Facts and figures

The report profile specifies the reporting framework, shows how data was collected, and describes how the content of the report was determined. We use indicators to facilitate comparison of our ecological, economic and social performance. The figures have been subjected to a limited assurance audit. We have compiled our goals into a single overview. The GRI Index documents Merck's fulfillment of the requirements of the GRI guidelines on sustainability reporting. In the "Communication on Progress for the Global Compact", we describe the implementation of the Compact's ten principles. We have issued a statement of compliance with the German Sustainability Code.

Report profile

This is Merck's seventh Corporate Responsibility (CR) Report. We have a long history of reporting on issues pertaining to our corporate responsibility - a tradition that began in 1993 with the publication of environmental reports. In 2003, we published our first full Corporate Responsibility Report detailing how we fulfill our obligation to society and have since done so every two years. Our goal is to create transparency and inform stakeholders about our activities and successes, as well as challenges that we face. At the same time, our CR Report also documents the progress we've made in implementing the principles of the United Nations Global Compact ("Communication on Progress") while also meeting the criteria of the Sustainability Code (DNK) established by the German Federal Government. We have issued a statement of compliance with the German Sustainability Code.

Reporting framework

This CR Report covers the 2013 and 2014 fiscal years and pertains to the entire Merck Group with legal entities across 66 countries. This report also covers the activities of AZ Electronic Materials, a company that we acquired during this period. As needed, we specifically indicate when the information provided diverges from this reporting framework.

Data collection and consolidation systems

Since 2005, we have been using the Group-wide Location Information Online System (LION) to collect environmental data as well as occupational health and safety data, which is input locally at the individual sites and approved after being reviewed. In order to ensure that the data is highly reliable, the Merck Group function Environment Health Safety Security Quality (EQ) furthermore checks the data's plausibility.

We compile environmentally relevant performance indicators from all Merck Group production sites, as well as from relevant warehouse and research sites. In assessing the relevance of these warehouse and research sites, we take into account the sites' environmental impact as well as the number of employees there. LION's scope of consolidation therefore covers all Merck Group sites that have a relevant impact on the environment.

The occupational health and safety indicators reflect the inclusion of the new AZ Electronic Materials production sites since they were incorporated into our data collection process in 2014, which now covers more than 95% of all employees.

To improve data quality, we help our sites optimize their data collection processes as well as the associated quality control procedures. The processes and the reported data are reviewed by EQ through measures such as internal EHS audits.

The data on employees and social engagement pertains to the entire Merck Group. Employee master data is continually updated in an SAP-based database. Other employee data - such as info pertaining to core ILO standards - and data on social engagement are queried on an annual basis.

Some employee data is only disclosed for the sites in Darmstadt, Gernsheim and Grafing (all in Germany), which employed around 24% of the Merck Group workforce in 2014. We indicate accordingly when referring only to this restricted set of data.

Determining report content

We use the results of our materiality analysis as well as input from stakeholders to inform our CR Reports, which are aligned to the internationally recognized guidelines of the Global Reporting Initiative (GRI) as well as its principle of completeness. This report was drafted in accordance with the requirements of the GRI G4 guidelines and meets the criteria for a "comprehensive" application level.

We have furthermore taken into account the requirements of the capital market for assessing companies' contributions to sustainability.

In 2014, we performed a materiality analysis to determine the CR issues of relevance to Merck. As part of this process, we conducted an international online stakeholder survey in summer 2014, and hosted an internal materiality workshop in Darmstadt in autumn 2014. We have derived the content of this CR report from the results of this materiality assessment. This report addresses all issues identified as material. Detailed information on the materiality analysis as well as the materiality matrix can be found under Materiality analysis on p. 27.

The Executive Board of the Merck Group has reviewed and approved this report.

External audit

KPMG AG Wirtschaftsprüfungsgesellschaft has audited the annual financial statements and management report of the Merck Group and issued an unqualified opinion. Furthermore, after undergoing a limited assurance audit, Merck has obtained an independent audit certificate for non-financial key performance indicators.

Points of contact:

We are happy to receive your feedback and answer your questions.

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Merck's next CR report is scheduled for publication in April 2017 .

Indicators

The figures presented below pertain to the entire Merck Group, unless otherwise indicated.

You can find further information on our reporting framework and data collection systems in our report profile on p. 125.

The following indicators have undergone a limited assurance audit by KPMG AG Wirtschaftsprüfungsgesellschaft.

Indicators in this chapter:

Indicators: Economics on p. 128
Indicators: Compliance on p. 129
Indicators: Products on p. 131
Indicators: Employees on p. 132
Indicators: Environment on p. 145
Indicators: Society on p. 152

Indicators: Economics

✔ Audited

Total revenues, sales, operating result (EBIT) and R&D costs, by division (€ million)

	Merck Serono	Consumer Health	Performance Materials	Merck Millipore	Group*
2013**					
Total revenues	6,060.4	745.0	1,644.4	2,645.3	**11,095.1**
Sales	5,688.4	742.1	1,642.1	2,627.5	**10,700.1**
Operating result (EBIT)	793.1	162.1	653.3	262.0	**1,610.8**
R&D costs	1,178.1	21.8	145.4	159.8	**1,506.6**
2014					
Total revenues	5,975	768.8	2,060.5	2,696.5	**11,500.8**
Sales	5,783.3	766.1	2,059.6	2,682.5	**11,291.5**
Operating result (EBIT)	956.5	149.9	611.5	289.2	**1,762.0**
R&D costs	1,343.7	22.3	170.6	162.6	**1,703.7**

* As a non-operating segment, Corporate and Other is not shown here (see Annual Report 2014, Segment Reporting).

** The previous year's figures have been adjusted (see Annual Report 2014, Notes on Segment Reporting).

Indicators: Compliance

✔ Audited

Internal audits on corruption and Human Rights Charter

	2010	2011	2012	2013	2014
Number of audits relating to corruption	34	28	40	30	36
% of audits relating to corruption	not recorded	not recorded	not recorded	64	68
Number of audits relating to the workplace section of the Merck Human Rights Charter	26	26	40	27	32

Compliance violations reported via the SpeakUp Line

	2010	2011	2012	2013	2014
Number of reported compliance incidents	21	29	20	22	26
Number of confirmed cases	3	5	5	9	11

Compliance training seminars

	2010	2011	2012	2013	2014**
Total number of persons trained in anti-corruption policies and procedures in the respective year*	**8,600**	**13,399**	**22,890**	**24,168**	**7,519*** **
% of employees trained on the topic of anti-corruption in the respective year	21	33	59	63	14
Number of employees Global Grade 10 or higher trained on the topic of anti-corruption in the respective year	not recorded	7,540	10,164	12,390	3,071
% of employees Global Grade 10 or higher trained on the topic of anti-corruption in the respective year	not recorded	53	60	69	17
% of employees Global Grade 9 or lower trained on the topic of anti-corruption in the respective year	not recorded	22	58	51	12

* Until 2010, anti-corruption training was part of Code of Conduct training seminars.

