



CORPORATE RESPONSIBILITY

2014 EXECUTIVE SUMMARY



ABOUT US

We are committed to improving health and well-being around the world. From developing new therapies that treat and prevent disease to helping people in need, we are guided by a rich legacy and inspired by a shared vision.

Our core values are driven by a desire to improve life, achieve scientific excellence, operate with the highest standards of integrity, expand access to our products and employ a diverse workforce that values collaboration.

We're applying our scientific excellence, financial strength and global reach to do more of what we're passionate about: improving health and improving lives.



access to health



environmental sustainability



employees



ethics and transparency

Note: Merck & Co., Inc., Kenilworth, NJ, USA operates as Merck Sharp & Dohme (MSD) outside of the U.S. and Canada. On October 1, 2014, the company divested its Consumer Care segment (MMC), which developed, manufactured and marketed over-the-counter foot care and sun care products.

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ACCESS TO HEALTH

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In 2014, we received approval for seven products.

A HEALTHY PLANET IS ESSENTIAL TO HUMAN HEALTH

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ENVIRONMENTAL SUSTAINABILITY

CORPORATE RESPONSIBILITY

Corporate responsibility 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.

These commitments help us to deliver long-term returns by pursuing opportunities where the need is great and where we have unique capabilities to make a real difference in people’s lives.

Through innovative research, groundbreaking partnerships and smarter processes, we are focusing on four priority areas: Access to Health, Environmental Sustainability, Employees and Ethics & 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 information from our comprehensive 2014 online corporate responsibility report, MerckResponsibility.com, in which you can find detailed information on our performance, programs and activities, and the commitments we have identified as most relevant to our business and key stakeholders.

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EMPLOYEES

8,000

In 2014, more than 8,000 employees were part of an Employee Business Resource Group.

WE ARE COMMITTED TO DISCOVERING BETTER WAYS TO BUILD AND STRENGTHEN TRUSTED RELATIONSHIPS

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ETHICS & TRANSPARENCY

MESSAGE FROM OUR CEO

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.



Kenneth C. Frazier
Chairman and Chief Executive Officer

At MSD, corporate responsibility is reflected in every part of our company and through the work of every employee. Our company leaders worldwide incorporate, practice and reinforce the principles of corporate responsibility in all of their daily activities. Corporate responsibility is both a beacon and a mindset, grounding our operating principles and guiding our commitment to expanding access, operating ethically, engaging our employees and protecting the environment.

As a biopharmaceutical company, we firmly believe that the best way to

create intrinsic, long-term value for both society and our shareholders is through the discovery and development of transformational medicines and vaccines. Our success—and our future—are predicated on what has long defined our company: innovating at the intersection of scientific opportunity and unmet medical need. We intend to stay at the forefront of biopharmaceutical science and remain committed to making meaningful impact on the lives of patients while delivering value for our customers and shareholders.

Through our pipeline and commercial portfolio, we are focused on many of the world's most vexing and urgent health challenges, and are poised to play a leading role in addressing them. Accordingly, our commercial and research priorities are highly aligned with the current and projected global burden of disease as defined by the World Health Organization (WHO). This includes the increasing need for new therapies targeted to historically difficult-to-treat diseases such as hepatitis C and antibiotic-resistant infections.

In 2014, we received approval for seven products, including GARDASIL®9 (Human Papillomavirus 9-valent Vaccine, Recombinant) and BELSOMRA® (suvorexant). We now have more than 10 Phase III programs that target many of the world's most urgent public health issues, and our scientists are engaged in the most innovative areas in biomedical research today, including:

Immuno-oncology—the science of using the body's own immune system to fight cancer. KEYTRUDA® (pembrolizumab), the first anti-PD-1 treatment approved in the U.S. for advanced melanoma, is now being studied in over 30 cancers in more than 20 combination settings.

Chronic hepatitis C infection—a disease epidemic that the WHO estimates is now affecting as many as 130 to 150 million people globally. Our investigational, combination HCV therapy has shown high virologic cure rates across a broad range of patient types, including many with harder-to-treat disease and various complicating co-morbid conditions.

Cardio-metabolic disease—the number-one cause of death globally. Our investigational medicine called anacetrapib is being studied to determine if it can further reduce certain cardiovascular risks.

Alzheimer's disease—a condition that afflicts more than 36 million people globally. This number is projected to double almost every 20 years, skyrocketing to more than 115 million people by 2050 and costing the U.S. in excess of \$1 trillion dollars.

Antibiotic resistance—the growing worldwide challenge of so-called "superbugs" that are developing resistance to common antibacterial

and antifungal treatments. These infections are increasingly causing serious illness and even death. Some estimates place the growing worldwide cost of these superbugs at more than \$100 trillion dollars by the year 2050. Earlier this year, we completed our acquisition of Cubist, a biotechnology company with a history of developing and commercializing products for use in the hospital setting, particularly in the areas of infectious diseases and antibiotic resistance. The combined portfolios of our organizations are complementary, with each bringing important expertise and capabilities.

Emerging global pandemics—

including the fight against Ebola. Our investigational Ebola vaccine developed with our partner NewLink Genetics is in three large-scale clinical trials in some of the hardest-hit countries in West Africa, including Guinea, Liberia and Sierra Leone.

Through our scientific innovation in these and other areas, we intend to play a major role in transforming global healthcare. Yet we also believe that to truly make a difference, we need to bring the best of our company—including our scientific, business and creative expertise—to bear to enable those innovations to reach patients who need them.

For example, *MSD for Mothers*, our company's 10-year, \$500 million initiative, is fostering the next generation of solutions to reduce maternal deaths worldwide. Through partnerships with local, on-the-ground organizations all around the world, our programs have helped develop quality maternal healthcare and family planning services for an estimated 3.5 million women in 30 countries in just 3.5 years. And with our partners in Uganda and Zambia, we've seen maternal mortality ratios in targeted areas fall by 30 percent and 35 percent, respectively. There remains much more work to do, but we remain committed to our vision of a world where no woman dies giving life.

We are also making progress in supporting our employees, protecting the environment, and building our relationships with the communities in which we work and live. And we continue to build the trust and confidence of our stakeholders by embodying ethics and transparency in everything we do.

Our company has a long history of environmental stewardship, and we realize that our strategy and efforts need to evolve in order for us to operate in an increasingly resource-constrained world. To advance in that effort, we have identified the issues that are important to our business and our stakeholders so that we can prioritize them for action. We have focused our Environmental Sustainability Strategy on improving the efficiency of our operations, designing for the environment, and reducing the impacts and risks in our value chain. For example, during 2014, we used 7.2 billion gallons of water versus the 9.0 billion gallons used in 2009, a 20 percent reduction.

We are proud of the progress being made in developing a 21st-century workforce that includes the world's top, diverse talent and that is driven by the desire to apply cutting-edge science to develop effective medicines and vaccines that save and improve lives around the world. Our 10 Employee Business Resource Groups (EBRGs), with about 8,000 members, are a testament to our commitment and proof that inclusion drives success. In 2014, we received a Special Award from *DiversityInc* for the important role these EBRGs play in impacting our business. This national award recognizes the company's innovation in driving business performance through the EBRGs by cultivating the diversity of our talent, enhancing our corporate responsibility and creating new, innovative business insights linked to our company's business agenda.

We believe in the dignity of every human being and in respecting individual rights. The company has established global policies and processes to demonstrate this respect, including our global Public Policy on Human Rights and our

global Code of Conduct, *Our Values and Standards*, which reaffirms our commitment to scientific excellence, ethics and integrity. We are committed to reporting on our progress, and through this report and our ongoing activities, we confirm our commitment to support the 10 universally accepted principles of the UN Global Compact.

We will continue to listen to and engage with our stakeholders globally to benefit from broader perspectives and to share our own. And we will continue to respond in ways that help bring our new products to more people and sustain our business.

