



MERCK 2013 CORPORATE RESPONSIBILITY EXECUTIVE SUMMARY

INTRODUCTION

ABOUT MERCK

Merck, known as MSD outside the U.S. and Canada, is an innovative, global healthcare leader that is committed to improving health and well-being around the world. We continue to focus our research on conditions that affect millions of people globally—diseases like Alzheimer’s, diabetes and cancer—while expanding our strengths in areas like vaccines and biologics. We’re applying our global reach, financial strength and scientific excellence to do more of what we’re passionate about: improving health and improving lives.

CORPORATE RESPONSIBILITY AT MERCK

At Merck, corporate responsibility is our commitment to discovering innovative solutions to the world’s greatest health challenges while growing our business in a sustainable way. It is at the heart of our company’s mission to discover, develop and provide innovative products and services that save and improve lives, and it underscores our commitment to

developing and rewarding our employees, protecting the environment, and operating with the highest standards of ethics and transparency.

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 Executive Summary contains highlights from our complete 2013 online responsibility report, which can be found at www.MerckResponsibility.com, where you can find detailed performance data and key performance indicators from our worldwide operations.

CEO LETTER

At Merck, corporate responsibility is at the heart of the company’s mission to discover, develop and provide innovative products and services that save and improve lives around the world. Because we feel tremendous responsibility for helping to reduce the burden of disease, our mission inspires us to optimize our performance for society and shareholders alike.

By focusing our efforts in areas where unmet medical need and scientific opportunities intersect, Merck intends to remain one of the world’s leading



KENNETH C. FRAZIER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

research-intensive biopharmaceutical companies. We continue to apply cutting-edge science to developing medicines and vaccines that make a meaningful difference to patients, healthcare providers and payers.

Corporate responsibility is embedded in all we do at Merck. It guides our behaviors and actions as we strive to address some of the world’s greatest health challenges while growing our business in a sustainable way.

As my Merck colleagues and I travel around the world and meet with a wide range of healthcare industry stakeholders, it is clear that three fundamental forces are now at play:

- First, there are significant advances that are illuminating the fundamental mechanism of disease.

- Second, while there is much to be hopeful about in terms of possible new treatments, at the same time our industry is dealing with familiar and new challenges. As just a few examples, cancer, type 2 diabetes and Alzheimer’s disease affect tens of millions of people around the world.
- Third, there is what most people and most governments regard as unsustainable growth in healthcare costs.

Despite this challenging and fast-changing global healthcare environment, Merck remains deeply committed to our mission. So we can continue to save and improve lives far into the future, in October 2013 we announced a strategic initiative to sharpen our research and development and our commercial focus, redesign our operating model and further reduce our cost structure.

As CEO, the decisions I most regret having to make are those that affect the jobs of Merck people. While these decisions are painful, I believe they are absolutely essential to ensuring that Merck is here in the future, bringing lifesaving innovations to the patients who desperately need them.

During 2013, Merck delivered on our mission and continued our commitment to corporate responsibility in the following ways:

- Gained momentum in our pipeline, with the U.S. Food and Drug Administration granting breakthrough therapy designation to two Merck investigational drugs—one for the treatment of advanced malignant melanoma and the other a combination

medicine for the treatment of chronic hepatitis C.

- Helped ensure that infants and girls in the poorest countries have access to rotavirus and human papillomavirus (HPV) vaccines through our ongoing partnership with the Global Alliance for Vaccines and Immunization (GAVI) and other Alliance partners. Also, received a significant portion of the first UNICEF HPV vaccine tender for GAVI countries and a second UNICEF/GAVI award to supply ROTATEQ® (Rotavirus Vaccine, Live, Oral, Pentavalent) for the treatment of rotavirus to three additional African countries.
- Increased transparency around our clinical trials through the development of a new website that helps healthcare providers and patients find the information they seek, while strengthening Merck’s leadership in clinical trials and disclosure.
- Initiated more than 50 projects in 30 countries through *Merck for Mothers*, our 10-year, \$500 million initiative focused on creating a world where no woman has to die from complications of pregnancy and childbirth.
- Leveraged the scientific and business skills of our employees to build and support humanitarian organizations’ efforts to answer the health needs of the underserved through the Richard T. Clark Fellowship for World Health.
- Advanced our environmental sustainability efforts with a new, streamlined environmental strategy that focuses on the issues that are most important to our business and our stakeholders, such as water use, climate change and waste.

As we focus on the future, Merck believes it is imperative to have the right strategy as well as the right scientific and technical capabilities so we can continue to save, improve and extend lives throughout the world.