** In Q1 – Q3 2014, Group Compliance performed a thorough analysis and review of the Compliance Training Program. No courses were scheduled for these quarters.

*** Includes 2,023 independent contractors and supervised workers such as temps that have been trained on anti-corruption.

In order to address the special responsibility held by employees of a certain management level, as well as by employees with HR responsibility, these employees are increasingly receiving anti-corruption training. This includes all employees rated Global Grade (GG) 10 or higher.

To date, we have not differentiated between regions when recording compliance training; we are planning to provide this information in the next reporting period.

Our compliance and anti-corruption principles are communicated to all our business partners, who undergo the Business Partner Risk Management (BPRM) process.

Legal actions

	2010	2011	2012	2013	2014
Total number* of legal actions pending or completed (for anti-competitive behaviour, violations of anti-trust or violations of monopoly legislations)	**2**	**3**	**3**	**3**	**2**
pending	2	3	2	2	2
completed	0	0	1	1	0

* As published in the annual reports the herein listed total number of legal actions refers to the significant legal risks as per the company's definition. The significance of legal risks is based on potential negative effects on projected financial objectives as well as on the probability of occurrence.

For further information please see our annual reports:

- Annual Report 2012, page 88 and pages 168-169, no. 50
- Annual Report 2013, pages 132-134 and pages 226-227, no. 48
- Annual Report 2014, pages 130-131 and pages 213-215, no. 48

Indicators: Products

✔ Audited

Customer Privacy

	2010	2011	2012	2013	2014
Total number of substantiated complaints received from outside parties	not recorded	not recorded	not recorded	0	0
Total number of complaints from regulatory bodies	not recorded	not recorded	not recorded	0	1
Total number of identified leaks, thefts, or losses of customer data	not recorded	not recorded	not recorded	0	0

A corporate directive regulates data protection within the Merck Group. We have received no significant complaints by customers or outside parties.

Indicators: Employees

✔ Audited

Workforce structure

Number of total employees

As of Dec. 31	2010	2011	2012	2013	2014
Total number of employees	**40,562**	**40,676**	**38,847**	**38,154**	**39,639**
Men	23,171	23,347	22,505	22,253	23,273
Women	17,391	17,329	16,342	15,901	16,366

The slight increase in the number of employees in 2014 is largely attributable to the integration of AZ Electronic Materials.

Number of employees by hierarchical level

As of Dec. 31	2010*	2011*	2012	2013	2014**
Total employees	**40,562**	**40,676**	**38,847**	**38,154**	**39,639**
Senior Management (Global Grade above 17)	51	49	54	63	63
Low and middle management (Global Grade 14–17)	1,354	1,355	1,719	1,949	2,108
Other employees (Global Grade below 14)	39,157	39,272	37,074	36,142	37,468
% of women (total)	**43**	**43**	**42**	**42**	**41**
thereof in Senior Management (Global Grade above 17)	not recorded	not recorded	not recorded	10	10
thereof in low and middle management (Global Grade 14–17)	not recorded	not recorded	not recorded	498	562
thereof other employees (Global Grade below 14)	not recorded	not recorded	not recorded	15,393	15,794
% of men (total)	**57**	**57**	**58**	**58**	**59**
thereof in Senior Management (Global Grade above 17)	not recorded	not recorded	not recorded	53	53
thereof in low and middle management (Global Grade14–17)	not recorded	not recorded	not recorded	1,451	1,546
thereof other employees (Global Grade below 14)	not recorded	not recorded	not recorded	20,748	21,673
by age group Up to 29 years old (%)	**not recorded**	**17**	**15**	**15**	**15**
thereof in Senior Management (Global Grade above 17)	not recorded	not recorded	not recorded	0	0
thereof in Low and middle management (Global Grade 14–17)	not recorded	not recorded	not recorded	5	6
thereof in Other employees (Global Grade below 14)	not recorded	not recorded	not recorded	5,901	5,884
30 to 49 years old (%)	**not recorded**	**65**	**65**	**64**	**64**

* Figures do not entirely include the employees of the Millipore Corporation, which was acquired in July 2010. The Global Grading System was instituted there incrementally.

** Figures do not include the employees of AZ Electronic Materials, which was acquired in July 2014, as they had not yet been graded as of December 31, 2014.

Table continued

Number of employees by hierarchical level

As of Dec. 31	2010*	2011*	2012	2013	2014**
thereof in Senior Management (Global Grade above 17)	not recorded	not recorded	not recorded	27	24
thereof in Low and middle management (Global Grade 14–17)	not recorded	not recorded	not recorded	1,233	1,340
thereof in Other employees (Global Grade below 14)	not recorded	not recorded	not recorded	23,302	24,082
50 years or older (%)	**not recorded**	**18**	**19**	**20**	**21**
thereof in Senior Management (Global Grade above 17)	not recorded	not recorded	not recorded	36	39
thereof in Low and middle management (Global Grade 14–17)	not recorded	not recorded	not recorded	711	762
thereof in Other employees (Global Grade below 14)	not recorded	not recorded	not recorded	6,939	7,502

* Figures do not entirely include the employees of the Millipore Corporation, which was acquired in July 2010. The Global Grading System was instituted there incrementally.

** Figures do not include the employees of AZ Electronic Materials, which was acquired in July 2014, as they had not yet been graded as of December 31, 2014.