We are proud of our achievements, and are motivated by the vision and energy of the partners we work with to make these advances possible. But we recognize, in view of the growing needs of people around the world, that we can never be content with the status quo.

The challenges the world faces continue to be more complex to address, but also more costly to ignore. In light of these challenges, we are poised to be bold, flexible and innovative in our efforts to address them. I firmly believe that our company is, and will continue to be, a positive force for change in the world.

Sincerely,



Kenneth C. Frazier

Chairman and Chief Executive Officer
MSD

September 2015

MATERIALITY ASSESSMENT

In 2014, we completed a formal corporate responsibility (CR) materiality assessment with support from Business for Social Responsibility (BSR) to understand our economic, environmental and social impacts, to identify stakeholder expectations regarding our performance, and to help further refine a corporate responsibility approach that aligns with the company's business strategy. Based on feedback from stakeholders and the company's own analysis, we validated our four fundamental focus areas:

- Access to Health
- Environmental Sustainability
- Employees
- Ethics & Transparency

From a list of hundreds of potential CR material issues, we identified 42 to test with internal and external stakeholders. Internally, we engaged with senior executives from key functional areas and business units. Externally, we engaged more than 30 stakeholder groups that represented a cross section of advocacy interests, including on-the-ground implementation partners, socially responsible investors, environmental NGOs, public health advocates and health providers.

Stakeholders were asked to rank the list of 42 CR material issues and impacts, assess our company's performance on these priority issues, and share their expectations related to strategy, reporting and stakeholder engagement.

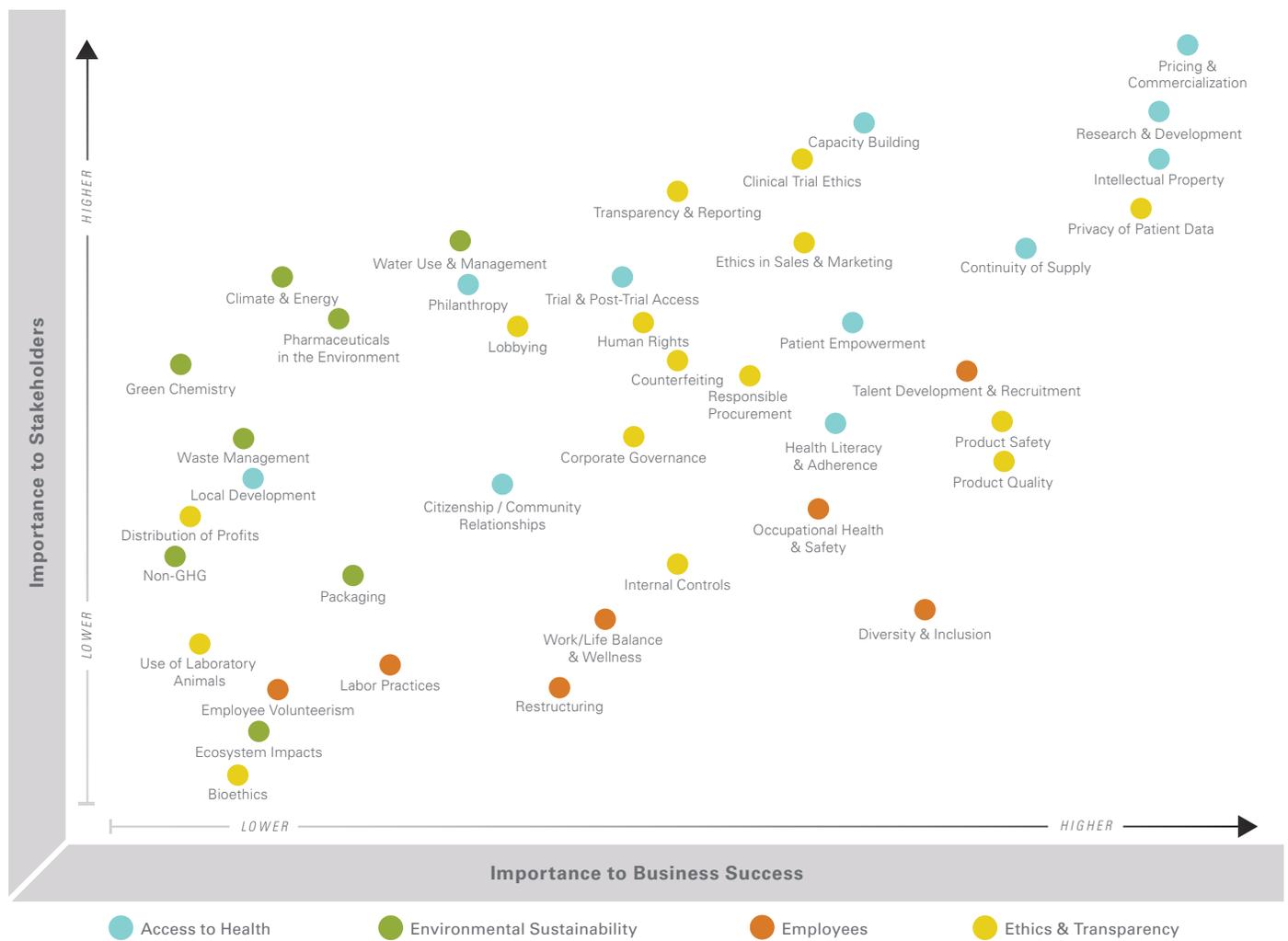
The results were mapped to show the relative importance of each issue. Internal input was plotted on the x-axis, corresponding to "Importance to Business Success," and external input was plotted on the y-axis, corresponding to "Importance to Stakeholders."

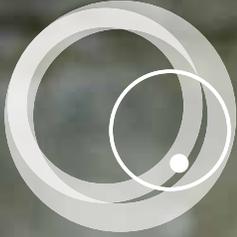


TAKING CR MATERIALITY FORWARD

Having concluded our 2013–2014 materiality assessment, we are well-positioned to further refine our corporate responsibility framework and increase our commitment to sustainable development through ambitious goals, metrics and programs. We plan to engage stakeholders on an ongoing basis to support this journey and help us deliver greater value to society and to our business. Going forward, our reporting will be more closely aligned with the GRI G4 guidelines on the basis of the top issues identified during the CR materiality assessment process.

CR MATERIALITY ASSESSMENT RESULTS





ACCESS TO HEALTH

We are committed to discovering smart, sustainable ways to expand global access to healthcare.



Millions of people worldwide are living longer, healthier, more productive lives today thanks, in part, to better healthcare and access to innovative medicines and vaccines. At the same time, it is unacceptable that the vast majority of people around the world are unable to benefit from these advances in medicines and healthcare.

ACCESS TO HEALTH GUIDING PRINCIPLES

Our Access to Health Statement of Guiding Principles provides a framework to help us make progress across our entire business, from R&D and supply chain to commercialization and investment in local infrastructure. The principles focus our work in five areas:

Research & Development to provide medicines and vaccines that address vital global health needs

Manufacturing & Supply to ensure a high-quality and reliable supply of medicines and vaccines

Registration to bring medicines to patients in a timely fashion

Commercialization to develop our business while meeting local needs

Community Investment to address barriers to access where we believe we can make the strongest contribution

As a global healthcare company, we believe 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 around the world.

Barriers to quality care and medical treatment—such as a lack of trained healthcare professionals, weak infrastructure, civil strife and a shortage of safe water in many parts of the world—make even basic healthcare delivery difficult at best, and these challenges go well beyond what we can directly address alone.

We believe our role is to work in partnership with others—local communities, governments, donors, patient organizations, healthcare professionals, nongovernmental organizations (NGOs), multilateral organizations and others in the private sector—to contribute our resources, expertise and knowledge.

