

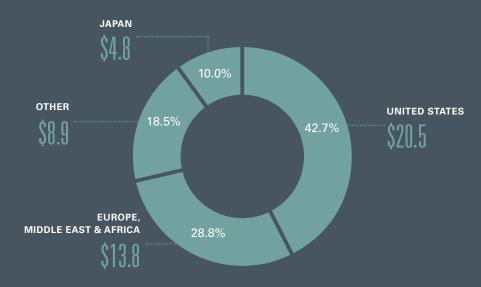
### **ABOUT MERCK**

Today's Merck\* is a global healthcare leader working to help the world be well. Through our prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching policies, programs and partnerships.

\* Merck is known as MSD outside of the United States and Canada

**About the Cover:** Over the next 10 years, nearly 3 million mothers will die unnecessarily during pregnancy and childbirth. This is not just an issue for the developing world. No geography is spared. Even in the most medically advanced regions of the world, some women still die bringing forth life. Merck has joined the fight to reduce maternal mortality globally, because no woman should die giving life.

## FINANCIAL HIGHLIGHTS 2011 REVENUES in billions





## CORPORATE RESPONSIBILITY AT MERCK



At Merck, corporate responsibility is our daily commitment to discovering innovative solutions to the world's biggest health challenges.

It is this simple promise that drives us to apply our expertise and diverse global talents and resources to some of the world's biggest health, environmental and economic challenges. And it allows us to deliver greater value to both shareholders and society.

Through innovative research, groundbreaking partnerships and smarter processes, we are working to advance our performance in four priority areas: Access to Health, Environmental Sustainability, Employees, and Ethics & Transparency.

Our corporate responsibility approach is aligned with the company's mission and values, and articulates how we view our responsibilities. Across the entire organization, we are committed to leading the future of healthcare. ABOUT OUR REPORTING As part of our commitment to be open and transparent about our business activities, we report on our corporate responsibility performance annually. This brochure contains highlights from our complete 2011 online responsibility report, in which you can find detailed performance data from our worldwide operations: www.merckresponsibility.com

We continue to use several external guidelines and measurement frameworks to guide our reporting, including the Global Reporting Initiative, the 10 principles of the UN Global Compact, the UN Millennium Development Goals and the Access to Medicine Index.





## MESSAGE FROM THE CEO

Merck is leading the way to a healthier future with products that touch the lives and improve the well-being of people and communities around the world. Our product portfolio is among the broadest in the healthcare industry. As a leader in global healthcare, we are committed to addressing critical social, environmental and economic challenges to ensure not only the vitality of our business, but also the health of our world.

That's why innovation and corporate responsibility are at the core of our business strategy and activities. We develop breakthrough medicines and vaccines that tackle unmet medical needs, we adopt positions and advocate for changes that will improve access to these products, and we find new ways to do the right thing for our constituents. This is particularly important today because we live in a resource-scarce environment. Every dollar, every dosage and every drop of water count. The healthcare system is under constant strain, trying to provide optimum care to more people while reducing costs.

To meet these challenges while achieving our business goals, we rely on the integrity, knowledge, skill and collaboration of Merck colleagues globally. Together, we strive to create an environment of mutual respect and opportunity, even as the company faces global workforce reductions. We remain true to our commitment to act responsibly and with even greater transparency.

In addition to making substantial progress in meeting our business objectives, we launched several significant initiatives in 2011, as well as a new corporate responsibility framework in 2010. For example, as part of our commitment to ensure access to healthcare worldwide, we established a new Research & Development headquarters, in Beijing, China, focused on innovative drug discovery and development. Building this new facility in China will enable us to complement our existing R&D capabilities and facilitate new collaborations with scientists in the region and across emerging markets.

We are looking forward to celebrating the twenty-fifth anniversary of Merck's MECTIZAN® (ivermectin) Donation Program, the longest running donation program of its kind, with the goal of eliminating river blindness, a leading cause of preventable blindness, and lymphatic filariasis, more commonly known as elephantiasis. Building on this legacy of tackling urgent global health challenges such as river blindness, HIV/AIDS and hepatitis, in September we launched "Merck for Mothers," a long-term effort with global health partners to help create a world where no woman has to die from preventable complications of pregnancy and childbirth. This initiative applies our scientific and business expertise to making proven solutions more widely available, developing

new technologies and improving global public awareness about maternal mortality.