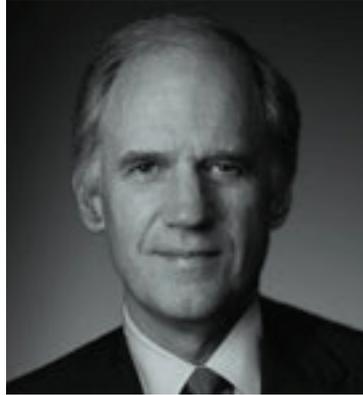
At the same time, we realize that the fundamentals of good corporate governance, ethical business practices and transparency have never been more important. For that reason, since 2009 Merck has been committed to the 10 universally accepted principles of the United Nations Global Compact in the areas of human rights, labor standards, environmental protection and anticorruption. These principles continue to guide our corporate responsibility strategy and objectives.

Those of us who work at Merck believe it is a great privilege and a great responsibility, because lives are at stake. We share a long-standing, profound and unwavering commitment to our mission, to our values, and to upholding the highest standards of ethics and integrity in all we do.

Be well,

Kenneth C. Frazier
Merck Chairman and
Chief Executive Officer
July 2014

**GOVERNANCE, PUBLIC
POLICY & CORPORATE
RESPONSIBILITY
COMMITTEE**



William B. Harrison, Jr.
Lead Director of the Board



Rochelle B. Lazarus
Chairman, Ogilvy & Mather Worldwide



Leslie A. Brun
Chairman and Chief Executive Officer,
Sarr Group, LLC



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President and Chief Executive Officer,
Memorial Sloan-Kettering Cancer Center



Thomas H. Glocer
Retired Chief Executive Officer,
Thomson Reuters Corporation



Wendell P. Weeks
President, Chairman and Chief Executive
Officer, Corning Incorporated

AWARDS & RECOGNITION

Merck has been recognized for our commitment and performance worldwide on various aspects of our corporate responsibilities. Please visit merckresponsibility.com/awards for the full listing of our awards.

access to medicine index



Merck ranked No. 4 on the 2012 Access to Medicine Index, which assesses and ranks pharmaceutical companies on various criteria related to global access to medicines.



FTSE4Good

Merck is a FTSE4Good constituent member. The FTSE4Good Index Series measures the performance of companies that meet globally recognized corporate responsibility standards.



Merck ranked No. 12 on DiversityInc’s annual list of the “Top 50 Companies for Diversity,” making it the company’s 11th consecutive appearance on the list. This list is the leading assessment of diversity management in corporate America as well as globally.



Merck was recognized with the 2013 ENERGY STAR Sustained Excellence Award from the U.S. Environmental Protection Agency (EPA) for its continued improvement of energy performance and leadership in energy management in both the pharmaceutical and industrial sectors. Merck has been an ENERGY STAR partner since 1995 and has been recognized by the EPA for eight consecutive years—twice as the Partner of the Year and now, for the sixth time, for Sustained Excellence.

ACCESS TO HEALTH

At Merck, we believe that all people worldwide should be able to benefit from advances in medicines and healthcare. We are committed to discovering smart, sustainable ways to expand access to our innovative products.

FIVE GUIDING PRINCIPLES

OUR APPROACH IS ARTICULATED IN OUR ACCESS TO HEALTH STATEMENT OF GUIDING PRINCIPLES.

As a global healthcare company, we have an important role and responsibility in improving access to medicines, vaccines and quality healthcare worldwide, thereby helping to reduce the burden of disease in the parts of the world that need it most. Our Access to Health strategy supports the company's overall mission to discover, develop and produce innovative products and services that save and improve lives around the world.

This approach is articulated in our **Access to Health Statement of Guiding Principles**, which guides us in five important areas:

1. **Research & Development** to provide medicines and vaccines that address vital global health needs
2. **Manufacturing & Supply** to ensure a high-quality and reliable supply of products

3. **Registration** completed in a timely fashion in markets where our products are needed
4. **Commercialization** to develop Merck's business while meeting local needs
5. **Community Investment** to address the barriers to access where we believe we can make a contribution

Our research priorities are aligned with the global burden of disease as defined by the **Institute for Health Metrics and Evaluation (IHME)**. Our products and pipeline address 88 percent of the top 20 global burdens of disease.

DRIVING INNOVATION AND EXPANDING ACCESS

IN 2013, THE U.S. FOOD AND DRUG ADMINISTRATION (FDA) GRANTED BREAKTHROUGH-THERAPY DESIGNATION FOR A TREATMENT FOR ADVANCED MALIGNANT MELANOMA.

Our goal is to translate breakthrough research into meaningful clinical advances that make a substantial difference for patients suffering from grievous illnesses. Late in 2013, the U.S. FDA granted breakthrough-therapy designation for MK-3475 for advanced malignant melanoma, the most dangerous type of skin cancer. This designation helps expedite an investigational drug's development and review when preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies.

Learn more about how Merck is expanding access to our investigational medicines.

HEALTH LITERACY

"IMPROVING HEALTH LITERACY IS FUNDAMENTAL TO MERCK'S MISSION..."

