

global compact COP

Communication on Progress in 2019 in implementing the principles of the UN Global Compact

We have been a participant in the United Nations Global Compact since 2005. As a signatory to the initiative, we have committed ourselves to ten principles based on key UN conventions regarding human rights, labor standards, environmental protection, and anti-corruption. At the same time, the UN Global Compact calls on all its signatories to actively support the implementation of the principles within their own sphere of influence.

The following table summarizes the key actions we took in 2019 to implement the principles of the Global Compact.

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Link: www.unglobalcompact.org

Human rights

Principle 1:	Key actions in 2019:	Relevant GRI disclosures:	Reference:
Businesses should support and respect the protection of internationally proclaimed human rights.	■ Broadened human rights and modern slavery risk assessment within our Compliance Risk Reporting and Self-Monitoring process ■ Reported human rights topics as part of our Compliance Risk Reporting ■ Addressed the topics of human rights and modern slavery in the "EHS StartUp!" onboarding course for new EHS managers ■ Opened our SpeakUp Line, previously only available to employees, to external stakeholders ■ Updated the Merck Human Rights Charter with the involvement of external stakeholders ■ Adopted the Group-wide Social and Labor Standards Policy ■ Introduced an annual e-learning course on our Human Rights Charter and Social and Labor Standards Policy, targeted to all managing directors and senior leaders reporting directly to the Executive Board	103-2: 412, 412-2	Compliance Human rights

Principle 2:	Key actions in 2019:	Relevant GRI disclosures:	Reference:
Businesses should make sure that they are not complicit in human rights abuses.	- Trained Procurement employees on the topic of sustainability and human rights - Invited suppliers to a Together for Sustainability (Initiative for sustainable supply chains in the chemical industry) training course in Shanghai (China) - Conducted CR-relevant internal and external audits and inspections of suppliers and collected self-reported information - Held the presidency of the Responsible Mica Initiative and participated in working groups	412-3, 414-1, 414-2	Human rights Compliance Supply chain standards

Labor standards

Principle 3:	Key actions in 2019:	Relevant GRI disclosures:	Reference:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	- Conducted internal audits on workplace aspects of our Human Rights Charter that are specified in our Social and Labor Standards Policy - Conducted internal and external audits and inspections of suppliers regarding corporate responsibility and collected self-reported information - Regularly and extensively included local employee representatives in company's decision-making - Reviewed human rights aspects within the scope of our Site Security Risk Assessments	102-41, 402-1, 407-1	Human rights Compliance Fairness and dialogue Supply chain standards
Principle 4:	Key measures in 2018	Relevant GRI disclosures:	Reference:
Businesses should support the elimination of all forms of forced and compulsory labor.	- Conducted internal audits on workplace aspects of our Human Rights Charter that are specified in our Social and Labor Standards Policy - Published on our website the UK Modern Slavery Statement endorsed by our Executive Board - Conducted CR-relevant internal and external audits and inspections of suppliers and collected self-reported information - Addressed the topics of human rights and modern slavery in the "EHS StartUp!" onboarding course for new EHS managers	409-1	Human rights Compliance Fairness and dialogue Supply chain standards

Principle 5: Businesses should support the effective abolition of child labor.	Key measures in 2018 - Conducted internal audits on workplace aspects of our Human Rights Charter that are specified in our Social and Labor Standards Policy - Held the presidency of the Responsible Mica Initiative and participated in working groups - Regular, unannounced inspections of mica mines and processing plants by the Indian organization IGEP - Conducted CR-relevant internal and external audits and inspections of suppliers and collected self-reported information	Relevant GRI disclosures: 408-1	Reference: Human rights Compliance Fairness and dialogue Supply chain standards Mica supply chain
Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.	Key actions in 2019: - Revised the mandate of our Diversity Council - Developed goals and measures to achieve a more balanced gender structure in different hierarchical levels of our business sectors and functions; exceeded our 2021 target of maintaining a 30% representation of women (2019: 33%) in leadership roles ("Role 4+") - Expanded internal diversity programs - Rolled out and integrated throughout the Group a training program on unconscious bias - Set up the Job Analyzer, a digital tool for gender-neutral communication with applicants	Relevant GRI disclosures: 102-8, 202-1, 202-2, 401-1, 401-3, 404-1, 404-3, 405-1, 405-2, 406-1	Reference: Compliance Diversity