Our current corporate responsibility progress constitutes steps along a journey, accelerated by our unwavering commitment to expand access to healthcare, work toward true environmental sustainability, employ a diverse workforce that values collaboration, and operate with the highest standards of integrity. We have an exciting pipeline of new medicines and a growing presence in emerging markets. By staying focused on scientific innovation and responsible business practices, we expect to continue making strides, in partnership with our many stakeholders, while delivering value to our shareholders, customers and patients. We know that our ability to advance human health owes much to listening and working with others who share the same goal. We welcome you to join us on this path toward a healthier future.

Be well,

KENNETH C. FRAZIER CHAIRMAN AND CEO

AUGUST 2012



DISCOVERING SMART, SUSTAINABLE WAYS TO EXPAND GLOBAL **ACCESS** TO EFFECTIVE HEALTHCARE





#### ACCESS TO HEALTH

Millions of people around the world are living longer, more productive lives today, thanks in part to better healthcare and access to innovative medicines and vaccines. However, more progress is needed to ensure even greater access to health. Accordingly, we recently developed an Access to Health Statement of Guiding Principles to guide our worldwide approach. We recognize that ensuring access requires a broad, comprehensive effort, and that we cannot implement these principles on our own. Therefore, we are committed not only to discovering new medicines but to working with partners around the globe to improve access to health.

**DEVELOPING INNOVATIVE MEDICINES** As a global healthcare company, Merck's role is, first and foremost, to discover and develop innovative medicines and vaccines that treat and prevent unmet medical needs. As part of our commitment to address the global challenge of the HIV/AIDS epidemic, we have conducted extensive research and development to produce pediatric formulations for our successful antiretroviral medicines (ARVs). As a result of a multicenter trial (IMPAACT P1066), the U.S. Food and Drug Administration (FDA) recently approved the use of Merck's integrase inhibitor, in combination with other ARVs, for the treatment of HIV-1 infection in pediatric patients 2 years of age and older and weighing at least 10 kg.

Also approved last year, in the United States and in Europe, was the first in a new class of medicines for treating chronic hepatitis C genotype 1. Compared to standard therapy alone, adding the new medicine can significantly increase a patient's chance of achieving undetectable levels of the virus. For many patients, this combination therapy may also allow for a shorter total duration of treatment versus standard therapy.

To learn more about our research and access initiatives, visit: www.merckresponsibility.com

40,000

OF MECTIZAN®



53% OF THE TOP 20 GLOBAL BURDENS OF ILLNESS ARE

ADDRESSED BY MERCK PRODUCTS

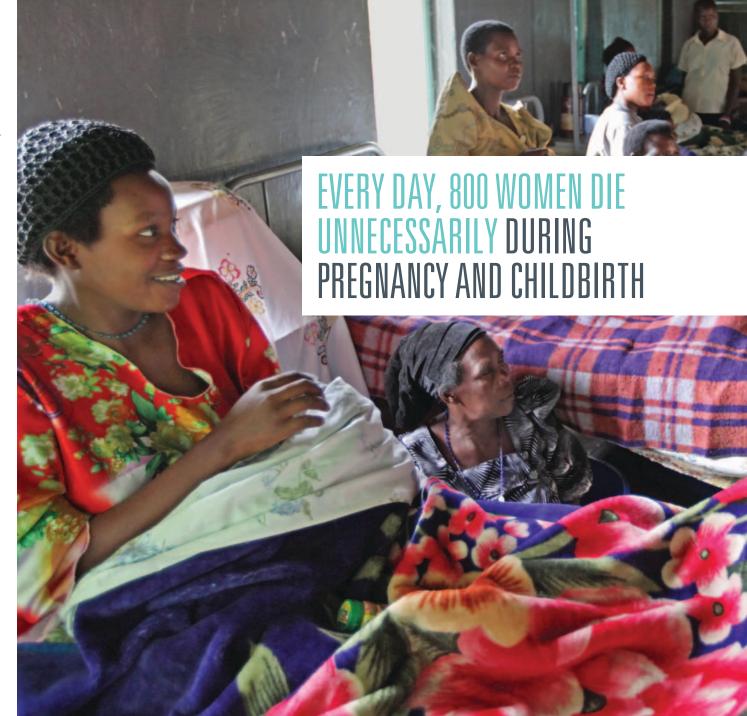
#### **ACCESS TO HEALTH**

#### **ADVANCING CHILD HEALTH AND**

**DEVELOPMENT** With support from Merck, CARE USA is continuing its collaboration with Save the Children to serve young children and their families in resource-poor areas throughout the world using a model that addresses child development and protection, health, nutrition and economic empowerment. As part of this three-year initiative, CARE created The Essential Package, a framework and tools that address the needs of vulnerable young children from conception through primary school. In the first two years, the program was adapted for and introduced in Africa and India.