"Improving health literacy is fundamental to Merck's mission to improve health. Health literacy is vital to achieving the best possible results from medical care, medicines and vaccines; and we are committed to leading the pharmaceutical industry in redefining how to apply health literacy principles to our direct and indirect communications with patients, including clinical trials, medication labeling for patients, and patient education."

Dr. Michael Rosenblatt
Chief Medical Officer

Learn more about our efforts to improve health literacy and adherence.

IMPROVING MATERNAL HEALTH

IN MAY 2013, MERCK AND PARTNERS ANNOUNCED THE EXPANSION OF CONTRACEPTIVE ACCESS FOR MILLIONS OF WOMEN IN SOME OF THE WORLD'S POOREST COUNTRIES.

Under the agreement, Merck will reduce the cost of IMPLANON® (etonogestrel implant) and its next-generation implant, IMPLANON NXT® (68 mg etonogestrel implant), by approximately 50 percent for the next six years in the targeted poorest eligible countries of focus for the reproductive health community.

This announcement is part of Merck's IMPLANON Access Initiative to support the ambitious, but we believe achievable, goal set by the global reproductive health community in 2012 of ensuring that voluntary lifesaving family planning information, services and products reach an additional 120 million women and girls in the world's poorest countries by 2020.

Learn more about our commitment to support women's health as part of our broader commitment to addressing the health needs of the developing world.

PARTNERING FOR THE NEXT BREAKTHROUGH

BARRIERS TO ACCESS ARE COMPLEX, AND WE BELIEVE WE CAN MAKE OUR STRONGEST CONTRIBUTION BY WORKING IN COLLABORATION WITH OTHERS.

In 2013, we joined in a number of research and development initiatives, including participating in the **Accelerating Medicines Partnership** with the National Institutes of Health (NIH), 10 biopharmaceutical companies and several nonprofits. The goal of this partnership is to increase the number and reduce the development time of new diagnostics and therapies in several areas, including type 2 diabetes, rheumatoid arthritis and lupus. **Learn more.**

PROVIDING ACCESS TO VACCINES

HELPING TO ENSURE THAT INFANTS AND GIRLS IN THE POOREST COUNTRIES HAVE ACCESS TO ROTAVIRUS AND HPV VACCINES.

Merck is committed to working with partners to help prevent disease and save lives through a comprehensive approach of developing new and innovative vaccines, working to make them available and affordable to those who need them globally, and establishing programs to help address implementation challenges. Our efforts include a long-standing commitment to improving access to

GARDASIL® [Human Papillomavirus Quadrivalent (Types 6, 11, 16, and 18) Vaccine, Recombinant] and ROTATEQ in developing countries.

Merck collaborates with a broad set of global stakeholders to improve access to vaccines. We help inform the vaccine policy environment through stakeholder engagement with important international organizations such as the World Health Organization (WHO), the GAVI Alliance and UNICEF. Additionally, Merck engages stakeholders from regional and national organizations, contributing to the development and implementation of regional and national vaccination programs.

In 2013, UNICEF ran a public tender process that allowed companies to bid on supplying the HPV vaccine for GAVI-eligible countries. Merck was awarded a significant portion of the first UNICEF HPV vaccines tender. Additionally, from May 2012 to February 2014, four African countries (Rwanda, Burkina Faso, The Gambia and Mali) were the first to introduce ROTATEQ with GAVI support. Merck's partnership with GAVI and other Alliance partners is helping to ensure that infants and girls in the poorest countries have access to rotavirus and HPV vaccines.

ADVANCING HIV/AIDS TREATMENT FOR CHILDREN

ISENTRESS® (RALTEGRAVIR) IS NOW INDICATED FOR THE TREATMENT OF HIV-1 INFECTION IN PATIENTS 4 WEEKS OF AGE AND OLDER.

As part of the company's commitment to fight HIV/AIDS, Merck has conducted extensive research and development to develop pediatric formulations for its antiretrovirals (ARVs). Early in 2014, the FDA approved ISENTRESS for oral suspension, a new pediatric formulation of Merck's integrase inhibitor. With this approval, ISENTRESS is now indicated in combination with other ARVs for the treatment of HIV-1 infection in patients 4 weeks of age and older.

For more information, [click here](#).

PROGRESSING TOWARD ELIMINATION

WE ARE WORKING WITH THE WORLD HEALTH ORGANIZATION (WHO) AND OTHER PARTNERS TO CONTROL OR ELIMINATE 10 OF THE 17 NEGLECTED TROPICAL DISEASES (NTDs) BY 2020.

NTDs are a group of diseases that disproportionately affect the poorest segment of the global population and thrive in areas with limited healthcare infrastructure. In 2012, together with 13 global healthcare companies, the Bill & Melinda Gates Foundation,

the UK Department for International Development, the U.S. Agency for International Development (USAID), the World Bank and others, we announced our support of WHO's goal to control or eliminate 10 of the 17 NTDs by 2020.