We also have an important role to play through our public policy and outreach efforts to advocate for changes that will improve access.

Access to Health is one of our company's five [core values](#), and our approach to access supports the company's [mission](#) to discover, develop and produce innovative products and services that save and improve lives around the world. We also believe that expanding access is a business imperative for optimizing and sustaining our business over the long term.

Throughout 2014, we achieved measurable progress in our multiyear transformation announced in 2013 to become more innovative and competitive. Elements of that transformation include advancing major pipeline candidates—including KEYTRUDA® (pembrolizumab), our breakthrough cancer therapy—as well as completing business development activities and securing first-in-class product approvals. Throughout this section, we highlight some of the ways we are helping to expand access by:

- Sharpening scientific innovation and strengthening our pipeline through a research and development (R&D) focus based on scientific opportunity, medical need and commercial potential; and

Our products and research priorities align with the current and projected global burden of disease as defined by the World Health Organization (WHO), as well as with the increasing need for new therapies targeted to treatment-resistant diseases.

- Magnifying the impact of initiatives to improve access through collaboration with local communities, governments, donors, patient organizations, healthcare professionals, NGOs, multilateral organizations and others like ourselves in the private sector.

FOCUSING ON SCIENTIFIC INNOVATION

Our company is committed to addressing unmet medical needs by advancing our most promising research and clinical developments to develop new medicines and vaccines that will make a meaningful difference in patients' lives.

In 2014, we received approval for seven products, including GARDASIL®9 (Human Papillomavirus 9-valent Vaccine, Recombinant), which can help prevent 90% of cervical cancers caused by HPV.

In 2014, these advances included progress in areas of breakthrough science that target many of the world's most urgent public health issues, such as immuno-oncology, which uses the body's own immune system to fight cancer; hepatitis C; cardio-metabolic disease; resistant microbial infection; and Alzheimer's disease. We also strengthened our pipeline by advancing a number of late-stage clinical research collaborations, including entering into an exclusive worldwide licensing agreement with NewLink Genetics to research, develop, manufacture and distribute its investigational Ebola vaccine candidate.



An estimated
350,000
to
500,000
people worldwide die
each year from hepatitis
C-related liver diseases.

DEVELOPING INNOVATIVE MEDICINES FOR THE TREATMENT OF INFECTIOUS DISEASES

We have a long-standing commitment to discovering, developing and delivering novel medicines in the global fight against infectious diseases. About one in four deaths worldwide is caused by infectious and/or parasitic diseases—totaling nearly 15 million fatalities each year.

We have a long history of both in-house research and engagement with external partners to address infectious diseases, and we continue to seek new ways in which we can contribute expertise and resources to these disease areas.

We apply our R&D resources, expertise and technology to identify potential products that would address unmet needs in the treatment of infectious diseases, such as HIV, the hepatitis C virus (HCV) and drug-resistant bacteria. We are also involved in a number of product-development partnerships and research collaborations to further develop treatments to address these diseases, as well as neglected tropical diseases (NTDs) and tuberculosis (TB).

EXPANDING ACCESS TO HCV TREATMENT

Hepatitis C is a critical area of unmet medical need and a research priority for our company. The WHO estimates that 3 percent of the world's population may be infected with HCV and that as many as 170 million people may be chronically infected and at risk of developing liver cirrhosis and/or liver cancer. For nearly three decades, we have helped to make a difference through our commitment to scientific innovation, multi-sector collaborations and efforts to expand access to HCV treatment.

While new treatments are available, with promising success rates, developing HCV therapies has been a challenge, largely because the virus is genetically

diverse. This means that one person's infection may be quite different from another's. This underlines the importance of our recent efforts to strengthen our robust clinical development program by researching our compounds in all HCV genotypes and in combination with other anti-HCV agents.

ENHANCING ACCESS TO HCV TREATMENT IN EMERGING MARKETS

We recognize that scaling up efforts to fight HCV globally will require partnerships—between governments, donor organizations, policy makers, advocacy groups, NGOs and the private sector—to build a framework for promoting awareness, prevention and treatment of viral hepatitis, especially among populations most at risk for chronic HCV. We remain committed to applying our scientific expertise, resources and global reach through new and existing partnerships to deliver healthcare solutions that support people living with HCV worldwide. Our work in Punjab, India, through *Project Sambhav* (Making It Possible), is one example.

Recognizing HCV's high prevalence, high cost burden and challenges of adherence, MSD in India initiated *Project Sambhav* to educate patients and their

families about HCV and help manage the cost of treatment. MSD in India provides counseling to help educate patients about treatment, adherence and transmission prevention. It also subsidizes financing for treatment for eligible patients, providing zero-interest, no-collateral loans as well as disease management options. Throughout 2014, the program expanded to 11 cities across four states. More than 200 treatment centers have participated in the program and nearly 1,000 patients, representing 30 percent to 40 percent of patients treated in these states, were part of the program.

within a sustainable framework—one that allows ongoing research, development and distribution of innovative vaccines that address important unmet health needs.

The recent Ebola epidemic, first reported in 2014, is the largest Ebola crisis in history, and it has taken a devastating toll on affected countries in West Africa. Though in some areas the outbreak is declining, the virus has the potential to spread to other parts of Africa and beyond. Eliminating the outbreak at its source in West Africa is a critical international health priority.

In 2014, we strengthened our vaccination pipeline, entering into a partnership with NewLink Genetics to research, develop, manufacture and distribute a promising investigational Ebola vaccine candidate. The vaccine was originally developed by investigators at the Public Health Agency of Canada.

Our partnership with NewLink Genetics, and with a wide range of public sector partners, represents a novel model of collaboration and an unprecedented response in West Africa to a global health crisis.

In addition to our agreement with NewLink Genetics, we have contributed both financial and product donations in support of Ebola-relief efforts, including funding to support the transport of medical supplies to the West African region and to help develop a strategy to stop the spread of the Ebola virus and prevent future outbreaks. In addition to cash support, we sent two infectious disease experts to Sierra Leone as part of a field assessment team assembled by Project Hope; partnered with International Medical Corps to build, staff and provide training on effective Ebola isolation units and referral systems in Liberia; and provided product donations to support the overall health of the population in the affected region.



EBOLA VIRUS DISEASE

“The story of the Ebola virus disease is still unfolding, and we have more to learn. But what we do know for sure is that outbreaks of infectious diseases will continue to happen. Emerging infections are a persistent threat, and we cannot predict exactly when and where they will occur. We must remain vigilant and continuously invest in preparing for them.”

—**Julie Gerberding, M.D., M.P.H.**, Executive Vice President, Strategic Communications, Global Public Policy and Population Health, MSD

THE EBOLA OUTBREAK

Vaccines are one of the most valuable health innovations in modern times, according to the WHO, the U.S. Centers for Disease Control and Prevention (CDC), and other leading health authorities. We are committed to increasing population vaccine coverage and achieving the broadest possible access to our vaccines

ANIMAL HEALTH

Our global Animal Health business is dedicated to preserving and improving the health, well-being and performance of animals by offering veterinarians, farmers, pet owners and governments one of the widest ranges of veterinary pharmaceuticals, vaccines, and health management solutions and services in the world.

In May 2014, the U.S. Food and Drug Administration approved BRAVECTO™ (fluralaner) chewable tablets for dogs. It is the first and only treatment that has been shown to quickly and effectively kill fleas and multiple tick species for 12 weeks in a single dose.



EXPANDING PRODUCT AVAILABILITY AND AFFORDABILITY

Getting our medicines to the people who need them requires that we bring products to market in ways that meet local needs in a responsible and efficient manner. We often price our products through differential-pricing frameworks, taking into consideration levels of economic development, channels and public health needs. Within countries, we have used innovative strategies for differential pricing and approaches that allow for greater flexibility in reaching at-need segments, and for pursuing partnerships with private, government and nonprofit resources and distribution channels.