Average number of employees by functional area

Average number of employees	2010	2011	2012	2013	2014
Group	**36,347**	**40,570**	**39,939**	**38,282**	**38,930**
Thereof women	**not recorded**	**not recorded**	**not recorded**	**not recorded**	**16,110**
Production	8,327	9,317	9,486	9,985	10,176
Thereof women	not recorded	not recorded	not recorded	not recorded	3,202
Logistics	1,927	2,054	1,665	1,779	2,207
Thereof women	not recorded	not recorded	not recorded	not recorded	774
Marketing and Sales	11,541	12,322	12,353	12,214	12,113
Thereof women	not recorded	not recorded	not recorded	not recorded	4,814
Administration	4,378	4,696	4,416	5,106	6,342
Thereof women	not recorded	not recorded	not recorded	not recorded	3,557
Research and Development	4,116	4,632	4,558	4,433	4,738
Thereof women	not recorded	not recorded	not recorded	not recorded	2,534
Infrastructure and Other	6,058	7,549	7,461	4,765	3,354
Thereof women	not recorded	not recorded	not recorded	not recorded	1,230

Average Head Count (HC) is calculated based on the End HC of the last 5 quarters.

In 2013 and 2014, Merck assigned all positions to a standardized job profile, thereby substantially increasing transparency. In this way, positions previously not assigned to specific functional areas were classified according to function.

Number of employees by region

As of Dec. 31	2010	2011	2012	2013	2014
Total	**40,562**	**40,676**	**38,847**	**38,154**	**39,639**
Employees in Europe	*	21,830	20,777	20,013	20,537
thereof women	*	9,832	9,261	8,755	8,893
Employees in North America	*	4,964	4,848	4,911	5,092
thereof women	*	2,314	2,225	2,246	2,272
Employees in Emerging Markets**	*	12,229	11,642	11,688	12,176
thereof women	*	4,565	4,274	4,335	4,562
Employees in Rest of World	*	1,653	1,580	1,542	1,834
thereof women	*	618	582	565	639

* No retroactive calculation based on the new regional structure.

** Latin America and Asia excluding Japan.

Supervised workers such as temps are currently not logged in our employee data system. We are investigating possibilities to record information on supervised workers throughout the Merck Group.

Percentage of women

As of Dec. 31	2010	2011	2012	2013	2014
% of women in the entire workforce	43	43	42	42	41
% of management positions held by women (Global Grade 14 or above)*	22*	23*	24	25	26**
% of women in the Merck Serono and Consumer Health divisions	47	47	46	46	45
% of women in the Performance Materials and Merck Millipore divisions	33	38	37	37	36

* These figures do not entirely include the employees of the Millipore Corporation, which was acquired in July 2010. The Global Grading System was instituted there incrementally.

** This figure does not include the employees of AZ Electronic Materials, a company that was acquired in July 2014. As of December 31, 2014, the Global Grading System had not yet been implemented there.

Full-time and part-time employees

As of Dec. 31	2010	2011	2012	2013	2014
% of full-time employees	94	94	94	95	95
% of part-time employees	6	6	6	5	5

In 2014, women accounted for 39% of employees working full-time in the Merck Group (2013: 39%), with women representing 90% of employees working part-time (2013: 92%). In 2014, 10% of our part-time employees were men (8% in 2013).

Temporary and permanent contracts

As of Dec. 31	2010	2011	2012	2013	2014
Total employees	**40,562**	**40,676**	**38,847**	**38,154**	**39,639**
Number of employees with permanent contracts	not recorded	39,261	37,732	36,908	38,410
% of employees with permanent contracts	not recorded	not recorded	not recorded	97	97
by contract type:					
full-time	not recorded	not recorded	not recorded	34,911	37,573
% full-time	not recorded	not recorded	not recorded	95	98
thereof women	not recorded	not recorded	not recorded	13,524	14,497
thereof women (%)	not recorded	not recorded	not recorded	39	39
part-time	not recorded	not recorded	not recorded	1,994	2,066
% part-time	not recorded	not recorded	not recorded	6	5
thereof women	not recorded	not recorded	not recorded	1,839	1,869
thereof women (%)	not recorded	not recorded	not recorded	92	90
Number of employees with temporary contracts	not recorded	1,415	1,115	1,246	1,219
% of employees with temporary contracts	not recorded	not recorded	not recorded	3	3

New Employees

	2010	2011	2012	2013	2014
Total number of new employee hires	**not recorded**	**not recorded**	**not recorded**	**5,007**	**6,212**
by age group					
Up to 29 years old	not recorded	not recorded	not recorded	2,358	2,305
30 to 49 years old	not recorded	not recorded	not recorded	2,397	3,361
50 or older	not recorded	not recorded	not recorded	252	546
by gender					
Women	not recorded	not recorded	not recorded	2,051	2,513
Men	not recorded	not recorded	not recorded	2,945	3,689
by region					
Europe	not recorded	not recorded	not recorded	1,757	2,312
North America	not recorded	not recorded	not recorded	526	826
Emerging Markets	not recorded	not recorded	not recorded	2,608	2,578
Rest of World	not recorded	not recorded	not recorded	116	496
Rate of new employee hires* (%)	**not recorded**	**not recorded**	**not recorded**	**13**	**16**
by age group					
Up to 29 years old	not recorded	not recorded	not recorded	40	37
30 to 49 years old	not recorded	not recorded	not recorded	10	54
50 or older	not recorded	not recorded	not recorded	3	9
by gender					
Women	not recorded	not recorded	not recorded	13	40
Men	not recorded	not recorded	not recorded	13	59
by region					
Europe	not recorded	not recorded	not recorded	9	37
North America	not recorded	not recorded	not recorded	11	13
Emerging Markets	not recorded	not recorded	not recorded	21	42
Rest of World	not recorded	not recorded	not recorded	20	8

* Formula for the rate of new employee hires: Total number of new employees / End HC.

Staff turnover

	2010	2011*	2012*	2013	2014
Total turnover rate	**not recorded**	**13.37**	**13.71**	**14.61**	**11.01**
Turnover rate by gender					
Men	not recorded	10.98	13.17	13.98	10.75
Women	not recorded	12.07	14.45	15.00	11.38
Turnover rate by age group					
Up to 29 years old	not recorded	22.4	23.77	21.55	18.71
30 to 49 years old	not recorded	11.58	12.48	13.44	9.72
50 or older	not recorded	11.4	9.91	13.01	9.49
Turnover rate by region					
Europe	not recorded	8.57	9.52	14.61	7.05
North America	not recorded	14.48	12.75	10.51	12.45
Emerging Markets	not recorded	21	21.46	21.15	17.02
Rest of World	not recorded	17	14.68	14.14	11.50
Total number of Leavers	**not recorded**	**not recorded**	**not recorded**	**5,573**	**4,364**
by gender					
Men	not recorded	not recorded	not recorded	3,110	2,502
Women	not recorded	not recorded	not recorded	2,385	1,862
by age group					
Up to 29 years old	not recorded	not recorded	not recorded	1,273	1,102
30 to 49 years old	not recorded	not recorded	not recorded	3,300	2,474
50 or older	not recorded	not recorded	not recorded	1,000	788
by region					
Europe	not recorded	not recorded	not recorded	2,367	1,447
North America	not recorded	not recorded	not recorded	516	634
Emerging Markets	not recorded	not recorded	not recorded	2,472	2,072
Rest of World	not recorded	not recorded	not recorded	218	211

* The figures for 2011 and 2012 have been recalculated based on the reporting date and therefore now differ from the figures reported in prior years.

