

community

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community engagement

We see ourselves as part of society – both at our individual sites as well as worldwide. Our aspiration is to help shape society. We do this both through our products and technologies and through our community engagement. That is why we work with our employees to promote a diverse array of social initiatives that help tackle challenges at the local level.

Our approach to community engagement

Worldwide, we are deeply committed to supporting the communities in which our sites are located. We focus on health, education and culture as well as environmental stewardship. Moreover, we provide disaster relief and offer support to people in need in the vicinity of our sites.

We are particularly determined to **facilitate access to health** for people worldwide. We do this by getting involved in numerous healthcare projects. In doing so, we specifically contribute our experience in all aspects of healthcare.

We also promote **science and culture education**. This has a long tradition in our company. As a science and technology company, we champion creativity, the joy of discovery, curiosity and the courage to push boundaries. That is why we award scholarships and literary prizes, for example, or promote practice-oriented curricula.

Protecting the environment and using natural resources responsibly is a task for us all. Therefore, we support various initiatives around the world that help raise **awareness of environmental protection**.

We regularly evaluate the achievement of objectives and the impact of our projects. Our analysis is based on the so-called iooi method (input – output – outcome – impact) of the Bertelsmann Foundation. In the first step, we measure our **input** based on the product or monetary donations made and the time our employees invest in volunteer projects. In the second step, we record the immediate **output**, for example the number of organized training programs that were made possible thanks to our financial donations. We are also interested in the impact we have achieved for the specific target group. Our goal is to ensure that our social commitment continues to have a positive impact on society. For this reason, we are constantly working to make the **impact of our projects (outcome and impact)** for our target groups measurable.

The latter is particularly important to us, which is why we mainly initiate projects that aim to improve specific social situations or solve social problems. Around 72% of our project spending goes towards this. We also support short-term or one-off charitable activities and initiatives that are beneficial to our business (for example, in recruiting staff) and can help the community at the same time.

Together with reliable partners, we support many long-term projects and form **long-term partnerships**. This enables us to strengthen our relationship with our stakeholders and to reinforce our social license to operate.

How we structure community engagement

The Group Corporate Affairs function monitors our Group-wide community outreach and coordinates some of our activities, including the **Merck Schistosomiasis Elimination Program**, the Global Pharma Health Fund (GPHF), the **Embracing Carers** initiative as well as the Deutsche Philharmonie Merck. In addition, our business sectors launch their own projects, such as the educational program **SPARK™**. Our local subsidiaries are responsible for planning and implementing local activities on a decentralized basis. They decide for themselves in which focus areas they want to get involved. We include some of our health initiatives in low- and middle-income countries in the **Merck Foundation**.

The Merck family of entrepreneurs also has a long history of supporting charitable causes. Their activities are organized via the **Merck Family Foundation** and the Merck'sche Gesellschaft für Kunst und Wissenschaft (Merck Society for Art and Science). The Merck Family Foundation supports international charitable projects – preferably those in which our employees are privately involved. The Merck Family Foundation is financed entirely from funds provided by the entrepreneurial family. The Merck'sche Gesellschaft für Kunst und Wissenschaft is a charitable association. It supports artistic and scientific projects with a connection to either the Rhine-Main region, the city or the government district of Darmstadt or to our business sectors.

Our commitment: The principles of our community engagement

In designing our projects, we are guided by our Group-wide "Group Policy on Contributions to Society". It defines what community engagement means for our company and what objectives we are pursuing. This policy gives our business sectors and subsidiaries abroad a framework for structuring their respective activities themselves; moreover, it stipulates roles and responsibilities.

Health initiatives are also governed by guidelines from our Healthcare business sector and our **Access to Health Charter**. We calculate the value of our pharmaceutical donations in accordance with the **World Health Organization (WHO) Guidelines for Medicine Donations**.

With our Corporate Volunteering Guideline, we want to encourage our people to get involved in supporting the community. We grant our employees up to two days of paid leave per year to take part in volunteer activities either run or supported by our company.

Our Good Deeds

Our community outreach activities are collectively referred to as **Our Good Deeds**. In 2020, we supported 274 projects in 96 countries in the fields of "Health", "Education and

Culture" and "Environment". In addition, we supported people in need in our local communities and provided disaster relief.