IMPLANON ACCESS PROGRAM

In February 2014, the South African Ministry of Health announced it would make IMPLANON NXT® (etonogestrel implant) available free of charge to all women, regardless of their socio-economic status, as part of what the health minister called “the biggest family planning program South Africa has ever seen.”

- We made IMPLANON NXT available through the IMPLANON® Access Program at its lowest access price.
- Together with the South African government, we conducted training for more than 70 “master trainers” across all provinces, and deployed four registered nurses to offer additional training through more than 40 training events that reached an estimated 400 healthcare providers.

Currently, we have differential pricing for 35 of our products, and 114 countries have implemented inter- or intra-country pricing for at least one of our products. Our increased efforts to expand overall access to our medicines allowed us to surpass in 2014 our 2016 target of at least 30 products supported by differential pricing. Significant contributions to our efforts include our initiatives in expanding innovative concession program offers for our hepatitis C virus and Women’s Health product portfolio in low- and middle-income markets, and renewal of our PAHO agreement supported by additional price concessions covering several of our vaccine products.

EMPOWERING PATIENTS THROUGH IMPROVED HEALTH LITERACY

Patients should be empowered to manage disease through a better understanding of treatments and the medicines prescribed. Health literacy is a critical factor in this understanding. When people receive accurate, easy-to-use information about a health issue, they are better able to take action to protect and promote their health and wellness.

Inadequate health literacy is a serious challenge to improving health outcomes around the world, and our commitment to advancing health literacy is fundamental to how we do business.

At a time when patients and family members are increasingly involved in their own care, clear communication at every point along the patient journey, from researching symptoms to seeking diagnosis to managing disease, is a crucial adjunct to the medicines we discover.

Our U.S.-only consumer-engagement platform provides unbranded health-literacy content in support of our pharmaceutical and vaccine brands. This multichannel health and wellness program is designed to improve engagement and adherence and help consumers strive to meet their goals for a healthy lifestyle, and provides a

platform to educate patients on real-time health-related issues.

In 2014, we launched an interactive guide called [Know Your Health Insurance](#) to support consumers when they are making decisions about how to purchase and use health insurance. The guide builds on the 2013 Institute of Medicine Health Literacy Roundtable discussion paper “Let’s Ask 4: Questions for Consumers and Providers about Health Insurance.” *Know Your Health Insurance* uses responsive design technology, so consumers can view the guide on a PC, smartphone or tablet, and it is available in Spanish.

Low health literacy is a major source of economic inefficiency. The burden to the U.S. economy has been estimated at between

\$106B

and

\$238B

annually, or between 7% and 17% of all personal healthcare expenditures.¹

Throughout 2014, we advanced several additional health-literacy initiatives globally. For example, in partnership with Northwestern Medicine, Walgreens and Alliance of Chicago community health centers, we collaborated on a study to understand the most effective way to provide clear instructions on prescription-medicine labels so patients are less likely to make mistakes and overcomplicate the taking of their daily medications.

¹ [Vernon, et al. Low Health Literacy: Implications for National Health Policy. The National Patient Safety Foundation. October 2007.](#)

In 2014, the required support systems were completed and the personnel trained, with patient enrollment beginning in January 2015. This study will follow 600 patients living with diabetes and/or hypertension for one year. It will test whether prescribing medications to be taken at four standard intervals—in the morning, at noon, in the evening and at bedtime—improves patients' understanding and proper use of medications, and if this leads to better management of chronic disease.

In Europe, we engaged with various stakeholders, such as the European Commission and patient, physician, pharmacy and nurse associations, to advance health literacy. As a result, the European Commission launched a study on the impact of health literacy in health outcomes and healthcare expenditure, with results expected to be presented in late 2015. In parallel, the European Commission undertook a Europe-wide survey of more than 26,000 citizens to understand their level of digital health literacy.

MSD FOR MOTHERS

We are committed to helping ensure women and their families around the world have every chance possible to live healthy, happy, fulfilling lives. *MSD for Mothers* is our company's 10-year,

\$500 million initiative focused on creating a world where no woman dies giving life.



We are investing in programs that have a high potential for lasting impact, working in close collaboration with more than 75 implementing partners. In 2014, our third year, *MSD for Mothers* improved access to quality maternal healthcare and family planning services for an estimated 3.5 million women through more than 50 projects in 30 countries.

In **Uganda**, we have partnered with Population Services International (PSI) and its local affiliate, PACE, on a project called *MSD for Ugandan Mothers (MUM)*. Our goal is to ensure that pregnant women—particularly those in remote and low-income communities—have access to affordable, quality maternal health products and services through the ProFam network of privately owned franchise clinics. The project is also working beyond the clinic setting, helping women overcome common barriers to care, such as cost, transportation and limited supplies. In 2014, *MUM* expanded the ProFam franchise to 140 health facilities in more than 40 districts nationally (covering over a third of Uganda)

and improved access to quality care for an estimated 75,000 women.

Working with our partner in **Senegal** as part of a collaboration with the Bill & Melinda Gates Foundation, we are supporting the scale-up of an innovative supply chain model to eliminate stock-outs of contraceptives at health facilities—a serious barrier to family planning. Family planning is recognized as one of the most cost-effective ways to lower maternal mortality rates—potentially averting one-third of maternal deaths by reducing the overall number of pregnancies and helping women adequately space their pregnancies. In 2014, our partner IntraHealth International increased the availability of contraceptive products in nearly two-thirds of Senegal by reducing total stock-outs to less than 10 percent (from 80 percent) in approximately 1,000 health facilities.

Postpartum hemorrhage is the leading cause of maternal deaths around the world. *MSD for Mothers*, Ferring Pharmaceuticals and the WHO have established a collaboration to develop a new, proprietary formulation of carbetocin used to prevent postpartum hemorrhage, excessive bleeding in women after childbirth, that is designed to be heat-stable—stable even in hot and tropical climates.

To help improve maternal health for moms in **Philadelphia, Pennsylvania, USA**, *MSD for Mothers* is working with Maternity Care Coalition, a local nonprofit organization, to fund the Safe Start MOMobile, a home-visiting program that connects community health workers with at-risk pregnant women to provide health education and support, both during and after pregnancy. This program is one of several that we are supporting in the U.S. to reduce rising maternal mortality rates.



MECTIZAN DONATION PROGRAM

Established in 1987, the MECTIZAN Donation Program (MDP) is the longest-running, disease-specific drug donation program of its kind. For more

than 25 years, the MDP has donated MECTIZAN® (ivermectin) for the treatment of river blindness—one of the leading causes of preventable blindness worldwide. When the program was first created, our company pledged to donate MECTIZAN to all who need it, for as long as necessary, until river blindness is eliminated as a public health problem.

In addition to overseeing MECTIZAN treatment for river blindness, the MDP is part of a collaboration to eliminate another tropical disease, lymphatic filariasis (LF). The MDP expanded to include LF in 1998 in African countries and Yemen.

The MDP continued to make steady progress in 2014, with Ecuador becoming the second country in the world to be verified by the WHO as being made free from river blindness.

Through the efforts of the MDP partnership, river blindness transmission has been interrupted and treatment stopped in four out of six countries in the Americas. Colombia was recognized as the first, in 2013, and Mexico and Guatemala are next in line to receive WHO verification.

Despite the extraordinary progress over the last quarter-century, more work is needed to continue advancing toward control and elimination targets for river blindness and LF. To support continued progress, the efforts of the MDP align with the WHO's roadmap for NTDs and the London Declaration on NTDs, both of which envision a future free of river blindness, LF and other NTDs.

In 2014, 109.6 million treatments were approved for river blindness (with 71.1 million of those being for both river blindness and LF) and 147 million treatments were approved for LF.