The table contains unadjusted turnover rates, calculated as follows: number of separations*100/number of employees as of Dec. 31.

The unadjusted turnover rate excludes employees who leave due to parental leave or a long-term illness, as well as employees who are transitioning to the non-working phase of partial retirement.

Staff turnover (2)

	2010	2011	2012	2013	2014
Turnover rate of employees who were hired during the 18 months preceding Dec. 31 of the respective year	**not recorded**	**12.23**	**14.07**	**12.77**	**12.67**
Turnover rate by gender					
Men	not recorded	13.49	15.20	13.74	13.16
Women	not recorded	10.42	12.34	11.34	11.97
Turnover rate by age group					
Up to 29 years old	not recorded	16.25	16.20	15.55	15.76
30 to 49 years old	not recorded	9.18	12.73	10.76	11.20
50 or older	not recorded	8.51	9.69	10.64	9.32
Turnover rate by region					
Europe	not recorded	7.16	8.16	8.71	10.07
North America	not recorded	7.30	7.91	6.42	7.22
Emerging Markets	not recorded	17.11	19.06	16.10	16.83
Rest of World	not recorded	5.67	11.90	15.77	9.72

Merck records the new employee turnover rate over the course of 18 months because 12 months is too short a time to become truly familiar with a new position, especially when it comes to management positions.

The turnover rate is calculated as follows: (Number of new hires within the preceding 18 months who left Merck within this period)/(average number of employees in the preceding 18 months)*100.

The figures exclude employees who leave due to parental leave or a long-term illness, as well as employees who are transitioning to the non-working phase of partial retirement.

Core labor standards of the International Labour Organization (ILO)

As of Dec. 31	2010	2011	2012	2013	2014
% of full-time employees (standard contract, excluding exempts) with contractually stipulated working hours of maximally 48 hours/week[1]	99	99	99	99	99
% of full-time employees (standard contract) with at least 15 vacation days/year[2]	94	96	95	98	95
% of female employees with access to maternity leave programs[3]	100	100	100	100	100
% of employees with the right to collective bargaining[4]	96	96	97	97	97
% of employees working at companies where collective agreements apply	not recorded*	not recorded*	not recorded*	68	66

[1] ILO: Hours of Work (Commerce and Offices) Convention, 1930 (No. 30).
[2] ILO: Holidays with Pay Convention (Revised), 1970 (No. 132).
[3] ILO: Maternity Protection Convention (Revised), 1952 (No. 103).
[4] ILO: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).
* In the years 2010, 2011 and 2012 Merck recorded the percentage of employees who have a right to collective bargaining.

Table continued

Core labor standards of the International Labour Organization (ILO)

As of Dec. 31	2010	2011	2012	2013	2014
% of sites that rule out complicity in child labor as described in ILO Convention 138	100	100	100	100	100
Age of youngest employees, excluding apprentices	17	18	18	16	17

[1] ILO: Hours of Work (Commerce and Offices) Convention, 1930 (No. 30).
[2] ILO: Holidays with Pay Convention (Revised), 1970 (No. 132).
[3] ILO: Maternity Protection Convention (Revised), 1952 (No. 103).
[4] ILO: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).
* In the years 2010, 2011 and 2012 Merck recorded the percentage of employees who have a right to collective bargaining.

Local minimum wage

	2010	2011	2012	2013	2014
% of sites that guarantee a salary above the local minimum wage*	100	99	100	100	100

* Minimum wage as stipulated by law, or derived from other provisions such as collective agreements.

The Global Rewards Policy applies to all Merck subsidiaries worldwide and guarantees a systematic compensation structure. Base pay is oriented to the median base pay, and short-term variable compensation is based on the third quartile of the relevant reference market. The overall compensation package thus exceeds the market median.

Occupational health and safety

Work-related accidents

	2010	2011	2012	2013**	2014
Lost Time Injury Rate (LTIR)	**3.0**	**2.1**	**2.3**	**2.2**	**1.8**
by region					
Europe	4.5	3.1	3.9	3.7	2.9
North America	1.3*	1.5	1.1*	0.9	1.0
Emerging Markets	1.9	0.9	0.7	0.8	0.7
Rest of World	0.4	2.1	1.0	1.0	0.9
Number of deaths	**1**	**0**	**0**	**0**	**2**
by region					
Europe	0	0	0	0	0
North America	0	0	0	0	0
Emerging Markets	1	0	0	0	2
Rest of World	0	0	0	0	0
by gender					

* Figures retroactively adjusted.
** from 2013 onwards: incl. supervised workers

Table continued

Work-related accidents

	2010	2011	2012	2013**	2014
Women	1	0	0	0	1
Men	0	0	0	0	1

* Figures retroactively adjusted.

** from 2013 onwards: incl. supervised workers

Merck employees have been included in the calculation of the indicators as well as supervised employees of external companies. Independent contractors have not been taken into account.

Using the LTIR, we record work-related accidents of Merck employees that involve at least one day of missed work. A work-related accident is an injury that results from the type of work, in the course of doing said work, and that has no internal cause (cumulative trauma). Work-related accidents are considered relevant if they occur on the premises, on business trips, during a transport accident, in the course of external influences (e.g. natural disasters), or due to criminal acts involving personal injury. Commuting accidents and accidents during company sporting activities are not included. First-aid incidents are generally not included in the LTIR since these usually do not result in more than one day of missed work.

We have set ourselves the goal of reducing the LTIR to 2.5 by 2015. In 2014, by means of targeted accident prevention measures we again outperformed this goal as we did in the previous three years, achieving an LTIR of 1.8.

For Merck KGaA (24% of the employees of the Merck Group) we report work-related illnesses if these have been diagnosed and verified by a physician. In the reporting period, one case of work-induced illness was recorded. We do not keep track of the number of work-related illnesses throughout the entire Merck Group.