The partners came together under the banner of **Uniting to Combat NTDs** and through the London Declaration agreed to track progress and identify gaps in order to reach the goals of the partnership.

COMBATING RIVER BLINDNESS

IN 2013, COLOMBIA BECAME THE FIRST COUNTRY TO BE VERIFIED AS FREE FROM ONCHOCERCIASIS, OR RIVER BLINDNESS, BY WHO.

Merck's long-standing efforts in combating onchocerciasis (river blindness) and lymphatic filariasis through the MECTIZAN® (ivermectin) Donation Program (MDP) are contributing to the progress that is chronicled in the second progress report on the London Declaration, released in early 2014, **"Delivering on Promises & Driving Progress: The Second Report on Uniting to Combat NTDs."** This progress was celebrated recently at a panel discussion event in Paris attended by Merck CEO Kenneth Frazier.

The MDP reached a milestone in 2013 when Colombia became the first country to be verified as free from onchocerciasis, or river blindness, by WHO. The success in Colombia is a testament to what can be done with extraordinary commitment and effort, and is but one of the achievements over 26 years that has led to a 2025 target for the elimination of the disease. To learn more, [click here](#).

MERCK FOR MOTHERS

Every two minutes, a woman somewhere in the world dies due to complications from pregnancy or childbirth. These preventable deaths have devastating effects on families, communities and nations. Although there has been impressive progress in recent decades, if nothing is done, an estimated 3 million women may die over the next 10 years.

TACKLING MATERNAL MORTALITY

MERCK FOR MOTHERS IS A 10-YEAR,

\$500

MILLION INITIATIVE.

Merck for Mothers is our 10-year, \$500 million initiative focused on creating a world where no woman has to die from complications of pregnancy and childbirth. Drawing on the company's history of discovering innovative, lifesaving medicines and vaccines, *Merck for Mothers* is applying Merck's scientific and business expertise—as well as its financial resources and experience in taking on tough global healthcare challenges—to reduce maternal mortality around the world.

Working with nearly 75 partners across 30 countries, *Merck for Mothers* is focused on one thing: saving women's lives.

RESPONDING WITH WOMEN-FOCUSED CARE

UP TO

80%

OF PEOPLE IN INDIA AND

50%

OF PEOPLE IN MANY AFRICAN COUNTRIES RECEIVE THEIR CARE OUTSIDE OF THE PUBLIC HEALTH SYSTEM.

In India, we are working in partnership with local organizations and the country's Federation of Obstetric and Gynecological Societies to develop standards of quality care, and helping private providers meet those standards through training, quality improvement and an improved accreditation system. This is one of four unique projects exploring the potential of local private providers and health businesses to expand access to affordable maternal healthcare.

APPLYING A BUSINESS FOCUS FOR SUSTAINABLE PROGRAMS

NEARLY

80%

OF HEALTH FACILITIES IN SENEGAL EXPERIENCED STOCK-OUTS OF CONTRACEPTIVE SUPPLIES.

In Senegal, as part of an eight-year, \$50 million partnership with the Senegalese government and the Bill & Melinda Gates Foundation, *Merck for Mothers* is supporting expanded access to family planning—a powerful prevention tool that can avert up to a third of maternal deaths.

Over the course of a year, nearly 80 percent of health facilities in Senegal experienced stock-outs of contraceptive supplies. Through the national expansion of an innovative model, private suppliers are offered performance-based financial incentives to maintain a sufficient and consistent inventory of contraceptives. These incentives will encourage suppliers to improve logistics management, forecasting and data collection to keep supplies in stock.

IMPROVING MATERNAL HEALTH IN THE U.S.

THE U.S. RANKS

64th

IN THE WORLD IN MATERNAL MORTALITY, BEHIND NEARLY EVERY OTHER DEVELOPED NATION.

Although global rates of maternal deaths have declined significantly, the maternal mortality rate in the U.S. has more than doubled since 1990. In 2013, *Merck for Mothers* announced the launch of programs aimed at decreasing the number of women across the U.S. who die from or suffer severe complications related to pregnancy and childbirth. With programs that bring together leading organizations at the national, state and community levels, our goal is to help improve maternal health in the U.S. by:

- Enhancing community-care initiatives that coordinate care for high-risk women before, during and after childbirth, so that women have access to care that will ensure health during and beyond pregnancy;
- Implementing standard approaches to address obstetric emergencies; and
- Strengthening data collection and reviews to better understand why maternal deaths are occurring and using that knowledge to improve practices and patient care.

ACHIEVING SCALE THROUGH PARTNERSHIPS

30%

REDUCTION IN MATERNAL MORTALITY RATIO IN UGANDA

As a founding partner of *Saving Mothers, Giving Life*, a public-private partnership with the U.S., Ugandan and Zambian governments and others, we are reducing maternal and newborn mortality in sub-Saharan Africa by putting initiatives in place to ensure access to quality emergency obstetric and newborn care.