To date, we have invested approximately \$66 million in direct financial support for the MDP, in addition to donating over 1.32 billion and 983 million treatments of MECTIZAN for river blindness and LF, respectively.

DISCOVERING NEW WAYS TO HELP PEOPLE LIVING WITH CANCER

Cancer is a complex disease—and the unmet medical need for new approaches remains high. Cancer incidence is expected to rise by almost 70 percent over the next two decades, and by 2030 it's expected that more than 20 million new cases of cancer will be diagnosed each year across the globe. We are investing significant resources to develop innovative oncology medicines to help people living with cancer worldwide.

For many cancers there have been significant breakthroughs, but 2014 was a breakthrough year for oncology at our company. We advanced our broad and fast-growing immuno-oncology clinical development program across more than 30 different types of cancer, with outstanding results.

Lung cancer is the leading cause of cancer death in men in

87

countries and in women in

26

COUNTRIES.

Our commitment to scientific innovation and our passion to help people fight cancer helped drive KEYTRUDA® (pembrolizumab) from clinical program initiation to FDA approval in fewer than four years.

Melanoma accounts for approximately

5%

of all new cancers in the U.S.

It can spread to lymph nodes and distant organs and is the leading cause of death from skin disease.

In September 2014, KEYTRUDA, our anti-PD-1 therapy, was approved by the U.S. FDA for certain patients with advanced melanoma. Its FDA Breakthrough Therapy designation for patients with certain advanced non-small-cell lung cancer (NSCLC) followed in October.

KEYTRUDA is driving our research efforts to understand the role of the immune system and the PD-1 pathway in cancer treatment. We have more than 100 clinical trials, and today we are seeing robust anti-tumor activity with KEYTRUDA across 13 different cancers. We are moving at an unprecedented pace because we believe we need to do everything possible to help outpace cancer.

The rapid advances we are making with KEYTRUDA reflect our unwavering commitment to pursue breakthrough science to help people with these most challenging diseases.

PROVIDING ACCESS TO KEYTRUDA

We are dedicated to working with health authorities, governments, payors, policy makers and physicians to help enable access to KEYTRUDA.

Even before KEYTRUDA was approved, we provided approximately 4,000 eligible patients around the world with access to the medicine through our Expanded Access Program (EAP) for advanced melanoma. The U.S. EAP for the drug concluded in September 2014 with KEYTRUDA's U.S. FDA approval.

To provide transition assistance for enrolled EAP patients in the U.S., we established a new patient program for oncology. As KEYTRUDA receives approval in other countries, EAP patients will be similarly transitioned.

UNDERSTANDING THE ROLE OF THE IMMUNE SYSTEM IN CANCER

Over the past few years, dramatic progress has been made in understanding the role of the immune system in cancer. Science has identified ways that cancer tumors can evade the immune system via specific pathways, especially the PD-1 pathway. We now know that we can stimulate a patient's immune system to attack a tumor. KEYTRUDA does this by blocking the PD-1 pathway. By deepening our understanding of the science of the PD-1 pathway, we have the potential to unlock the power of the immune system to fight cancer. Through the KEYTRUDA development program, we are committed to improving long-term disease control and survival of people with a wide range of cancers.

"Our company's efforts to provide access to KEYTRUDA have brought new hope to thousands of patients with advanced melanoma around the world who were in desperate need."

—Dr. Michael Rosenblatt
Chief Medical Officer, MSD



KEY PERFORMANCE INDICATORS

ACCESS TO HEALTH¹

	2011	2012	2013	2014
Research & Development				
Top 20 global burdens of illness addressed by our products and pipeline ²	53%	55%	88%	88%
GCP/PV audits by regulatory agencies or clinical trial investigators that led to significant fines, penalties, warning letters or product seizures	0	0	0	0
Established significant external licenses and collaborations ³	52	61	40	35
Narrative of compounds provided to product-development partnerships ⁴	Online	Online	Online	Online
Manufacturing & Supply				
Annual percentage of units manufactured/sold and recalled during a given year (recall rate globally) ⁵	NR	0.19%	0.11%	0.22%
Number of local and regional manufacturing partnerships to enable access ⁶	NA	84	68	104
Number of products available by local and regional partnerships ⁶	NA	34	354	499
Registration				
New product and device registrations ^{7, 8, 9}	179	204	179	176
Local regulatory agency GCP/PV training requests fulfilled that will help strengthen agency capabilities in agencies' GCP/PV-compliance-oversight role ¹⁰	Online	Online	Online	Online
Products submitted that have achieved WHO prequalification (cumulative)	10	10	11	11
Commercialization				
Number of our products that are supported with differential pricing ^{11, 12, 13}	NA	NA	24	35
Number of low- and lower-middle-income countries where inter- and/or intra-country pricing has been implemented ^{11, 14}	NA	NA	70	114
Investment in patient- and provider-education programs ¹⁵	\$97.8M	\$71.4M	\$61.3M	\$52.3M
Community Investment				
Healthcare workers trained through major programs and partnerships ¹⁶	52,000	38,000	22,000	137,000
Investment in partnerships for activities to address underlying barriers to health, such as health-system strengthening and capacity-building ¹⁷	\$35M	\$24M	\$24M	\$32M
People reached through our major programs and partnerships ¹⁸	273M	269M	302M	267M

NA: Not available. NR: Not reported.

- 1 Unless otherwise stated, data for Access to Health are reflective of our Human Health business only; information on our Animal Health business is reported separately.
- 2 As defined by the Institute for Health Metrics and Evaluation (IHME), which replaces the previously used WHO chart of leading causes of disease, condition or injury.
- 3 Candidates in our company's research pipeline or under regulatory review are as of February 20, 2015, as reported in the U.S. Securities and Exchange Commission Form 10-K, page 16, filed on February 27, 2015. This includes candidates in Phase II, Phase III, or under regulatory review as of February 20, 2015. As candidates attain regulatory approval, they are removed from this pipeline view.
- 4 For information on product-development partnerships, visit the "Partnerships" tab at <http://merckresponsibility.com/access-to-health/research-development/#partnerships>.
- 5 Beginning in 2014, this figure includes recalls within our Animal Health business.
- 6 Previously, we reported products available through specific agreements, but we 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 include 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 Our products include HIV treatments, vaccines and other patented products.
- 14 Countries as defined by the World Bank 2013 GNI Classification, including UN-defined Least Developed Countries.
- 15 In 2014, we adjusted the calculation basis for certain grants to ensure alignment with geographic and programmatic focus areas, resulting in refined figures for 2011–2013.
- 16 2014 figure includes healthcare workers trained through the African Programme for Onchocerciasis Control, of which we are a major funder.
- 17 Includes investments by the Office of Corporate Responsibility, *MSD for Mothers* and/or the Merck Foundation, a U.S.-based, private foundation.
- 18 2013 figures have been reconciled to reflect revised field data for the MECTIZAN Donation Program.

Our products and pipeline address

88%

of the top 20 global burdens of illness.¹





ENVIRONMENTAL SUSTAINABILITY

We are committed to discovering environmentally sustainable ways to meet the world's health needs now and in the future.

We know that a healthy planet is essential to human health and the sustainability of our business. This fact drives our efforts to respect and care for the environment in everything we do.

We recognize that climate change could significantly impact global health—and our business. We also understand that the world’s resources are limited, and that over the next few decades the demand for energy, clean water and other natural resources will increase substantially with population growth and economic development.

Our company believes that businesses have a responsibility to use resources wisely and to drive innovations that will enable global development while protecting and preserving the planet. We also understand that our Environmental Sustainability strategy must continuously evolve in order for us to operate in an increasingly resource-constrained world.