We have defined the LTIR as the key indicator for the Merck Group. Therefore, we do not publish any other indicators such as workplace accidents, lost days or days of absence. The LTIR is not broken down by gender as this differentiation is not relevant to our strategic planning.

Continuing education and training

Spending on advanced training for employees (€)

	2010	2011	2012	2013	2014
Average continuing education spending per employee	1,152	982	699	679	718

We record and report the costs of vocational training and continuing education for our employees. We are not currently tracking the average number of continuing education hours consolidated at Group level, but we are working on a technical solution to track all training hours globally.

Employees who regularly receive a performance and development evaluation

As of Dec. 31	2010	2011	2012	2013**	2014***
% of employees who receive a performance and development evaluation	**88**	**98**	**98**	**72**	**79**
by gender					
Women	not recorded	not recorded	not recorded	75	84
Men	not recorded	not recorded	not recorded	71	77
by employee category					
Senior Management (Global Grade above 17)	not recorded	not recorded	not recorded	100	97*
Low and middle management (Global Grade 14–17)	not recorded	not recorded	not recorded	100	96*
Other employees (Global Grade below 14)	not recorded	not recorded	not recorded	72	78*

* The fluctuations in participant numbers by employee category can be explained by Merck's acquisition of AZ Electronic Materials, among other factors. By the 2014 reporting date, the majority of AZ employees had been classified according to our grading system. However, because they were not integrated until the end of 2014, they had not yet taken part in Merck's Performance Management Process.

** The 2013 data in the above table is based on a reporting date of March 12, 2014.

*** The 2014 data in the above table is based on a reporting date of March 2, 2015.

Regular feedback and employee performance evaluations are essential to a systematic development process. Our globally uniform Performance and Talent Management Process requires annual feedback meetings and performance assessments for all employees rated Global Grade 10 and up in our position grading system. Apart from evaluating employee performance, this helps us to identify individual development opportunities.

When it comes to applying this process, our individual subsidiaries can decide for themselves whether to include employees rated below Global Grade 10. In Germany, all permanent employees have been participating in the Performance and Talent Management Process since 2013. In 2014, around 31,395 employees worldwide (including non-exempt employees in Germany) were involved in the process (2013: approx. 27,600 employees). The Performance and Talent Management Process is coordinated via the HR Suite IT system.

As of 2013, we changed the table to reflect only the performance evaluations that are documented in the HR Suite IT system. For these evaluations, we can provide details on the Global Grade as well as gender of the participating employees.

For all other employees not participating electronically in this globally uniform process, other methods of performance assessment are available. In 2014, 97% of our employees took part in a performance and development evaluation, the same percentage as in 2013.

Apprentices*

As of Dec. 31	2010	2011	2012	2013	2014
Number of apprentices	513	523	528	516	498
% of apprentices	5.9	5.6	5.7	5.6	5.4

* Only pertains to the Darmstadt, Gernsheim and Grafing sites in Germany (which accounted for around 24% of Merck Group employees in 2014).

Diversity and inclusion

Internationality of employees

	2010*	2011*	2012	2013	2014**
Number of nationalities	128	125	121	114	122
Number of nationalities in management positions (Global Grade 14 or above)	55	54	57	64	67
% of non-Germans in management positions (Global Grade 14 or above)	57	56	61	60	60

* These figures do not entirely include the employees of the Millipore Corporation, which was acquired in July 2010. The Global Grading System was instituted there incrementally.

** These figures do not include the employees of AZ Electronic Materials, a company that was acquired in July 2014. As of December 31, 2014, the Global Grading System had not yet been implemented there.

Employee age by region

Number of employees	Worldwide	North America	Europe (including Germany)	Germany	Emerging Markets	Rest of World
2013						
Up to 29 years old	5,906	462	2,362	1,494	2,883	199
thereof women	2,411	204	1,071	587	1,059	77
30 to 49 years old	24,562	2,867	12,774	6,221	7,882	1,039
thereof women	10,666	1,359	5,851	2,447	3,044	412
50 or older	7,686	1,582	4,877	3,153	923	304
thereof women	2,824	683	1,833	1,074	232	76
Average age	**40.4**	**44.1**	**41.9**	**42.6**	**36.0**	**40.5**
Total employees	**38,154**	**4,911**	**20,013**	**10,868**	**11,688**	**1,542**
2014						
Up to 29 years old	5,890	512	2,427	1,513	2,711	240
thereof women	2,458	221	1,105	579	1,049	83
30 to 49 years old	25,446	2,804	12,979	6,359	8,426	1,237
thereof women	10,854	1,302	5,862	2,486	3,231	459
50 or older	8,303	1,776	5,131	3,319	1,039	357
thereof women	3,054	749	1,926	1,133	282	97
Average age	**40.57**	**44.5**	**42.02**	**42.69**	**36.52**	**40.36**
Total employees	**39,639**	**5,092**	**20,537**	**11,191**	**12,176**	**1,834**

Employees with disabilities* (%)

As of Dec. 31	2010	2011	2012	2013	2014
Employees with disabilities*	4.1	4.2	4.9	5.0	4.7

* Only pertains to the Darmstadt, Gernsheim and Grafing sites in Germany (which accounted for around 24% of Merck Group employees in 2014, calculations based on the German Social Code IX - SGB IX).

Insurance and retirement benefits for employees

Insurance and pension systems for employees

	2010	2011	2012	2013	2014
% of employees who are obliged to contribute to a statutory pension system	95	98	99	99	100
% of employees with company accident insurance	100	100	100	100	100
% of employees with statutory health insurance	88	88	87	85	87
% of employees with employer-funded health insurance	88	88	93	95	96

We offer a company pension in numerous countries along with various programs for supplemental company pensions and survivor's benefits. Around two-thirds of our employees are enrolled in such a program.

Long-term pension obligations and post-employment benefits

€ million	2010	2011	2012	2013	2014
Present value of all pension obligations as of Dec. 31	2,356	2,490	2,830	2,737	3,813
Pension expenses	132	168	159	147	157

Depending on the legal, economic and fiscal circumstances prevailing in each country, different retirement benefit systems are provided for the employees of the Merck Group. Generally these systems are based on the years of service and salaries of the employees. Pension obligations of the Merck Group include both defined benefit and defined contribution plans and comprise both obligations from current pensions and accrued benefits for pensions payable in the future. In the Merck Group, defined benefit plans are funded and unfunded. Provisions also contain other post-employment benefits, such as accrued future health care costs for retirees in the United States (see our Annual Report 2014, Note on Provisions for pensions and other post-employment benefits).

