.

C. The following transactions to which the Company is a participant will not be considered to be material relationships that would impair a director's independence:

(1) a transaction with a third party entity in which an immediate family member of a director is an employee (but not an executive officer) of the third party entity;

(2) a transaction with a third party entity in which a director of the Company is an employee of the third party entity, or his or her immediate family member is an executive officer of the third party entity, (1) in which the third party entity has received payments from the Company for property or services or that has made payments to the Company for property or services and the amount of such payments in each of the last three fiscal years do not exceed the dollar thresholds specified in Section B(8) above; or (2) in which the third party entity is indebted to the Company, or the Company is indebted to the third party entity, and the total amount of one entity's indebtedness is less than 2% of the total consolidated assets of the other entity as of the end of the previous fiscal year;

(3) a transaction with a third party entity (other than a partnership) in which a related person is a director (and not an employee) of such third party entity and/or (together with all other immediate family members of such related person) the owner of less than a 10% beneficial ownership (regardless of the amount of the Specified Transaction) of such third party entity, unless covered by clause (5) below;

(4) a transaction with a limited partnership in which a related person (together with all other immediate family members of such related person) is the owner of less than a 10% beneficial ownership (regardless of the amount of the Specified Transaction), and the related person is not a general partner and does not hold another position in the partnership;

(5) a transaction (other than non-discretionary contributions made pursuant to the Company's matching contribution program) with a tax-exempt organization of which a director of the Company is an officer, trustee, director or is otherwise affiliated, and to which the Company made, within the preceding three fiscal years, contributions in any fiscal year that were less than the greater of \$1 million or 2% of the tax-exempt organization's consolidated gross revenues;

(6) a transaction involving the ownership of a class of equity securities of the Company and all holders of that class of equity securities receive the same benefit on a pro rata basis;

(7) a transaction where the rates or charges involved are determined by competitive bids;

(8) a transaction involving the rendering of services as a common contract carrier or public utility, at rates or charges fixed in conformity with law or governmental authority; or

(9) a transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

D. As used herein, an “immediate family” of a person includes a spouse, parent, stepparent, child, stepchild, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and anyone else (other than a domestic employee) who resides in the person’s home.

## **Attachment B to Quest Diagnostics Corporate Governance Guidelines**

### Director Qualifications

#### Board Composition – Philosophy

- Wide breadth of experiences and capabilities from healthcare, industry in general, private and public sectors
- Active participants in providing oversight of the company’s activities

#### Required Qualifications

- Reputation for highest ethical standards and integrity consistent with the Corporation’s values of Quality, Integrity, Innovation, Accountability, Collaboration and Leadership
- Relevant Experience – generally, select from:
  - CEOs, COOs (or similar responsibilities) current, or past
  - Demonstrated expertise in business function(s) – sales, operations, finance, strategy, legal, human resources, etc.
  - Medical practitioners / science and health thought leaders

#### Other Considerations

- At least a majority of Directors meet the criteria for independence under the NYSE listing standards and any categorical standards established by the Board
- Prior Experience as a Director or Executive Officer of a Public Company
- Number of Current Board Positions and Other Time Commitments
- Overall Range of Experiences, Skills, and Seniority represented by the Board as a whole