In 2013, the program's first year, maternal mortality ratios fell by 30 percent in target districts of Uganda, and 35 percent in target facilities in Zambia. Both countries also saw increases in deliveries taking place in health facilities, in the number of facilities offering emergency obstetric and newborn care, and in treatment for the prevention of mother-to-child transmission of HIV. In 2014, the partnership is expanding to additional districts in both countries.

“Launching a program of this scale often takes years. But in just one year, this pilot has shown convincingly that you can bring comprehensive approaches to scale and that doing so has remarkable results.”

Dr. Thomas Frieden
Director, U.S. Centers for Disease Control and Prevention

KEY PERFORMANCE INDICATORS			
ACCESS TO HEALTH ¹	2011	2012	2013
Research & Development			
Top 20 global burdens of illness addressed by our products and pipeline ²	53%	55%	88%
GCP/PV audits by regulatory agencies or clinical trial investigators that led to significant fines, penalties, warning letters or product seizures ³	0	0	0
Initiated (new) licenses for new technologies	52	61	40
Narrative of compounds provided to product development partnerships ⁴	Online	Online	Online
Manufacturing & Supply			
Annual percentage of units manufactured/sold and recalled during a given year (recall rate globally)	NR	0.19%	0.11%
Number of local and regional manufacturing partnerships to enable access ⁵	130	84	68
Number of products available by local and regional partnerships ⁶	NA	34	354
Registration			
New product and device registrations ^{7,8,9}	179	204	179
Local regulatory agency GCP/PV training requests fulfilled that will help strengthen agency capabilities with their GCP/PV compliance oversight role ¹⁰	Online	Online	Online
Products submitted that have achieved WHO prequalification	10	10	11
Commercialization			
Number of Merck products that are supported with differential pricing ^{11,12,13}	NA	NA	24
Number of low- and lower-middle-income countries where inter- and/or intra-country pricing has been implemented ^{11,14}	NA	NA	70
Investment in patient- and provider-education programs ¹⁵	\$93.9M	\$91.1M	\$70.5M

Community Investment

Healthcare workers trained through major programs and partnerships	52,000	38,000	22,000
Investment in partnerships for activities to address underlying barriers to health, such as health-system strengthening and capacity-building ¹⁶	\$35M	\$24M	\$24M
People reached through our major programs & partnerships	273M	269M	342M

NA: Not available. NR: Not reported.

¹ Data for Access to Health are reflective of our Human Health business only; information on Merck Animal Health is reported separately.

² As defined by the Institute for Health Metrics and Evaluation (IHME), which replaces for 2013 the previously used WHO chart of leading causes of disease, condition or injury.

³ Complete Response Letter Received for Sugammadex (MK-8616).

⁴ For information on product development partnerships, visit the "Partnerships" tab at: <http://merckresponsibility.com/access-to-health/research-development/#partnerships>

⁵ In 2013, we revised this Key Performance Indicator to capture only those manufacturing partnerships that are in place to enable access. This resulted in a decrease in the number of partnerships reported.

⁶ Previously, we reported products available through specific agreements, but have now expanded our reporting to all of our products, including the various strengths and presentations that are sold or distributed through a partnership in local markets, to more accurately reflect our efforts to address local needs.

⁷ Data includes new products and new indications.

⁸ Data for all years have been updated based on a tracking system upgrade that corrected miscounts in prior years.

⁹ For information on new registrations by region, visit <http://merckresponsibility.com/access-to-health/research-development/clinical-research/#performance>

¹⁰ For information on local regulatory agency GCP/PV training requests, visit: <http://merckresponsibility.com/access-to-health/research-development/clinical-research/>

¹¹ In 2013, we modified our Key Performance Indicators for differential pricing so that we can more broadly capture and accurately reflect our support.

¹² Differential pricing intended to facilitate access for the at-need population.

¹³ Merck products include HIV treatments, vaccines and other patented products.

¹⁴ Countries as defined by World Bank 2013 GNI Classification and includes UN-defined Least Developed Countries.

¹⁵ In 2013, we refined our support to prioritize and align resources to complement our core business strategy, which resulted in an overall decrease in funding.

¹⁶ Includes investments by Merck's Office of Corporate Philanthropy and/or the Merck Foundation; also includes funding for access to clean water.

ENVIRONMENTAL SUSTAINABILITY

At Merck, we demonstrate respect and care for the environment in everything we do, because we know that a healthy planet is essential to human health and the sustainability of our business.

OUR ENVIRONMENTAL STRATEGY

IN 2013, WE ANNOUNCED A NEW, STREAMLINED ENVIRONMENTAL SUSTAINABILITY STRATEGY AND IDENTIFIED THE ISSUES THAT ARE MOST IMPORTANT TO OUR BUSINESS AND OUR STAKEHOLDERS.