We have identified the issues that are important to our business and stakeholders so that we can prioritize them for action, and we are advancing our efforts to fully integrate sustainability concepts into our operations, supply chain, products and packaging business decisions. We also continue to set goals to improve the sustainability of our operations and measure our progress toward them.

ENVIRONMENTAL SUSTAINABILITY STRATEGY

Our Environmental Sustainability Strategy focuses on:

- Efficient Operations:** Reducing our environmental impacts through energy efficiency and water-use-reduction initiatives, as well as efficiently using raw materials and handling our waste
- 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
- Reducing Risks in Our Value Chain:** Understanding the environmental impacts and risks that are upstream and downstream of our own operations; and working to minimize those impacts and risks through collaboration with our suppliers and customers to address our shared needs and interest in more efficient and environmentally beneficial approaches

OUR ENVIRONMENTAL GOALS

Our company has established three goals that align with our business strategy and focus on critical environmental challenges. We believe the actions we are taking to achieve these goals will drive cost reduction, improve efficiencies and lower risk while preparing us to meet the challenges of a world with limited natural resources and a changing climate.

Goal	Target	2014 Progress
 WATER	Driving down our water use by 15% by 2015 and by 25% by 2020 versus a 2009 baseline ¹	20% reduction since 2009
 CLIMATE	Reducing our emissions of greenhouse gases (GHGs) by 15% by 2020 versus a 2012 baseline ²	12% reduction since 2012
 WASTE	Continuing to send less than 30% (by weight) of our operational waste to landfills and incinerators through 2017	23% of operational waste sent to landfills and incinerators without energy recovery

¹ The baseline year of 2009 for water use was originally set in 2010 and was retained when environmental goals were updated in 2014.
² The baseline year of 2012 for GHG emissions was established in 2014 after the previous GHG goal was achieved early.

THE CHALLENGE OF “CHEAP” WATER

While there is often a clear business case for pursuing water-reduction projects, our sites are regularly faced with competing priorities, and water-improvement projects do not always make it to the top of the list. This is due in part to the perception that water is “cheap” compared with other raw materials used in our operations. To overcome this perception, we’ve clarified the connection between the volume of water used, the energy needed to run the pumps that move water around a site, and the cost of that energy.

WATER

Water is critical to the health of people, the planet and our business. As our company grows, our manufacturing networks are expanding into regions of the world where access to clean water is increasingly limited. Even in established markets, our business faces water-related risks due to water scarcity, drought and flooding.

We recognize that scarce resources may have an impact on the water we need for our manufacturing processes and our products. So we work with our facilities around the world to understand water-use patterns and identify opportunities to reduce water intake, improve water quality, and lower the associated energy and treatment costs.



In 2011, we established a \$100 million capital reserve fund to address those opportunities and, by year-end 2014, we had committed \$88 million of that fund to a wide range of water infrastructure initiatives. At our Cherokee manufacturing facility in Pennsylvania, USA, for example, we are installing a closed-loop cooling system that, when operational in 2015, is expected to reduce the plant’s water use by 600 million gallons per year and save \$430,000 annually in operating costs. Our facility in Heist, Belgium, is implementing a project that will reuse wastewater streams in the site’s scrubber and cooling tower and will replace three liquid-ring vacuum pumps with a single dry-pump system. The project is expected to reduce water use by 11 million gallons per year and lower annual operating costs by approximately \$125,000.

In 2014, we used
7.2B gallons of water, a

20%
REDUCTION

from the 9.0 billion gallons
used in 2009.

CLIMATE CHANGE

In 2014, we published an updated [Public Policy Statement](#) supporting science-based international and national action to address the challenges presented by global climate change. In 2014, we established a new climate goal to achieve a 15 percent absolute reduction in our Scope 1 and 2 greenhouse gas (GHG) emissions between 2012 and 2020, having achieved our previous goal in 2012 three years ahead of schedule. By year-end 2014, we had realized a 12 percent reduction in GHG emissions against the 2012 baseline. Our efforts have contributed toward recognition from the U.S. Environmental Protection Agency (EPA), which has awarded our company the ENERGY STAR Sustained Excellence Award for 10 consecutive years.

Our goals are focused on reducing energy and water demand and GHG emissions from our operations, which are the primary source of our energy use. To help us achieve our goals, we established an Energy Capital Fund of up to \$10 million awarded annually to energy-efficiency projects. In 2014, our investment resulted in \$3.8 million in savings and a reduction of more than 9,500 metric tons of carbon dioxide from our facilities.

ENGAGING EMPLOYEES FOR ENVIRONMENTAL CHANGE

In 2014, we conducted “Energy Treasure Hunts” at two facilities in the U.S. During these three-day events, employees were challenged to uncover opportunities to reduce energy and water use. Since 2010, we have conducted treasure hunts at 11 facilities, and identified nearly 1,000 energy-efficiency opportunities.



WASTE

We strive to minimize the amount of operational waste we generate, and to send less waste to disposal outlets and more of our used materials to recycling, composting and energy-recovery facilities. This lowers our manufacturing costs and shrinks our environmental footprint.

In 2014, we managed 87,000 metric tons of waste in our operations, a 13 percent decrease from 2013. Of this, 46,000 metric tons were hazardous waste, a 15 percent reduction from

the prior year. These reductions are in large part due to certain manufacturing processes being discontinued or transferred to external partners.

Reducing waste begins with the design of our manufacturing processes. Our [Green Chemistry](#) program supports the design of efficient new manufacturing processes that use less solvent and generate less hazardous waste. We also continuously seek ways to reduce the impact of our operations by, for example, introducing the reuse of shipping containers and

seeking ways to increase recycling rates and reduce costs.

One of our largest research and vaccine-manufacturing facilities, located in West Point, Pennsylvania, USA, increased its recycling rate and was able to divert 84 percent of its operational waste and construction and demolition debris from landfills.

Another 15 U.S. facilities have partnered with a regional service company to drive cost and recycling-rate improvements, saving more than \$100,000 annually.

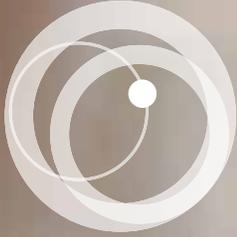
KEY PERFORMANCE INDICATORS

ENVIRONMENTAL SUSTAINABILITY^{1,2}

	2011	2012	2013	2014
Greenhouse gas emissions (metric tons of CO ₂ e)	2,001,000	1,918,000	1,811,000	1,676,000
Water usage (thousands of gallons)	8,900,000	8,700,000	7,500,000	7,200,000
Operational waste generated (metric tons)	119,000	116,000	100,000	87,000

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

We are committed to discovering more ways to create a workplace where our employees — and our business — can thrive.

The superior talent, competitive skill set and collaborative approach to problem-solving demonstrated by our employees make them our greatest strength and most powerful resource for business growth.

Our employees are the foundation of our vision of solving the greatest healthcare challenges and helping the world “Be Well.” We recognize that harnessing the knowledge and insights of a highly skilled workforce—one that is gender-balanced and diverse—requires a corporate culture of respect and engagement, and a thoughtful and strategic approach to employee development, workplace inclusion, and work/life flexibility.

Below are some of the ways we fostered all of the above in 2014 through new leadership-development initiatives and hands-on professional development, employee engagement in market research, work/life balance initiatives, and volunteerism.

EMPLOYEE DEVELOPMENT

We encourage and support continuous learning. We ensure that our ~70,000 employees around the world have opportunities to network, build important relationships, learn new skills and engage with senior leaders to further their knowledge and ability to contribute to the business.

Our learning and development philosophy serves as the foundation for employee development, confirms our commitment to our people, aligns with our business strategy, and reflects our commitment to transforming our enterprise into a learning culture. In 2014, we consolidated the training organizations of our three main divisions—Research and Development, Sales and Marketing, and Manufacturing—to build required leadership, professional, functional and technical skills.