#### COLLABORATING TO EXPAND ACCESS In

August 2011, Merck and Serum Institute of India Limited, an Indian company, announced an agreement to collaborate on developing and commercializing a pneumococcal conjugate vaccine (PCV) for use in emerging markets and developing countries. Pneumococcal disease is a bacterial infection that causes pneumonia, meningitis, sepsis and other life-threatening ailments. Current estimates show that at least 1 million children die of pneumococcal disease every year. Working side by side with Serum, we have the best chance of developing and marketing a product that will help protect more babies and children.





# MERCK FOR MOTHERS







In September 2011, we joined the global effort to reduce maternal mortality by launching Merck for Mothers. This initiative aims to create a world where no woman has to die giving life. It is a 10-year commitment to bring this issue to the forefront of global consciousness, develop new technologies, and speed lifesaving solutions to women across the globe.

Merck for Mothers is mobilizing the company's scientific and business expertise—in addition to our financial and human resources—to accelerate progress in saving women's lives. We are focusing on the two leading causes of maternal death—postpartum hemorrhage and preeclampsia—as well as on family planning, which is known to play an important role in reducing maternal mortality.

The initiative centers on three main areas: access to proven solutions, product innovation, and awareness and advocacy.

In December, Merck joined forces with PATH, a global health nonprofit, to identify game-changing technologies with the potential to save the lives of women during pregnancy and childbirth in low-resource settings.

Spearheaded by top scientists from Merck and PATH, this unique alliance will evaluate more than 30 promising technologies in various stages of development that address postpartum hemorrhage and preeclampsia.

The collaboration will evaluate technologies in the prevention, diagnostic and treatment areas for the different stages of pregnancy and childbirth, and compare them across multiple parameters, such as commercialization potential, user and stakeholder acceptability, and time to impact.

To learn more about Merck for Mothers, visit: www.merckformothers.com





DISCOVERING ENVIRONMENTALIY **SUSTAINABLE WAYS** WORLD'S HEALTH NEEDS NOW AND INTHE FUTURE







#### **ENVIRONMENTAL SUSTAINABILITY**

Merck has a long history of environmental responsibility and compliance, but we realize that the world's current approach to resource use is not sustainable and more needs to be done. We have established an environmental sustainability vision and road map. Our efforts toward realizing this vision fall into the following categories: innovative products and packaging, sustainable operations and supply chain, and integrating the principles of environmental sustainability into our organization.

**ENVIRONMENTAL GOALS** Our direct environmental footprint includes the resources and materials we use to conduct research and manufacture our products, as well as related wastes that we treat and dispose of. In 2010, Merck's Executive Committee approved new environmental goals that touch on all aspects of our business, from discovery and development through manufacturing and sales.

In 2011, we reduced the amount of water we used and also improved the quality of our wastewater. Over the next few years, a capital portfolio fund that Merck established in 2011 will support improvements to water systems and wastewater infrastructure at our facilities worldwide.

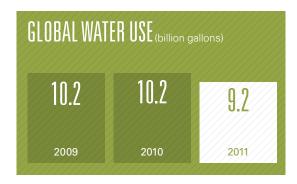
By building a more environmentally sustainable business, we will strengthen both our performance today and the value we can deliver to the world tomorrow.

To learn more about our progress toward meeting our environmental goals, visit:

merckresponsibility.com/focus-areas/ environmental-sustainability/home.html

**OUR GLOBAL WATER STRATEGY** Because clean water is critical to sustaining both human health and the environment, we are working to preserve and manage water for the health of people, the planet and our business. In April 2011,

Merck signed on to the CEO Water Mandate, an initiative of the UN Global Compact designed to assist companies in the development, implementation and disclosure of water-sustainability policies and practices. This commitment supports our new global water strategy, through which we seek to achieve sustainable water management within our operations and minimize our impact on local water supplies, while also working to reduce the impact of water-related illness through our products, partnerships, advocacy and employee volunteerism.