Merck has a long history of environmental compliance, but we realize that our strategy and efforts need to evolve in order for us to operate in an increasingly resource-constrained world. In 2013, we announced a new streamlined environmental sustainability strategy and identified the issues that are most important to our business and our stakeholders.

We conducted a comprehensive review of the environmental goals we had set in 2010 to determine how our environmental commitments could better align with our business strategy by driving cost reduction, efficiency improvements and lower risk.

OUR STRATEGY

EFFICIENT OPERATIONS

Reducing our environmental impacts through energy efficiency and water use reduction initiatives, as well as efficiently using raw materials and handling our wastes.

DESIGN FOR ENVIRONMENT

Innovating to reduce the environmental impacts of our new products and packaging through the use of Green Chemistry, life cycle assessments, and other sustainable design principles.

REDUCE RISKS IN VALUE CHAIN

Understanding the environmental impacts and risks that are upstream and downstream of our own operations, and working to minimize those impacts through collaboration with our suppliers and customers to address our shared needs and interests in more efficient and environmentally beneficial ways.

HOW WE REVISED OUR GOALS

To revise our goals, we obtained input from our stakeholders, conducted external industry scans and considered global environmental concerns such as water scarcity, climate change and natural resource availability. After completing

our analysis, we decided to retain our previous water-use-reduction goal and to set new goals for reducing greenhouse gases and efficiently managing our waste. These goals will allow Merck to better align its business to meet the challenges of a world with limited natural resources and a changing climate.

Goal	Target	2013 Progress
WATER 	Driving down our water use 15% by 2015 and 25% by 2020 versus a 2009 baseline	16% reduction since 2009
CLIMATE 	Reducing our emissions of greenhouse gases 15% by 2020 versus a 2012 baseline	3% reduction since 2012
WASTE 	Continuing to send less than 30% (by weight) of our operational waste to landfills and incinerators through 2017	27% of operational waste sent to landfills and incinerators without energy recovery

ASSESSING AND REDUCING OUR WATER USE

\$67M

HAS BEEN COMMITTED TO IMPROVEMENTS IN WATER INFRASTRUCTURE AT OUR OPERATING FACILITIES AROUND THE WORLD.

Our global water strategy aims to achieve sustainable water management within our operations and our supply chain, and to reduce the impact of water-related illness. To achieve these objectives, we are focusing on five specific commitments:

1. Understanding and reducing our operational water footprint
2. Reporting publicly on our water use and goals
3. Advocating for effective water policies
4. Working with partners to address water needs in communities globally
5. Encouraging and empowering our employees to be water stewards at work, at home and in their local communities

[Learn more.](#)

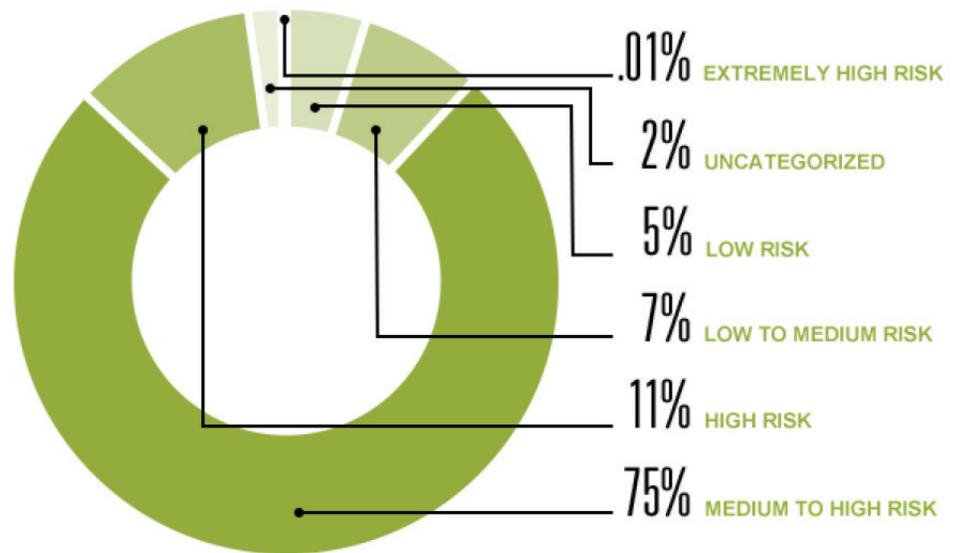
MANAGING WATER RISK

Merck uses the World Resources Institute's (WRI) water risk tool called **Aqueduct** to measure and map our water risk. This evaluation relies on three categories to develop an overall water score: quantity risk, quality risk, and regulatory and reputational risk.