Reconciling the demands of a career and family

Flexible working hours

	2010	2011	2012	2013	2014
% of employees with the option of working flexible hours	57	58	69	75	74

Parental leave in Germany*

As of Dec. 31	2010	2011	2012	2013	2014
Number of employees with a right to parental leave	not recorded	237	299	254	331
thereof women (recorded via maternity leave in the respective year)	not recorded	82	139	120	165
thereof men (recorded via special paternity leave in the respective year)	not recorded	155	160	134	166
Number of employees who took parental leave**	368	401	434	433	507
thereof women	not recorded	283	303	292	349
thereof men	not recorded	118	131	141	158
Number of employees on parental leave who worked part time during their leave	not recorded	123	137	81	99
thereof women	not recorded	117	135	77	94
thereof men	not recorded	6	2	4	5
Number of employees who returned from parental leave	not recorded	144	162	151	187
thereof women	not recorded	58	62	60	83
thereof men	not recorded	86	100	91	104
Return to work rate (%)	not recorded	not recorded	not recorded	34.87	36.88
thereof women	not recorded	not recorded	not recorded	20.55	23.78
thereof men	not recorded	not recorded	not recorded	64.54	65.82
Number of employees still working for Merck one year after their return from parental leave	not recorded	140	130	152	***
thereof women	not recorded	55	34	57	***
thereof men	not recorded	85	96	95	***
Retention rate (%)	not recorded	not recorded	not recorded	93.83	***
thereof women	not recorded	not recorded	not recorded	91.94	***
thereof men	not recorded	not recorded	not recorded	95.00	***

* Figures only pertain to the Darmstadt, Gernsheim and Grafing sites in Germany (which accounted for around 24% of Merck Group employees in 2014). Figures are calculated on the basis of the data from one entire year, which also includes those employees who took parental leave during the calendar year, but who had not returned by Dec. 31.

** Since parental leave can be taken for a period ranging from one month to three years, it is possible for employees to be recorded across a period of up to four calendar years. This explains why the number of employees on parental leave exceeds the number of employees who have a right to it.

*** Figure will be available on Dec. 31, 2015.

Indicators: Environment

✔ Audited

Environmental management

Spending on environmental protection, safety and health (€ million)

	2010	2011	2012	2013	2014
Spending	140	141	146	142	146

These figures include both investments in as well as internal and external spending on waste and wastewater management, water, occupational safety, fire protection, noise reduction, air pollution prevention, decontamination, preservation of nature and the landscape, climate protection, and energy efficiency.

Greenhouse gas emissions

Total greenhouse gas emissions (metric kilotons) (Scope 1 and 2 of the GHG Protocol)*

	2006**	2010	2011	2012	2013	2014
Total CO_2eq emissions	**575**	**577**	**541**	**551**	**567**	**524**
Thereof						
direct CO_2eq emissions	318	352	318	321	350	323
indirect CO_2eq emissions	257	225	223	230	217	201
Biogenic CO_2 emissions	**6**	**6**	**5**	**5**	**6**	**11**

* In line with the Greenhouse Gas Protocol, for all previous years (up to the 2006 baseline) the greenhouse gas emissions have been calculated based on the current corporate structure of the reporting year and retroactively adjusted for acquisitions (e.g. AZ Group in 2014) or divestments of (parts of) companies, or for changes in emission factors (portfolio-adjusted).

** Baseline for our emission targets is 2006.

eq = equivalent

Our response to the Carbon Disclosure Project contains a detailed description of our calculation methods. We have included the following gases into our calculation of direct and indirect CO_2eq emissions:

- Direct CO_2 emissions: CO_2, HFCs, PFCs; CH_4/N_2O negligible; SF_6/NF_3 not available.
- Indirect CO_2 emissions: CO_2.

In 2014, we emitted 0.046 kg of CO_2eq per euro of sales. This calculation includes data from the AZ Group and assumes that first-time consolidation had already taken place as of January 1, 2014 (further information can be found in the Annual Report 2014).

Other relevant indirect greenhouse gas emissions (Scope 3 of the GHG Protocol)	2010	2011	2012	2013	2014
Total gross other indirect emissions (metric tons CO_2-eq*)	**28,958**	**47,324**	**48,588**	**64,616**	**320,219**
Fuel- and energy-related activities, not included in Scope 1 or 2 (category 3)	not recorded	not recorded	not recorded	not recorded	98,340
Waste generated in operations (category 5)	not recorded	not recorded	not recorded	not recorded	95,430
Business travel - air travel (category 6)	28,798	47,203	47,618	63,279	73,791
Business travel - rail travel (category 6)	160	121	122	45	21
Business travel - rental car travel (category 6)	not recorded	not recorded	848	1,292	1,223
Employee commuting (category 7)	not recorded	not recorded	not recorded	not recorded	51,414
Upstream leased assets (category 8)	not recorded	not recorded	not recorded	not recorded	0**
Processing of sold products (category 10)	not recorded	not recorded	not recorded	not recorded	0***
Downstream leased assets (category 13)	not recorded	not recorded	not recorded	not recorded	0
Franchises (category 14)	not recorded	not recorded	not recorded	not recorded	0

* eq = equivalent
** already covered under Scope 1/2 emissions
*** Merck produces a huge variety of intermediate products for various purposes. Due to their many applications and our customer structure, the associated GHG emissions cannot be tracked in a reasonable fashion.

In 2014, we reported data on multiple Scope 3 categories for the first time. As a result, the total 2014 emissions cannot be compared to previous years. No data is available for Scope 3 categories not listed above. Their relevance to Merck is assessed in the Scope 3 document.

Biogenic emissions (Scope 3), if present, are not being recorded.

Other air emissions

Emissions of ozone-depleting substances (metric tons)	2010	2011	2012	2013	2014
Total emissions of ozone-depleting substances	0.7	1.0	1.9	1.5	0.9
CFC-11eq*	0.04	0.06	0.10	0.08	0.05

* CFC-11eq is a unit of measure used to compare the potential of various substances to deplete the ozone. Reference figure 1 indicates the potential of CFC-11 to cause the depletion of the ozone layer.

Substances included: R-12, R-22, R-141b, R-402a, R-409a, R-401a.

Source for the emission factors: Montreal Protocol.