DISCOVERING RETTER WAYS TO CREATE A WORKPI ACF WHERE OUR EMPLOYEES— AND OUR BUSINESS— **CAN THRIVE** 





#### **EMPLOYEES**

The talent, diversity and integrity of our people drive our success, and we recognize the challenge of balancing professional achievement and personal well-being. So we work hard to help employees succeed at work, improve their health and get involved in the communities where they live—through a culture that values inclusion and encourages engagement.

#### PROMOTING GLOBAL DIVERSITY & INCLUSION

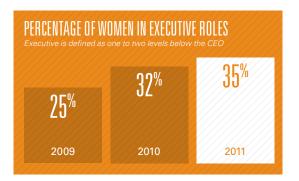
Merck has made a sustained and substantive investment to leverage diversity and inclusion as a key growth strategy in recruitment, retention and leadership development. For employees who share similar affiliations, our Employee Resource Groups (ERGs) provide the opportunity to participate in innovative work that informs our global marketplace and talent-development strategies. ERGs serve not only as platforms for leadership development, cultural awareness and workplace productivity, but also as reservoirs of innovation

and business intelligence. Employees may join one or more of Merck's eight ERGs; membership and participation in ERG-hosted events are open to all full- and part-time employees.

BRINGING HELP TO THOSE IN NEED To honor retired Chairman and CEO Dick Clark and his philosophy of "Passion, Purpose and Commitment to Corporate Responsibility," the company launched the Richard T. Clark Fellowship program. This new global program is designed to leverage the skills and talents of Merck employees to build and support humanitarian organizations that meet the health needs of the underserved. While providing unique career-development opportunities that help employees understand critical needs in different parts of the world, the program aims to strengthen the capacity and reach of charitable organizations by providing technical and hands-on volunteer support, rather than funding alone. Five Merck employees have been chosen to be part of

the inaugural group of Fellows working with PSI, a global nonprofit organization dedicated to improving the health of people in the developing world. Up to 30 Fellows will be selected each year, with assignments lasting from three to six months.

To learn more about this new global program, visit: merckresponsibility.com/giving-at-merck/rtc-program-overview/home.html





DISCOVERING BETTER WAYS TO BUILD TRUSTED **RELATIONSHIPS BY** ETHICAL STANDARDS TRANSPARENCY







#### **ETHICS & TRANSPARENCY**

Ethics and transparency are the cornerstones of our corporate reputation. As a global health-care company, we aspire to be open and transparent about how we operate in order to earn and retain the trust and confidence of our customers, partners, employees, shareholders and other important stakeholders.

We have strong corporate policies and safeguards in place and a long history of abiding by and promoting high ethical standards. Every Merck employee is responsible for adhering to business practices that follow the letter and spirit of the law, as well as our Code of Conduct, *Our Values and Standards*, that reflects the highest standards of corporate and individual behavior. From sales and marketing practices to product safety and political advocacy, we strive to incorporate openness and accountability into our day-to-day business practices.

PROFESSIONALS Merck engages with healthcare professionals around the world to conduct Merck-sponsored clinical studies on the safety and

effectiveness of our products, which help us bring new medicines and vaccines to patients who need them. We conduct these studies in accordance with strict regulatory requirements, working with "real world" physicians and their patients. As an early supporter of the Physician Payments Sunshine Act, we believe in broad disclosure of financial relationships between physicians and the pharmaceutical industry. In 2009, we began voluntarily disclosing all payments to U.S.-based healthcare professionals who speak on behalf of Merck or our products. Starting in June 2012, reports include payments and transfers of value to U.S.-licensed physicians, including those who consult and/or perform research on our behalf.

**HUMAN RIGHTS** Merck respects human rights and the dignity of every human being, as recognized by the principles of the UN Global Compact and as defined in the United Nations Universal Declaration of Human Rights. We have established global policies and processes to demonstrate this respect, including a new Global Policy on Human Rights. We also expect our suppliers and service providers throughout our supply chain to comply

with human rights standards that are compatible with our own, to comply with environmental, health and safety laws and regulations, and to conduct their business with the highest ethical standards. Accordingly, a new Business Partner Code of Conduct, developed in 2011, will be rolled out in coming months to further communicate our expectations.

