

Impact Report 2022/2023 Summary of Progress



For our full Impact Report, please [click here](#).



“Sustainable value creation is core to how we do business as we work to advance global health, apply innovative science and ultimately protect and improve the health of people and animals through the development and delivery of medicines, vaccines and technology solutions. We are passionate about this work and committed to making a positive difference for patients and the world while driving strong business outcomes.”

Robert M. Davis
Chairman and Chief Executive Officer

Our priority topics

Understanding and prioritizing the issues that matter most to our business and stakeholders enables us to focus, act and report on them effectively and transparently. Our ESG materiality assessment process helps us to focus on potential business risks and opportunities that influence our ability to create value. It helps us determine where we should be prioritizing our efforts in order to maximize the benefit for our stakeholders, our Company and the world.



Access to Health

- Access to health care and medicine
- Equity and affordability
- Product safety and quality
- Public health risks



Employees

- Employee diversity and inclusion
- Employee health and safety
- Talent management



Environmental Sustainability

- Climate change risks and management



Ethics & Values

- Ethical corporate behavior
- Privacy and data security

Key highlights

>500 million

People reached in 2022 with our innovations across commercial channels, clinical trials, access strategies, and medicines and vaccines donations¹

>189 million

People enabled around the world to access our innovative portfolio through access strategies, solutions and partnerships, exceeding original goal of enabling 100 million more people by 2025²

10 points

Allocation (out of 100) to sustainability metrics tied to our Access to Health and Employees focus areas in our 2023 Company Scorecard, which impacts annual incentive pay for executives and the majority of our global employees

Net zero

In 2023, our Company made a commitment to the Science Based Targets initiative (SBTi) for our greenhouse gas (GHG) emissions across our global operations (Scopes 1, 2, 3)



Our approach







For more than 130 years, we've been dedicated to operating responsibly and creating value for society. That commitment is one of our ongoing strengths and core to our business, which is why operating responsibly is part of the foundation of our Strategic Framework, denoting our commitment to enable a safe, sustainable and healthy future for people and communities.

Operating responsibly is a fundamental part of our strategic framework

Our Strategic Priorities

- Invest in, augment, and accelerate our pipeline to deliver life-changing products
- Demonstrate value to our stakeholders and extend access to solutions that address unmet medical needs
- Drive innovation and productivity enabled by digital and data
- Invest in the growth, success and well-being of our people

Our Ways of Working

-  Win as one team
-  Focus on what matters
-  Act with urgency
-  Experiment, learn and adapt
-  Embrace diversity and inclusion
-  Speak up and be open-minded

Our Values

-  Patients First
-  Ethics and Integrity
-  Respect for People
-  Innovation and Scientific Excellence

We operate responsibly every day on behalf of society, shareholders and all our stakeholders to enable a safe, sustainable and healthy future for people and communities everywhere.

Our Purpose

We use the power of leading-edge science to save and improve lives around the world

Our Aspiration

We aspire to be the premier research-intensive biopharmaceutical company

Our focus areas, goals and performance

We are driving progress by setting ambitious goals across four focus areas that matter most to our Company and create value for our stakeholders:



Access to Health

Goal

Further advance health equity by reaching 30 million people in low- and middle-income countries (LMICs) and in U.S. underserved populations with our social investments, by 2025.^{2,3} (number of people in millions)

Reach at least 75% of countries around the world annually with our products.⁴

Enable 100 million more people to access our innovative portfolio globally, through access strategies, solutions and partnerships, by 2025.⁵ (number of people in millions)

Progress

2022	Total
18.6	33.6
76%	
189.2	



Employees

Goal

Increase representation in senior management roles⁶, by 2024:

Women globally to 40%, up from 31% in 2020.

Black/African Americans in the U.S. to 10%, up from 3% in 2020.

Hispanics/Latinos in the U.S. to 10%, up from 5% in 2020.

Maintain or exceed our current inclusion index score, by 2025.⁷

Maintain or exceed our current employee engagement index score, by 2025.⁷

Progress

2022
34%
6%
8%
On track
On track



Environmental Sustainability

Goal

Reduce our operational greenhouse gas (GHG) emissions (i.e., Scopes 1 & 2) 46% by 2030, from a 2019 baseline.⁸

Achieve carbon neutrality across our operations by 2025 (Scopes 1 & 2 emissions).⁸

Source 100% of our purchased electricity from renewable sources by 2025.⁹

Reduce our value chain (Scope 3) GHG emissions 30% by 2030, from a 2019 baseline.¹⁰

Progress

2022
9% reduction
In progress. Any remaining emissions will be offset with high-quality offsets in 2025.
45%
6% increase



Ethics & Values

Goal

Foster a “Speak Up” culture by maintaining or exceeding our current percentage of employees responding favorably to the “Willingness to report” question in the Pulse survey as an annual average.^{11,12}

Maintain 100% compliance to regulatory requirements for active incident monitoring, risk/harm analysis and on-time notification of data breaches.¹³

Progress

2022
On track
100% compliance maintained



Indicates that multi-year target was achieved before the goal date and a new, expanded target has been set.

Select awards and recognition

We're proud that our longstanding commitment to drive responsible actions across the business has received external recognition as we strive to manage ESG-related risks and create value for our Company, society and our stakeholders.