In 2013, Merck operated 16 manufacturing and research facilities

in areas of high overall water risk and one facility in an area of extremely high overall water risk. These facilities are in the U.S., Mexico, China, South Africa and Indonesia. The two manufacturing facilities that use the most water are located in areas of medium to high overall water risk in the U.S. We are investing in water-use-reduction technology at both of those facilities.

Water Risk by Volume



KEY PERFORMANCE INDICATORS

ENVIRONMENTAL SUSTAINABILITY ^{1,2}	2011	2012	2013
Greenhouse gas emissions (metric tons of CO ₂ e)	2,050,000	1,920,500	1,860,300
Water usage (thousand gallons)	8,900,000	8,900,000	7,700,000
Operational waste generated (metric tons)	125,000	122,000	106,000

¹ Includes facilities worldwide.

² In accordance with the Greenhouse Gas Protocol, prior-year data have been adjusted to add or remove facilities that have been acquired and sold. Adjustments also reflect changes in methodology to ensure consistency from year to year.

EMPLOYEES

The capabilities, integrity and diversity of our employees drive our success. That's why Merck is committed to discovering more ways to create an inclusive workplace where our employees—and our business—can thrive.

- Families and Work Institute (FMI), 2013 Work Life Legacy Military Award
- *Diversity/Careers* magazine, Best Companies for Diversity
- *Professional Woman's Magazine*, Best of the Best Top Diversity Employers for Women
- *Working Mother* magazine, 100 Best Companies

[Learn more.](#)

SUPPORTING EMPLOYEE VOLUNTEERING

MERCK'S VOLUNTEERS HAVE TOUCHED THE LIVES OF MORE THAN

1,600

YOUNG PEOPLE SINCE 2010.

Making Positive Choices, a Merck-sponsored volunteer program for our U.S. employees, helps vulnerable kids understand the importance of being good citizens, explore career opportunities and transition to adulthood. Through this program, Merck employees have touched the lives of more than 1,600 young people since its expansion in 2010.

Making Positive Choices is administered in coordination with [Street Law](#), a nonprofit organization that creates classroom and community programs for young people to understand the importance of being a good citizen and encouraging personal, academic and professional growth. Merck volunteers interested in using their unique professional knowledge teach law, health, community safety, career planning and advocacy to middle and high school students as well as young adults starting out on their own. [Learn more.](#)

CREATING A DIVERSE AND INCLUSIVE ENVIRONMENT



Work Life Legacy
MILITARY AWARD



We are deeply committed to fostering an inclusive environment that embraces different perspectives and values the contributions of each individual. In 2013, we were recognized by a number of organizations, including those listed below, for our commitment to women in management, veterans and diversity.

DEVELOPING OUR VALUED WORKFORCE

WE SPONSOR A CURRICULUM THAT BUILDS LEADERSHIP AND MANAGEMENT SKILLS FOR ALL LEVELS OF EMPLOYEES GLOBALLY.

In order to accelerate the growth of our existing and emerging areas of business around the world, we have to ensure that we are developing a deep and diverse pool of talent. We sponsor a curriculum that builds leadership and management skills for all levels of employees globally. This includes career planning and training, through *myCareer* and other resources, to help define and focus employees' professional development. [Learn more.](#)

LEVERAGING OUR EXPERTISE TO MEET CRITICAL HEALTH NEEDS

AS OF JUNE 2014, 47 RTC FELLOWS FROM 11 COUNTRIES HAVE SUPPORTED 24 NONPROFIT ORGANIZATIONS.

The **Richard T. Clark (RTC) Fellowship for World Health** leverages the scientific and business talents of our employees to help strengthen the efforts of humanitarian organizations around the world. In 2013, 21 Merck employees supported Merck humanitarian partners, including 13 whose work focused on strengthening the effectiveness and sustainability of *Merck for Mothers* projects.

In India, Uganda and Zambia, the Fellows helped design feasibility studies of proposed business models, provided assistance with business planning, advised on data management and quality assurance, and recommended income-generating activities to help entrepreneurial efforts become self-sustaining. Since the program's inception in 2012, to date, 70 RTC Fellows from 11 countries have supported 24 nonprofit organizations.

“Maternal death is preventable in most cases, yet every two minutes another mother needlessly dies from complications related to pregnancy and childbirth. My RTC fellow colleagues and I have been fortunate to see firsthand the innovation, improved access, and advocacy Merck for Mothers is bringing to this issue and the incredible impact it is having on mothers and their communities around the globe.”