To learn more about ethics and transparency at Merck, visit: **www.mercktransparency.com** 



## KEY PERFORMANCE INDICATORS

The following key performance indicators (KPIs) have been identified to measure our progress against our new corporate responsibility framework. These metrics align with the four focus areas of the framework (Access to Health; Environmental Sustainability; Employees; Ethics & Transparency), reflect input from the respective business areas, and serve as a baseline measurement for our corporate responsibility activities.

ACCESS TO HEALTH				
Research & Development	2011	Registration	2011	
Top 20 global burdens of illness addressed by our products and pipeline (as defined by the WHO, and excluding accidents, premature birth and self-inflicted injuries)	53%	New product and device registrations by region <sup>3,4</sup>	334	
		Local regulatory agency GCP/PV training requests fulfilled that will help strengthen agency capabilities with their GCP/PV compliance oversight role <sup>5</sup>	Online	
GCP/PV audits by regulatory agencies of Merck or clinical trial investigators that led to significant fines, penalties, warning letters or product seizures	0	Products submitted that have achieved WHO prequalifications	10	
Initiated (new) licenses for new technologies	52	Commercialization		
Narrative of compounds provided to Product Development Partnerships <sup>1</sup>	Online	Products for which we have access pricing <sup>6</sup>	17	
Manufacturing & Supply		Countries where at least one product has intra-country pricing of public and private sectors <sup>7</sup>	49	
Product recalls in the United States	0	Investment in patient- and provider-education programs	¢03 0W	
Countries we currently supply with our products	140	Community Investment	Q00.0IVI	
Local and regional manufacturing partnerships	130	Healthcare workers trained through our major programs and partnerships <sup>8</sup>	51,600	
Products available via local and regional manufacturing partnerships <sup>2</sup>	N/A	Investment in partnerships for activities that address underlying barriers to health, such as nutrition and access to clean water <sup>9</sup>	\$34.7M	
		People reached through our major programs and partnerships <sup>8,10</sup>	272.7M	

ENVIRONMENTAL SUSTAINABILITY		EMPLOYEES	
	2011	Diversity & Inclusion	
Total greenhouse gas (GHG) emissions (as CO <sub>2</sub> e) (million metric tons)	2.09	Women in executive roles (U.S.) <sup>16</sup>	
Emissions of volatile organic compounds (VOCs) (metric tons) <sup>11</sup>	931	Women on the Board	
Total water usage (billion gallons)	9.2	Underrepresented ethnic groups on the Board	
Hazardous waste generated (metric tons) <sup>12</sup>	81,000	Underrepresented ethnic groups in the workforce (U.S.)	
Hazardous waste recycled	30%	Well-Being	
Nonhazardous waste generated (metric tons) <sup>13</sup>	62,000	Employees "engaged" or "fully engaged" (Merck Culture Survey)	
Nonhazardous waste recycled	47%	Employees who completed health assessment (U.S.)	
ETHICO O TRANCRADENCY	Overall turnover rate <sup>17</sup>		
ETHICS & TRANSPARENCY	Employee Lost-Time Injury Rate (LTIR) <sup>18</sup>		
Employees trained on our Code of Conduct <sup>14</sup>	90%	Employee Recordable Injury Rate (RIR) <sup>19</sup>	
Substantiated allegations to concerns/issues raised to the Office of Ethics/	65%	Volunteerism	
Ombudsman/AdviceLine		Employees who took release time, according to the global policy on employee volunteerism (estimated) <sup>20</sup>	
Reported concerns regarding privacy practices, breaches of privacy and	68%		
losses of personal data that were substantiated <sup>15</sup>		Volunteer hours (estimated)	