Barron's

Top 100 Most Sustainable U.S. Companies

#29 overall and #1 in the sector (2023)

Newsweek & Statista

America's Most Responsible Companies list

#4 overall and #1 in the sector (2023)

Investor's Business Daily

100 Best ESG Companies

#9 overall and #1 in the sector (2022)

3BL Media

100 Best Corporate Citizens

#6 overall and #1 in the sector (2022)

Fortune

Recognized on the Change the World list for the third time in five years for our work to expand access to medicines (2022)

JUST Capital

America's Most JUST Companies

#26 overall and #1 in the sector (2023)

Human Rights Campaign

Recognized on the Best Places to Work for LGBTQ+ Equality list for receiving a 100% rating (2022)

Latino Leaders Magazine

One of 30 companies on the Best Companies for Latinos to Work list (2022)

Seramount

One of 75 companies on the Top Companies for Executive Women list (2022)



¹ This people reached metric estimates the number of people who have received an MSD product through commercial, clinical trials, voluntary licensing and donations channels. Donations include people reached with products through the MECTIZAN Donation Program, U.S. Patient Assistance Programs, and the MSD Medical Outreach Program. Sources of data are MSD and third-party data sets that are tracked within an enterprise-wide internal database. The people reached metric for all sources is calculated as doses sold divided by the average dose schedule for a given market in a given year. People taking multiple products may be counted as multiple people towards the total estimate. In some instances, this estimate may include people enabled to access our products through access strategies, solutions and partnerships, which are calculated as part of our goal to enable access to our innovative portfolio (see page 10 of the full Impact Report). The people reached metric does not include people reached through social investments, which are calculated as part of our goal to further advance health equity for underserved populations (see page 10 of the full Impact Report).

² Social investments include our Company's philanthropic partnerships, programs and impact investments. Underserved populations are defined as those that face health disparities due to disadvantages related to insurance status, social determinants of health, race, ethnicity, gender identity/sexual orientation, age and/or language preference. The goal is cumulative across the reporting period of 2021-2025, and is independent of a baseline period.

³ Third-party reporting is used to calculate the number of people reached through our social investments. In some cases, third-party reports may include cumulative people reached for the reporting period, and/or data that is attributable to other partners as well as our Company's philanthropic investment.

⁴ Countries are as defined by the World Bank Country and Lending Groups. Includes only human health products.

⁵ Metrics contributing to this goal are displayed on an annual basis and provide information on the number of people who now have the option to access medicines and vaccines as a result of our sustainable access strategies, solutions and partnerships, including our commitment to Gavi and UNICEF (rather than doses shipped), collaborations to optimize resources in health systems, expanded financial coverage through insurance, and new community-based channel partnerships in LMICs. "Innovative portfolio" of products refers to our Company's on-patent products. "Enable more people" is defined as implemented and launched in market and will be in comparison to the baseline (2020) as of 2025. Evidence for metrics are sourced from the best publicly available data and proxy sources by market. While proxies differ by market, all methodologies are evaluated and represent the best estimate of people enabled to access our innovative portfolio through access strategies, solutions and partnerships (see page 19 of the full Impact Report for additional information). People who were enabled to access innovative medicines and vaccines did not necessarily receive such innovative medicines and vaccines.

⁶ "Senior management roles" are defined as individuals holding either vice president or senior vice president titles.

⁷ In 2022, we revised employee survey measurements to align with evolving best practices. In this report, 2022 data is used as the baseline for future comparison.

⁸ Scope 1 greenhouse gas (GHG) emissions are direct emissions from owned or controlled sources such as on-site fuel combustion and fleet vehicles. Scope 2 GHG emissions are indirect emissions from the generation of purchased energy consumed by the reporting company.

⁹ We have defined "purchased electricity" as electricity sourced from external suppliers as well as renewable electricity that was generated and utilized onsite where we retained the renewable attributes or where we have obtained renewable attributes through contract.

¹⁰ Scope 3 GHG emissions include all other indirect emissions in a company's value chain.

¹¹ Favorable response indicates the percentage of respondents who respond "yes" to the question stating, "I am willing to report employee misconduct and potential ethics or compliance issues."

¹² In 2021, we developed the "Willingness to Report" question referenced in footnote 11 to align with evolving best practices. This question was first included in the Pulse survey in March 2022, and 2022 data will be used as the baseline for future comparison.

¹³ Regulatory requirements differ by region.

Copyright © 2023 Merck & Co., Inc., Rahway, NJ, USA, and its affiliates. All rights reserved.

Forward-looking statement

This publication of Merck & Co., Inc., Rahway, NJ, USA (the "Company") includes "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline candidates that the candidates will receive the necessary regulatory approvals or that they will prove to be commercially successful. 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 the global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the Company'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 the Company's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The Company 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and the Company's other filings with the Securities and Exchange Commission (SEC) available at the SEC's Internet site (www.sec.gov).

No duty to update

The information contained in this publication was current as of the date presented. The Company assumes no duty to update the information to reflect subsequent developments. Consequently, the Company will not update the information contained in this publication and investors should not rely upon the information as current or accurate after the presentation date.

Merck & Co., Inc.
126 East Lincoln Avenue
P.O. Box 2000
Rahway, NJ 07065 USA
MSD.com

Merck & Co., Inc., Rahway, N.J., U.S.A., is known as MSD outside the United States and Canada.