We also focused our leadership-development initiatives, reaching deeper and wider into the organization, and acting earlier in our employees’ careers, to develop a cross-functional general management mindset, knowledge of the business, and end-to-end thinking in company leaders. Investments and programs to support the development of key talent include the Executive Talent Program, the Emerging Leaders Program, the Women’s Leadership Program and the Business Leadership Program.

LEVERAGING OUR EXPERTISE TO MEET CRITICAL HEALTH NEEDS

The MSD Fellowship for Global Health is a field-based pro bono program designed to leverage the skills and talents of our employees. It pairs the best minds from our company with nonprofit partner organizations around the world to provide meaningful and systematic improvements in health services delivery for people in greatest need.

While strengthening the capacity and reach of nonprofit organizations, employees who become Fellows also gain rich professional development experience and insight that contribute to our company’s efforts to deliver innovative health solutions to people around the world.

In 2014, 23 Fellows spent three months on assignment with 11 nonprofit organizations. A survey of those Fellows and their nonprofit hosts provided positive feedback:

- 96 percent of Fellows documented extraordinary or substantial skill gains in both leadership and job-related-skills categories
- 96 percent of Fellows reported extremely valuable or valuable business gains
- 85 percent of nonprofit hosts reported extraordinary or substantial capacity gains

Since the program was launched in 2012, 104 Fellows from 21 countries have worked with 27 nonprofit organizations.

DIVERSITY & INCLUSION

We are proud of the progress being made in developing a 21st-century workforce that includes some of the world’s top, diverse talent and is driven by the desire to apply cutting-edge science to develop effective medicines and vaccines that save and improve lives around the world.

We have a long history of working collaboratively to leverage the innovation that results from a dynamic organization led by a diverse team of leaders. This approach enables us to better achieve business results and to reinforce our vision of being the number-one trusted and valued healthcare partner to patients, healthcare providers, and payers worldwide. We seek the best, the brightest and those with a passion for scientific excellence.

FELLOWS IN ACTION

“It was important for me to apply my professional skills to a nonprofit because of my belief that if you see a place where you can help, you should add value. You should take action. The Fellowship was a great opportunity, one that I’ll never forget.”

—*Dave Proven, Associate Director of Finance, MMD*

Dave’s fellowship was with the Catholic Medical Mission Board, a New York City-based nonprofit that brings sustainable health solutions to partner institutions in five countries.

We recognize that customers in the U.S., as well as worldwide, are becoming increasingly diverse, and that true competitive advantage lies in mirroring the markets we serve. Women make 90 percent of all the healthcare decisions for themselves, their children and families, and for others in their care, representing an estimated \$2.3 trillion in healthcare purchases within the U.S. and approximately \$5 trillion globally.

To operate successfully in a global marketplace, we are focusing on further aligning our internal workforce and executive population to better reflect and understand those we serve.

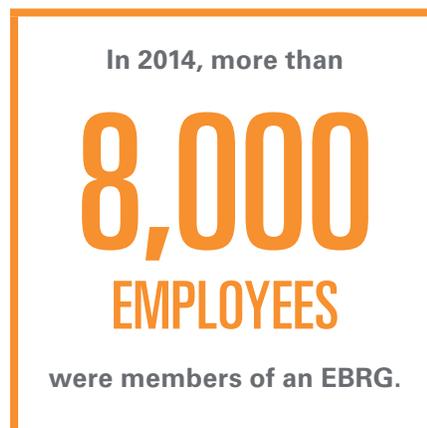
We believe that having a diverse, inclusive workforce and organization makes us a more innovative and agile company, better attuned to the needs of our customers and able to respond to opportunities in a seamless, integrated fashion.

We understand that by harnessing the knowledge and insights of a diverse workforce—one with a variety of backgrounds and affiliations—we are able to deliver more innovative solutions to patients around the world.

EMPLOYEE BUSINESS RESOURCE GROUPS (EBRGs)

Through the Office of Global Diversity and Inclusion and through EBRGs, we support programs that welcome the different and diverse perspectives of all employees—across race, gender, ethnicity, culture, age, disability, religion, gender identity, gender expression and veteran status. We have 10 executive-sponsored EBRGs: Women; Hispanic/Latino; African Ancestry/Black; Asia-Pacific Islander; Native American/Native Indigenous; LGBT; Interfaith; Millennials; Differently Able; and Veterans.

EBRGs provide employees with the chance to contribute to the company's strategic initiatives by sharing their business insights with our company's leaders, as well as opportunities to network, engage in community outreach and participate in leadership-development initiatives.



WORK/LIFE FLEXIBILITY

Balancing professional objectives with personal goals can be challenging. We offer flexible work arrangements—including flextime, job-sharing, part-time work, a compressed work week, telecommuting and remote work—to support the demands of many employees while enabling them to contribute to their professional goals. We value the health and safety of employees and provide resources to support and nurture healthier habits at work and at home.

In 2014, we launched a redesigned and enhanced "About Me," a global employee portal featuring easy-to-navigate information about the full suite of career, financial, health and work/life programs and resources available to our employees.

EMPLOYEE WELLNESS

As a global healthcare company, we are committed to supporting our employees to help them manage and improve their overall health and well-being. We offer a wide range of health and wellness services and work/life programs as well as comprehensive health benefits.

LIVE IT is an integrated platform of health and wellness tools, programs and information available to most U.S.-based employees and eligible family members. They include confidential online personal health assessments (PHAs) and access to an online lifestyle coach; a tobacco-cessation coaching program; and our own clinically proven weight-loss program offered through our subsidiary, HMR Weight Management Services Corp., and introduced in fall 2014 to employees, their family members and their friends.

We continue to expand *LIVE IT* globally to certain regions outside the U.S. to improve the health and well-being of our employees worldwide.

EMPLOYEE VOLUNTEERING

We believe that Employee Giving benefits our employees, their communities and our company. Around the world, our employees take an active role in giving back to their communities through a variety of programs offered by the company. Among our volunteer programs, we provide employees up to 40 hours of paid time off each year to engage in volunteer opportunities that support eligible nonprofit organizations. Increasingly, we are seeing volunteers offer their services in regions other than their own.



MAKING A DIFFERENCE

In 2014, Alba Carbonell and Marina Flordelis Corral, both employees with MSD in Spain, used their paid volunteer and holiday time, along with their own free time, to work with [La Fundación Recover](#) (The Recover Foundation) on a hospital management project. La Fundación Recover is a Spanish nongovernmental organization that aims to minimize gaps in the delivery of health services and to improve accessibility of healthcare in Africa.

While on assignment in Cameroon, Alba and Marina's work focused on creating an advanced hospital-equipment-management model that Fundación Recover can apply to existing and new hospitals in Africa. During their volunteer time, Alba and Marina learned valuable lessons that they can apply to their roles at MSD. As Marina explains, "One of the key insights was being able to do so much with so little. If we apply — with all the resources we have — we could do even more amazing things."

KEY PERFORMANCE INDICATORS

EMPLOYEES

	2011	2012	2013	2014
Diversity & Inclusion				
Executive roles held by women ^{1, 2}	35%	31%	31%	31%
Women on the Board	17%	17%	17%	17%
Underrepresented ethnic groups on the Board	11%	25%	25%	25%
Underrepresented ethnic groups in the workforce (U.S.)	29%	24%	24%	24%
Well-Being				
Response rate to the Voice Survey	63%	77%	77%	78%
Employees who completed a health assessment (U.S.)	58%	58%	62%	57%
Overall turnover rate ³	14.0%	11.0%	15.5%	15.0%
Lost-time incident rate (LTIR) ⁴	0.30	0.27	0.28	0.20
Recordable injury rate (RIR) ⁴	0.74	0.62	0.61	0.57
Volunteerism				
Employees who took release time according to the global policy on employee volunteerism ⁵	11.0%	15.0%	NA	12.5%
Volunteer hours ⁵	213,000	221,000	NA	186,400

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 and 2013 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, our company's total volunteer hours are not available for 2013.