2011

8,162

<sup>1.</sup> For information on Product Development Partnerships, visit the "Partnership" tab at: www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/home.html 2. We aim to make the majority of our product portfolio available through these partnerships. Total product number will need to be confirmed due to ongoing product rationalization. 3. Data includes new products and new indications. 4. For information on new registrations by region, visit: www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/clinical-research/home.html 5. For information on local regulatory agency GCP/PV training requests, visit: www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/clinical-research/home.html 6. Differential pricing intended to facilitate access for the at-need population. 7. Countries with an MSD trading entity. 8. "Major" is defined as an investment by Merck's Office of Corporate Philanthropy and/or The Merck Company Foundation of more than \$300,000 per year and/or an engagement with a national government. 9. Includes investments by Merck's Office of Corporate Philanthropy and/or The Merck Company Foundation; also includes funding for health system strengthening and capacity building. 10. Includes treatments approved for river blindness and lymphatic filariasis through the Merck MECTIZAN® Donation Program. 11. Data should be considered an estimate. 12. Includes all waste that requires special handling, as defined by a national, state/provincial or local regulatory agency (e.g., RCRA, special waste, chemical waste, dangerous waste). It also includes petroleum products, pharmaceutical actives/intermediates, medical/biological/infectious materials, or any other materials or compounds that are specially regulated due to the hazard they pose to human health and/ or the environment. 13. Data should be considered estimated, because many of these waste streams are not weighed prior to disposal. 14. As a result of the merger, data for 2009 & 2010 does

## 2011 AWARDS & INDICES

Merck has received recognition for our commitment and performance worldwide on various aspects of our corporate responsibilities. Please visit www.merckresponsibility.com for the full listing.



For the third year in a row, Merck has been placed on the Dow Jones Sustainability North America Index, which is based on a thorough analysis of corporate economic, environmental and social performance. The North America Index includes the leading 20 percent, in terms of sustainability, of the largest 500 North American companies.



Merck was one of four companies to score a perfect 100 in the inaugural CPA-Zicklin Index of Corporate Political Disclosure and Accountability, released by the Center for Political Accountability in conjunction with the Carol and Lawrence Zicklin Center for Business Ethics Research at The Wharton School of the University of Pennsylvania. The Index provides the first comprehensive portrait of how S&P 100 companies are navigating political spending, both as to

disclosure and board oversight.



PHILANTHROPY

In its annual survey of philanthropic giving

Philanthropy ranked Merck third in corporate

donations of cash and products among some

by U.S. corporations, The Chronicle of

of the country's largest corporations.

Merck was recognized with the 2011 ENERGY STAR Sustained Excellence Award from the U.S. Environmental Protection Agency (EPA) for its continued efforts to protect the environment through energy efficiency. Merck has been an ENERGY STAR partner since 2004, and has been recognized by the EPA for six consecutive years—twice as Partner of the Year and now for the fourth time for Sustained Excellence.

## access to medicine index

Merck ranked No. 2 in the 2010 Access to Medicine Index, which assesses and ranks pharmaceutical companies on various criteria around global access to medicines. Merck ranked No. 1 in the category of Product Donations and Philanthropy.



Merck is a FTSE4Good constituent member. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards.



Merck ranked No. 15 on *DiversityInc's* annual list of the "Top 50 Companies for Diversity," making it the company's tenth consecutive appearance on the list. The *DiversityInc* Top 50 Companies for Diversity list is the leading assessment of diversity management in corporate America and globally.

## esian by Addison www.addison.co.

#### **Contact Us:**

We welcome your questions and comments through our online feedback option at www.merckresponsibility.com

#### Or Write to Us:

Merck
Office of Corporate Responsibility
WS 2A-55
One Merck Drive
PO Box 100
Whitehouse Station, NJ 08889
USA

This communication includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, statements about the benefits of the merger between Merck and Schering-Plough, including future financial and operating results; the combined company's plans, objectives, expectations and intentions; and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Merck's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the possibility that all of the expected synergies from the merger of Merck and Schering-Plough will not be realized, or will not be realized within the expected time period; the impact of pharmaceutical industry regulation and healthcare legislation in the United States and internationally; Merck's ability to

accurately predict future market conditions; dependence on the effectiveness of Merck's patents and other protections for innovative products; and the exposure to litigation and/or regulatory actions.

Merck undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in Merck's 2011 Annual Report on Form 10-K and the company's other filings with the Securities and Exchange Commission (SEC), available at the SEC's website: www.sec.gov



#### Office of Corporate Responsibility

WS 2A-55 One Merck Drive PO Box 100 Whitehouse Station, NJ 08889 USA







#### **Printing Information**

Environmental benefits based on 4,000 copies of 100% postconsumer recycled paper, actual environmental savings versus standard paper are as follows:

- 25 trees saved
- 11,430 gallons of wastewater avoided
- 7,917,199 BTUs of energy not consumed
- 725 pounds solid waste not generated
- 2,210 pounds net greenhouse gases prevented