Other air emissions (metric kilotons)

	2010	2011	2012	2013	2014
Volatile organic compounds (VOC)	0.2	0.2	0.2	0.2	0.3
Nitrogen oxide	0.2	0.1	0.2	0.2	0.2
Sulfur dioxide	0.03	0.02	0.02	0.02	0.02
Dust	0.02	0.03	0.03	0.01	0.02

The VOC, nitrogen oxide, sulfur dioxide and dust emissions reported here are production-related. These figures do not include emissions from vehicles. Emissions are determined partially based on measurements and partially based on calculations or estimates. Only some sites are required to measure individual parameters.

Transport

Transport of finished goods, by means of transportation*

	2010	2011	2012	2013	2014
% Truck	58	58	58	56	56
% Boat	36	36	36	37	38
% Airplane	6	6	6	7	6

* Pertains to goods shipped by the German sites Darmstadt, Gernsheim and Hohenbrunn. These figures pertain to the total weight of the transported products. Indicated here is the primary means of transport.

In shipping finished goods from production sites to local warehouses of the subsidiaries, we are working to reduce the use of air shipping in favor of sea shipping. In doing so, we cut costs and reduce the CO_2 emissions incurred by transporting goods. In 2014, this allowed us to save 800 metric tons of CO_2.

Resource consumption

Energy consumption*

in GWh	2010	2011	2012	2013	2014
Total energy consumption	**1,505**	**1,497**	**1,556**	**1,566**	**1,622**
Direct energy consumption	**919**	**920**	**940**	**1,001**	**1,071**
Natural gas	799	802	827	884	937
Liquid fossil fuels**	105	105	100	102	107
Biomass and self-generated renewable energy	15	13	13	15	27
Indirect energy consumption	**586**	**577**	**616**	**565**	**551**
Electricity	518	519	502	500	466

* In line with the Greenhouse Gas Protocol, for all previous years (up to the 2006 baseline) the energy consumption has been calculated based on the current corporate structure of the reporting year and retroactively adjusted for acquisitions or divestments of (parts of) companies, or for changes in emission factors (portfolio-adjusted).

** Light and heavy fuel oil, liquified petroleum gas (LPG), diesel and gasoline.

Table continued

Energy consumption*

in GWh	2010	2011	2012	2013	2014
Steam, Heat, Cold	68	58	114	65	85
Total energy sold	**0.5**	**0.4**	**0.5**	**0.4**	**0.3**
Electricity	0.5	0.4	0.5	0.4	0.3
Steam, Heat, Cold	0	0	0	0	0
in TJ	2010	2011	2012	2013	2014
Total energy consumption	**5,418**	**5,389**	**5,602**	**5,638**	**5,839**
Direct energy consumption	**3,308**	**3,312**	**3,384**	**3,604**	**3,856**
Natural gas	2,876	2,887	2,977	3,182	3,373
Liquid fossil fuels**	378	378	360	367	385
Biomass and self-generated renewable energy	54	47	47	54	97
Indirect energy consumption	**2,110**	**2,077**	**2,218**	**2,034**	**1,984**
Electricity	1,865	1,868	1,807	1,800	1,678
Steam, Heat, Cold	245	209	410	234	306
Total energy sold	**2**	**1**	**2**	**1**	**1.1**
Electricity	2	1	2	1	1.1
Steam, Heat, Cold	0	0	0	0	0

* In line with the Greenhouse Gas Protocol, for all previous years (up to the 2006 baseline) the energy consumption has been calculated based on the current corporate structure of the reporting year and retroactively adjusted for acquisitions or divestments of (parts of) companies, or for changes in emission factors (portfolio-adjusted).

** Light and heavy fuel oil, liquified petroleum gas (LPG), diesel and gasoline.

At our sites in Billerica, Massachusetts (USA), Bedford, Massachusetts (USA), Molsheim (France), Tel Aviv (Israel), Rome (Italy) and Ciudad de Guatemala (Guatemala), we use photovoltaics to produce power.

Merck currently only records purchased secondary energy – this is primarily electricity and, to a lesser extent, heat/steam/cold. Details on the local energy mix, including the respective percentage of primary energy, renewable energy, etc. are currently not available. Data on local energy efficiency in electricity or heat generation are currently not available either. Merck production sites are located in countries with a widely varying energy mix. Our Darmstadt and Gernsheim sites in Germany have a high energy consumption, representing 40% of our Group-wide total. At these sites, fossil energy (coal, gas, etc.) accounts for approx. 57%, nuclear energy approx. 17% and renewable energies approx. 26% of the energy mix. Renewable energies account for a higher share in electricity generation at production sites in Switzerland, with nuclear energy taking the lead in France and Japan. Based on an estimated global energy efficiency of 37% for the conversion and distribution of generated electricity, this results in a primary energy consumption of 1,260 GWh for 2014. Based on an estimated global energy efficiency of 85% for heat/steam/cold, this results in a primary energy consumption of 100 GWh for 2014. This gives a total primary energy consumption of 1,360 GWh for 2014. (The calculation is based on factors stated in the "Handbuch für betriebliches Energiemanagement - Systematisch Energiekosten senken" ("Manual for energy management in practice - Systematically reducing energy costs") published by DENA, 12/2012.

In 2014, Merck's energy intensity relative to sales totaled 0.141 kWh/€. This calculation includes data from the AZ Group and assumes that first-time consolidation had already taken place as of January 1, 2014 (further information can be found in the Annual Report 2014).

Water consumption (millions of m^3)

	2010	2011	2012	2013	2014
Total water consumption	**18.0**	**17.6**	**16.3**	**9.6***	**11.1**
Surface water (rivers, lakes)	8.7	8.3	7.0	0.0	0.3
Groundwater	5.5	5.7	5.3	5.4*	6.3
Drinking water (from local suppliers)	3.8	3.6	4.0	4.2	4.5
Rain water and other sources	0.02	0.02	0.01	0.01	0.03

* Figures retroactively adjusted.
2013: Gernsheim

The sharp decrease in total water use in 2013 is attributable to the closure of the Merck Serono site in Geneva, Switzerland. The site utilized surface water from Lake Geneva for cooling and heating purposes and used lake water to cover a large portion of the site's energy requirements.

Our water usage increased in 2014 because this was the first time that the manufacturing sites of the AZ Group - acquired in 2014 - were incorporated into our reporting. These figures do not include the ground water that we utilize in relation to safety measures at the Gernsheim site in Germany. Here, the water is fed back directly into natural circulation.