Patrick Shores, Global Human Health, contributed to the Programme for Accessible Health, Communication and Education (PACE)—Uganda

KEY PERFORMANCE INDICATORS

EMPLOYEES	2011	2012	2013
Diversity & Inclusion			
Executive roles held by women ^{1,2}	35%	31%	31%
Women on the Board	17%	17%	17%
Underrepresented ethnic groups on the Board	11%	25%	25%
Underrepresented ethnic groups in the workforce (U.S.)	29%	24%	24%
Well-Being			
Response rate to the Voice Survey	63%	77%	77%
Employees who completed health assessment (U.S.)	58%	58%	62%
Overall turnover rate ³	14%	11%	15.5%
Lost-time incident rate (LTIR) ⁴	0.30	0.27	0.27
Recordable injury rate (RIR) ⁴	0.74	0.62	0.61
Volunteerism			
Employees who took release time according to the global policy on employee volunteerism ⁵	11%	15%	NA
Volunteer hours ⁵	213,000	221,000	NA

NA: Not available

¹ Beginning with 2012, data reported for women are global; previously, these data were limited to the U.S.

² “Executive” is defined as the chief executive officer and two structural levels below.

³ Overall turnover incorporates all types of turnover, including restructuring.

⁴ Workplace injury rates for 2012 have been restated for accuracy as well as associated percentage change vs. prior year.

⁵ As a result of the transition to a new website and vendor for our employee giving programs, Merck's total volunteer hours are not available for 2013.

ETHICS & TRANSPARENCY

At Merck, the foundation of our success is our unwavering commitment to ethics, values and integrity. Through these, we earn the trust and confidence of our stakeholders.

ENHANCING CLINICAL TRIAL TRANSPARENCY

EARLY IN 2014, WE PROVIDED EXTERNAL RESEARCHERS ACCESS TO THE DATA BEHIND OUR CLINICAL TRIAL RESULTS.

Clinical trials offer hope for patients and an opportunity for researchers to advance therapies for the future. In 2013, we developed a **clinical trial site** for patients and healthcare providers that provides easy-to-access information on our studies that are enrolling patients, as well as answers to questions and concerns. This resource is an important step forward in providing patient information, enhancing patient recruitment efforts and reinforcing Merck's leadership in clinical trials and clinical trial disclosure.

Early in 2014, in keeping with our commitment to the EFPIA and PhRMA guiding principles on data sharing, we introduced an **automated system** that enables external researchers to request access to the detailed data behind our clinical trial results to support their scientific research.

STRENGTHENING ETHICAL BUSINESS PRACTICES

100%

OF ALL DIRECTORS, OFFICERS AND MANAGERS COMPLETE AN ANNUAL CERTIFICATION INDICATING COMPLIANCE WITH THE CODE OF CONDUCT AND CORPORATE POLICIES.

The Merck Code of Conduct, called ***Our Values and Standards***, is considered to be the foundation of our company's success. These values and standards apply worldwide, wherever our company does business. In 2013, we introduced a required annual refresher course on the Code of Conduct, through which employees are asked to apply their understanding of the Code to hypothetical business situations. Through training, we reinforce employee awareness of our values and standards, as well as a variety of topics, such as privacy, preventing discrimination and harassment, and preventing corruption and bribery.

An important component of Merck's corporate compliance program is its annual ethics and policy certification. This annual review process requires all directors, officers, managers and other selected employees to certify compliance with the Code of Conduct, corporate policies on ethical business practices, antitrust law compliance, and insider trading policies.

ADVANCING PRIVACY ACCOUNTABILITY

WE ARE THE FIRST HEALTHCARE COMPANY TO BE CERTIFIED UNDER THE ASIA PACIFIC ECONOMIC COOPERATION CROSS-BORDER PRIVACY RULES (APEC CBPR) SYSTEM.

Through our comprehensive privacy program, we ensure accountable privacy and data-protection practices across our business and with our collaborative partners and suppliers. In 2013, Merck's global privacy program was certified under the APEC CBPR system. We are the first healthcare company and the second multinational to achieve this certification.

The APEC CBPR system, launched in 2012, provides a multilateral framework for organizations to ensure protection of personal information transferred among participating APEC economies in a way comparable to how the Safe Harbor Framework provides protection of personal data transfers from European Economic Area countries to the U.S.

[Learn more.](#)

KEY PERFORMANCE INDICATORS

ETHICS & TRANSPARENCY	2011	2012	2013
Employees trained on our Code of Conduct	90%	92%	99%
Substantiated allegations to concerns/issues raised	65%	60%	58%
Reported concerns regarding privacy practices, breaches of privacy, and losses of personal data and devices that were substantiated ¹	68%	23%	26%

¹ Privacy concerns include all concerns escalated to the Merck Privacy Office about the company's privacy practices. Substantiated concerns are those that are determined to be inconsistent with Merck privacy standards or that involve the loss of, theft of or unauthorized access to personal data.

FORWARD-LOOKING STATEMENT

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. These statements are based upon the current beliefs and expectations of Merck’s management and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of pharmaceutical industry regulation and healthcare legislation in the U.S. and internationally; global trends toward healthcare cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; Merck’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of

Merck’s patents and other protections for innovative products; and the exposure to litigation, including patent 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 2013 Annual Report on Form 10-K and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).