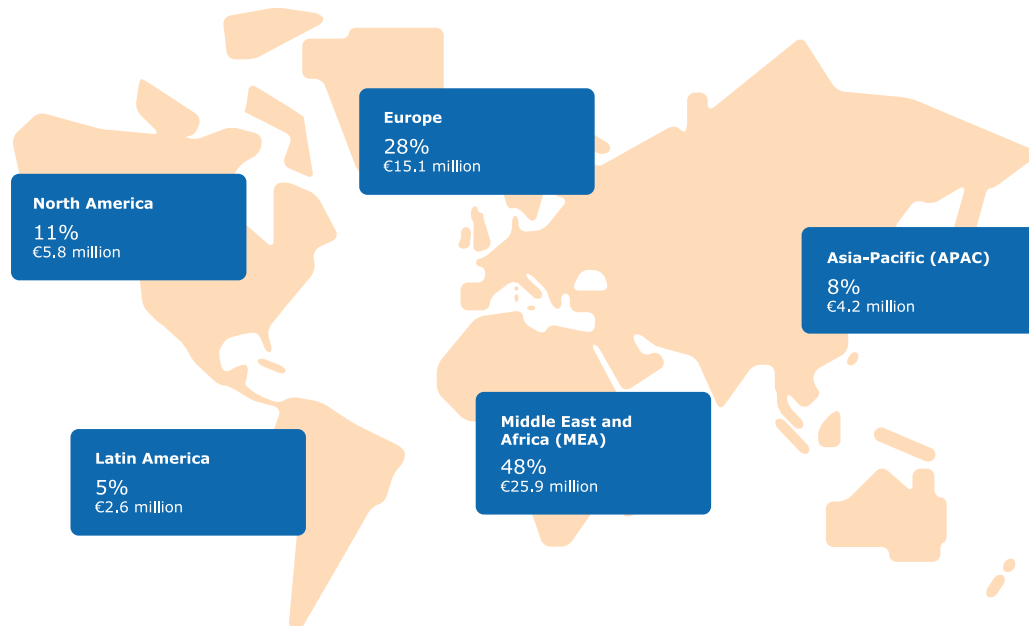
Our community engagement activities – 2020



Our projects include **volunteering initiatives as well as monetary and product donations**. In 2020, we spent a total of around € 53,6 million on community outreach. Product and in-kind donations accounted for 55% and cash donations for 43% of this amount. Our employees actively participated in 20% of the projects either through monetary

donations or volunteer work. As part of the volunteering projects, around 1,400 employees volunteered around 7,000 hours during their working hours. The amount contributed by the **Merck Foundation** is not included in this figure. Nor are initiatives that primarily served to market our products.

Community engagement spending by region



Our employees were once again able to choose their favorite project from all our projects in 2020. We awarded the projects with the most votes and provided them with additional financial support.

Supporting health projects

We use our expertise to support health initiatives around the world. In particular, we focus on providing basic and advanced training for health workers, promoting local healthcare infrastructure and educating people on health issues.

We are dedicated to **improving medical care** around the world. We organize medical education programs through our Global Medical Education and Academic Organization Relations departments, either directly or by providing grants to third-party medical education providers. In doing so, we foster advanced medical education programs designed to broaden the scientific knowledge and competence of scientists and healthcare professionals and, ultimately, improve patient outcomes.

In 2020, we digitalized 98% of our medical education programs across selected therapeutic areas in order to continue delivering them despite the Covid-19 pandemic. In particular, we supported more than 92 Continuing Medical Education (CME) programs offered by 16 third party medical education providers and designed 22 new medical education programs. More than 370,000 healthcare professionals participated via e-learning platforms and in-person courses.

The initiatives we launch through our Global Health Institute help to **strengthen local health systems in low- and middle-income countries**. We are working in partnership with the Ministry of Health in Senegal and the Access to Water Foundation to provide innovative clean water platforms to local health centers and communities. Our goal is to improve sanitation and oper-

ations of health centers in order to provide appropriate care for patients. Moreover, access to clean water is the basic requirement to protect communities against infectious diseases. The water systems are designed by local engineers together with the local responsible medical and women community leaders from the Matam region to ensure that the platform is ideally adapted to health and social needs while creating local ownership. In doing so, the project applies a social business approach to create sustainability.