ETHICS & TRANSPARENCY

We are committed to discovering better ways to build and strengthen trusted relationships by demonstrating the highest ethical standards and communicating with greater transparency.



As a global healthcare company, it is vital that we cultivate trust with customers, partners, employees, shareholders and the public.

We are committed to ethical behavior and transparent communications across our global business because we succeed only when our stakeholders have trust in us. We're working every day to earn that trust by engaging audiences on all sides of the issues that matter and by going beyond mandatory disclosure to proactively communicate key information in greater detail. From sales and marketing practices to product safety and political advocacy, we're striving to be a better partner by embedding openness and accountability into everything we do.

Our global Code of Conduct, [Our Values and Standards](#), serves as the foundation of our approach to ethical behavior. We disclose information through a variety of mechanisms, including our financial and corporate reporting, participation in voluntary efforts such as the CDP (formerly the Carbon Disclosure Project), and through the media and one-on-one stakeholder discussions.

GLOBAL COMPLIANCE ORGANIZATION

As part of our long-standing commitment to ethics and good corporate citizenship, our first step is always to comply with the laws and regulations that govern the way we market and sell our medicines, vaccines and other products. We have a well-established global compliance program that is consistent with the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code of Practice requirements, as well as other applicable regional and country industry codes of conduct, including those issued by the Pharmaceutical Research and Manufacturers of America (PhRMA) and the European Federation of Pharmaceutical Industry Associations (EFPIA).

Our company's Board of Directors and senior management, including the chief ethics and compliance officer and members of the Corporate Compliance Committee, provide the foundational elements of leadership, accountability and structure to oversee the company's global compliance program. Written standards, including our Code of Conduct, compliance-related policies and procedures, education, training, and communications reinforce the importance of ethical and compliant business practices.



KEY PERFORMANCE INDICATORS

ETHICS & TRANSPARENCY

	2011	2012	2013	2014
Employees trained on our Code of Conduct	90%	92%	99%	99%
Ratio of substantiated allegations to concerns/issues raised	65%	60%	58%	60%
Reported concerns regarding privacy practices, breaches of privacy, and losses of personal data and devices that were substantiated ¹	68%	23%	26%	18%

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

OFFICE OF ETHICS

Our company's Office of Ethics supports our commitment to the highest standards of ethics and compliance by helping to create a culture that embraces our Code of Conduct and promotes the prevention, detection and resolution of potential misconduct.

The Code of Conduct, available in 26 languages, is designed to promote ethical business practices among our employees, who conduct activities in a continuously evolving business environment, and to deter employee misconduct. We provide training to employees worldwide on the Code of Conduct, including an annual refresher course, to ensure awareness of our values and standards as well as a variety of associated topics such as privacy and the prevention of discrimination, harassment, corruption and bribery.

Efforts continued in 2014 to integrate ethics and compliance content into business and leadership competencies that are assessed as part of annual performance reviews, and these competencies play an integral role in our decisions about employee advancement in the company.

The Office of Ethics also serves as a channel for the receipt and investigation of employee concerns about potential ethics or compliance violations. The company is committed to maintaining a process that ensures timely escalation and investigation of potential compliance concerns. When the Office of Ethics substantiates allegations of ethical misconduct, it takes appropriate disciplinary actions in order to ensure that those who are responsible are held accountable.

In 2014, we adopted a new policy that gives the company the discretion

to recoup incentive payments made to employees in instances when an employee engages in misconduct or fails to reasonably supervise another employee who engages in misconduct that is in violation of our policies relating to research, development, manufacturing, sales or marketing of our products and causes financial or reputational harm.

GLOBAL PRIVACY PROGRAM

Our comprehensive global privacy program promotes accountable privacy and data-protection practices across our business and with our collaborative partners and suppliers. Our program is designed to ensure that four core privacy values—respect, trust, prevention and compliance—are embedded into the way we conduct our business, without regard to how our business, technology or other external factors may change.



A key component of our approach is focused on facilitating efficient cross-border data flows.

In 2014, we filed an application with the Belgian Privacy Commission for approval of our global privacy program under the European Union (EU) Binding Corporate Rules (BCR) cooperation procedure. Our company is the first company in the world to file an application for EU BCR approval based on an existing Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules (CBPR) certification. The aim of our dual-certification strategy is to promote globally interoperable privacy standards across the more than 50 countries and economies combined in APEC and the European Economic Area.

PROCUREMENT AND SUPPLIER RELATIONS

We expect our global network of suppliers and service providers to comply with human rights and environmental standards that are compatible with our own and to conduct their business in accordance with the highest ethical standards throughout their supply chain.

Supplier and third-party risk management is supported by departments across our company, including Procurement, Supplier Management, the Office of the General Counsel, Compliance, the Office of Corporate Responsibility, and Environment, Health & Safety. Representatives from each department meet regularly to discuss, assess and manage issues that are associated with increased risk.

We communicate our [Business Partner Code of Conduct](#) and [Supplier Performance Expectations](#) to existing and potential third-party suppliers through documents such as requests for information, proposals and quotes;

supplier contracts; and purchase order terms & conditions.

We plan to update our Business Partner Code of Conduct and contract language in 2015 to address new and emerging potential risks and to increase our focus on labor and human rights issues and environmental sustainability. We also plan to implement new standards for ethical business practices related to responsible sourcing of minerals.

SUPPLIER AUDITS

Supplier assessments and audits are conducted based on multiple factors, including engagement type, geography and potential impact of any issues on our company's finished products and our customers. These assessments and audits evaluate a supplier's ability to meet both industry and our corporate standards for ethical business practices, including labor and human rights, anti-bribery and anti-corruption, privacy and data protection, EHS, responsible sourcing of minerals, and animal welfare. Where assessments and audits identify opportunities for improvement or deficiencies, we collaborate closely with suppliers to ensure that our concerns are addressed in a responsible and compliant manner.



We participate in the [Pharmaceutical Industry Principles of the Pharmaceutical Supply Chain Initiative \(PSCI\)](#) and are a signatory to the [Ten Principles of the United Nations Global Compact](#).

AWARDS AND RECOGNITION

STOXX

We are a component of the STOXX® Global ESG Leaders indices—an innovative series of environmental, social and governance (ESG) equity indices that are based on an objective and transparent selection process.



We ranked No. 7 on the 2014 Access to Medicine Index. Every two years, the Access to Medicine Index independently ranks pharmaceutical companies' efforts to improve access to medicine in developing countries.



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



DiversityInc ranked our company No. 14 in its 2014 list of the "Top 50 Companies for Diversity," marking our 12th consecutive appearance on the list. In the *DiversityInc* Top 10 Companies categories, we also ranked second for Employee Resource Groups, sixth for Recruitment and seventh for Global Diversity.



For 29 years, *Working Mother* magazine has been recognizing companies that receive high marks from their employees relative to family-friendly programs and company culture. In 2014, our company celebrated its 28th year on its Best Companies list.



We have been an ENERGY STAR partner since 1995 and recognized by the Environmental Protection Agency (EPA) for nine consecutive years, twice as Partner of the Year and a seventh time for Sustained Excellence.

FORWARD-LOOKING STATEMENT

This communication of Merck & Co., Inc., Kenilworth, 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 products that the products 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 pharmaceutical industry regulation and healthcare legislation in the United States 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; 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 2014 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).

Corporate responsibility is embedded in all that we do. It informs our decisions and focuses the daily efforts of thousands of our colleagues around the world as we strive to make a difference.



access to health



environmental sustainability



employees



ethics and transparency



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