Environmental stewardship

Principle 7: Businesses should support a precautionary approach to environmental challenges.	Key actions in 2019: ■ Passed external audits pertaining to the ISO 14001:2015 Group certificate at ten sites ■ Performed 41 internal EHS audits, whereby 93% of the audited sites were assessed as "good" or "satisfactory" ■ Reduced CO₂ emissions by 15% (2018: 11%) relative to the 2006 baseline amid operating business growth (2020 reduction target: 20% compared with the 2006 baseline) ■ Implemented measures to ensure product safety (e.g. REACH, GHS, Global Product Strategy) as well as plant and process safety (e.g. Risk Management Process) ■ Used our Waste Scoring System with the aim of shrinking the environmental footprint of our waste by 5% by 2025: We achieved a 1.6% reduction in 2019 (2018: 0.9%) ■ Rolled out the ProMec initiative at the Darmstadt site so as to promote the circular economy by expanding solvent recycling to reduce negative environmental impacts when disposing of product waste ■ Reduced our water use at sites in water-stressed areas by 21% relative to the 2016 baseline (2018: 10.8%)	Relevant GRI disclosures: 201-2, 301-1, 302-1, 303-1, 305-1, 305-2, 305-3, 305-6, 305-7	Reference: Environmental stewardship Climate action Water management Waste and recycling Plant and process safety Chemical product safety Transport and warehouse safety
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Key actions in 2019: ■ Systematically examined potential energy savings at our production sites ■ Rolled out 70 standardized signs created by our Life Science business sector for waste, recycling and composting at all sites ■ Commercialized greener products such as Cyrene™, which was named "Environmental Product of the Year" at the Environmental Leader Awards 2019 ■ Offered sustainable mobility options for employees (for instance "job tickets", i.e. public transit passes, and the possibility to lease or borrow bicycles) ■ Installed at our global headquarters an extensive electric vehicle charging infrastructure, part of which is available to our employees for their own personal use	Relevant GRI disclosures: 301 - 308	Reference: Climate action Waste and recycling Sustainable product design

Principle 9:	Key measures in 2018	Relevant GRI disclosures:	Reference:
Businesses should encourage the development and diffusion of environmentally friendly technologies.	- Launched a new version of our digital tool DOZN™ for use by our customers to assess more sustainable alternatives to various chemicals - Developed sustainable products such as liquid crystal technologies, raw materials for natural cosmetics and “greener” alternatives to chemicals; expanded our range of “green” solvents - Reduced the amount of packaging material and used more sustainable packaging materials as part of “SMASH Packaging”, our sustainable packaging strategy - Continuously expanded the recycling program for our Life Science customers	302-4, 302-5, 305-5	Sustainable product design Packaging and recycling

Anti-corruption

Principle 10:	Key measures in 2018	Relevant GRI disclosures:	Reference:
Businesses should work against corruption in all its forms, including extortion and bribery.	- Performed 50 internal audits on corruption-related risks 35,000 employees and external workers completed an e-learning course on our Anti-Corruption Policy - More than 50,000 employees and contractors completed our business sector-specific e-learning course on our Code of Conduct; expanded the course to 20 further languages - Conducted a Group-wide communications campaign to raise awareness of our SpeakUp Line to report corruption anonymously - Published annual EFPIA transparency reports.	102-16, 102-17, 205-1, 205-2, 205-3, 415-1	Compliance Interactions with health systems