We also **recognize scientific breakthroughs in healthcare**. Since 2019, we have awarded the annual Future Insight Prize, which is worth up to € 1 million. The prize recognizes and promotes groundbreaking scientific and technological innovations for the benefit of humanity in the fields of health, nutrition and energy. In 2020, Stephan Sieber received the Future Insight Prize for his scientific research on overcoming antibiotic resistance in the category "Multidrug Resistance Breaker".

More information on our health projects can be found on the [Our Good Deeds](#) website.

Promoting cultural and educational projects

Our projects in the field of education help to **improve school and university education**. In a quest to spark young people's interest in science, we hold competitions, recognize special achievements and offer opportunities for hands-on learning.

For example, we support and hold the following STEM competitions: For instance, we have been supporting the "Jugend forscht" competition for more than 35 years as the host of the competition in the German federal state of Hesse. In addition, we support the "Internationale Biologie-Olympiade Hessen", the "Internationale Chemie-Olympiade Hessen und Thüringen", the "Chemie – die stimmt!" competition, the one-week "Erfinderlabor" as well as the

Germany-wide "Tag der Mathematik". Due to the Covid-19 pandemic, the competitions could not take place as usual in 2020. Instead, we carried them out digitally: Together with the Hacker School, we organized a two-day virtual programming workshop for young people. We also combined the "Merck-Abiturpreis" (high school graduation award) with a virtual workshop on Design Thinking – a solution-oriented, creative approach to idea generation.

As part of our global volunteer program **SPARK™**, employees from our Life Science business sector share their skills and experience with students in order to spark their curiosity in science and inspire them to consider a STEM-related career. As an extension of our flagship **Curiosity Labs™** program, we introduced the digital **Curiosity Labs™ at Home** program in 2020 to reach students remotely amid the Covid-19 pandemic. Curiosity Labs™ at Home includes 20 easy and educational hands-on science experiments that can be completed safely at home with materials typically found around the house. In 2020, the program generated more than 2.7 million video views on social media in 132 countries.

Apart from our educational projects, we also further music and literature. We are convinced that **culture inspires people** – and that inspiration can lead to progress. We also help to **strengthen inclusion and tolerance** by sparking young people's interest in culture.

We support the Deutsche Philharmonie Merck, a professional symphony orchestra established back in 1966. It is an integral part of cultural life in Darmstadt and the immediate region and regularly tours internationally. The Deutsche Philharmonie Merck also promotes young talent: In the annual Orchestra Workshop, up-and-coming musicians work together with the orchestra professionals to develop ambitious **concert programs**. Due to contact restrictions caused by the Covid-19 pandemic, the orchestra workshop was cancelled in 2020. However, two concerts could take place under Covid-19 hygiene regulations. In addition, the Deutsche Philharmonie Merck brought musical joy with small performances in front of nursing homes during the contact restriction phase. Moreover, the orchestra made digital video projects available to the public, including a musical advent calendar. Via social media, these projects generated more than 11 million views.

Like music, literature is an important mediator between cultures. We therefore award five **literary prizes** worldwide: in Germany, Italy, India, Japan, and Russia. We award some annually, others every two years. We thus mainly recognize those authors who build bridges between cultures, as well as between literature and science. The Merck Translator Award ceremony in Russia took place virtually in 2020 because of the constraints imposed due to the pandemic. The Johann Heinrich Merck Prize was also awarded under Covid-19 restrictions.

More information about our cultural and educational projects can be found on our website [Our Good Deeds](#).

Supporting environmental initiatives

We are involved in various environmental initiatives and promote **environmental awareness among our employees** through group activities. Our engagement ranges from joint waste collection and tree planting campaigns to supporting organizations that improve access to clean water in remote areas

More information about our environmental initiatives can be found on our website [Our Good Deeds](#).

Solidarity during the pandemic

The Covid-19 pandemic has posed significant challenges for society. To address the most urgent problems, we supported facilities and healthcare workers in 2020. We donated two million respirators in Germany, France and Brazil, for example, as well as 200,000 liters of disinfectant in Germany. In more than 30 countries, our sites initiated numerous fundraising campaigns, which amounted to several million euros in cash and materials. For example, we equipped frontline healthcare workers with protective gear and enabled disadvantaged people or schoolchildren to participate in education. Our employees donated around € 70,000 for children in need via a specially set up donation platform for the aid organization [Save the Children](#); our company doubled the amount. The total amount of € 140,000 primarily benefited educational projects, for example providing socially disadvantaged families with learning material.