Water reused

	2010	2011	2012	2013	2014
Water reused (millions of m^3)	not recorded	not recorded	17.8	16.6	16.0

Wastewater

Wastewater volume and quality

	2010	2011	2012	2013	2014
Total wastewater volume (millions of m^3)	**8.8**	**11.1**	**8.5**	**8.6**	**10.1**
Chemical oxygen demand (metric tons of O_2)	967	911	929	756	968
Phosphorous (metric tons)	9	8	7	7	11
Nitrogen (metric tons)	61	73	76	77	81
Zinc (kg)	283	248	267	293	288
Chromium (kg)	20	21	21	23	78
Copper (kg)	40	34	37	36	34
Nickel (kg)	39	101	101	110	128
Lead (kg)	38	40	35	42	55
Cadmium (kg)	10	10	10	10	10
Mercury (kg)	1	1	1	1	1
Arsenic (kg)	7	6	3	4	4

The wastewater volume includes indirect discharge into both public and Merck-owned wastewater treatment plants, as well as direct discharge (such as rainwater and cooling water). Our water usage increased in 2014 because this was the first time that the manufacturing sites of the AZ Group - acquired in 2014 - were incorporated into our reporting.

Wastewater from the neighboring municipality of Biebesheim is also treated at the wastewater treatment plant at the Gernsheim site in Germany. The communal wastewater from Biebesheim is included in the wastewater volume as well as in the emissions stated in the table.

Emissions are determined partially based on measurements and partially based on calculations or estimates. Only some sites are required to measure individual parameters.

Waste

Hazardous and non-hazardous waste (metric kilotons)

	2010	2011	2012	2013	2014
Total waste	**194**	**200**	**189**	**161***	**229**
Hazardous waste disposed**	47	43	62	37	53
Non-hazardous waste disposed**	27	36	36	31*	55
Hazardous waste recycled	32	45	48	50*	50
Non-hazardous waste recycled	88	76	43	43	71

* Figures retroactively adjusted.
** Disposed = incineration and landfill.

We reduced our hazardous waste disposed to landfills from approx. 300 metric tons in 2013 to 176 metric tons in 2014.

Exported/Imported hazardous waste (metric kilotons)

	2010	2011	2012	2013	2014
Exported*	not recorded	not recorded	not recorded	7.1	10
Imported**	not recorded	not recorded	not recorded	0.01	0.003

* Disposal within the EU.
** Within the scope of the return system for our cell tests, these tests are brought to our Gernsheim site in Germany for their proper disposal.

Waste by disposal method

	2010	2011	2012	2013	2014
Total waste (metric kilotons)	**194**	**200**	**189**	**161***	**229**
Disposed waste (metric kilotons)	**74**	**79**	**98**	**67**	**108**
Landfilled waste (metric kilotons)	13	14	19	13	37
Incinerated waste (metric kilotons)	61	65	79	54	71

* Figures retroactively adjusted.

Table continued

Waste by disposal method

	2010	2011	2012	2013	2014
Recycled waste (metric kilotons)	**120**	**121**	**91**	**94***	**121**
Material recycling (metric kilotons)	100	97	67	69*	94
Waste-to-energy (metric kilotons)	20	24	24	25	27
Recycling rate (%)	**62**	**61**	**48**	**58**	**53**

* Figures retroactively adjusted.

The waste output of the Merck Group rose to 229,000 metric tons in 2014 (2013: 161,000 metric tons). Waste from construction and renovation projects accounted for the majority of the waste (2013: 24%; 2014: 47%), stemming in particular from the remodeling of our Global headquarters in Darmstadt.

Significant Spills

	2010	2011	2012	2013	2014
Total number of significant spills	not recorded	not recorded	0	0	0

Indicators: Society

✔ Audited

Spending on social engagement (€ million)

	2010	2011	2012	2013	2014
Total spending	6.9	7.9	11.8	46.2	50.8

We calculate the value of pharmaceutical product donations according to the WHO Guidelines for Medicine Donations; for other product donations, we apply their fair value.

The increase in our spending on social engagement is attributable to the expansion of the Merck Praziquantel Donation Program (MPDP) and the expansion of the Erbitux® China Patients Aid Program. In the Merck Praziquantel Donation Program, we are partnering with the World Health Organization to combat the worm disease schistosomiasis in African school children. In the Erbitux® China Patients Aid Program we work with the Beijing Red Cross Foundation to provide Erbitux® free-of-charge to low-income patients with colorectal cancer.

Spending on local social engagement, by region (%)*

	2010	2011	2012	2013	2014
Europe	29	39	20	36	37
North America	17	23	13	< 1	< 2
Emerging Markets	49	37	66	63	61
Rest of World	5	1	1	< 1	< 1

* Excluding lighthouse projects.

As a result of the sharp increase in spending on social engagement in Europe and Emerging Markets, the relative share of spending in North America declined from 2013 onwards.

Focus of local social engagement (%)*

	2010	2011	2012	2013	2014
Disaster relief	3	10	3	6	4
Education	21	22	16	23	23
Environment	–	5	9	10	10
Health	–	28	30	23	33
Support for culture and sports activities near our sites	14	18	28	19	15
Other**	62	17	14	19	15

* Excluding lighthouse projects, based on number of projects.
** 2010 includes discontinued focus areas.

Motivations for our social engagement (%)*

	2010	2011	2012	2013	2014
Charitable activities	56	52	32	20	9
Community investment	20	24	52	59	59
Commercial initiatives in the community	24	24	16	21	32

* Excluding lighthouse projects, based on total spending.

We assign the motivations for our engagement to categories based on the model of the London Benchmarking Group and the guidelines of the Bertelsmann Foundation for corporate social engagement. Projects that primarily aim to make improvements within the community are classified as "Community investment". Projects that are predominantly aimed at company-relevant factors such as image or personnel recruitment are classified as "Commercial initiatives in the community". "Charitable activities" comprehends any other projects that benefit a charitable organization, but cannot be assigned to either of the other two motivation categories due to missing data or their narrow scope.

Goals

Products

Goals: Safety and quality of chemical products

Goal	Action	By?	Status in 2013 and 2014	Status
Establish a globally uniform hazard and risk communication system for all relevant Merck chemicals in the supply chain, incorporating the principles of prevention	**Implementation of REACH:** Register substances produced in quantities ranging from 1-100 metric tons per year (phase 3 of REACH implementation) and register non-phase-in substances	Mid-2018	By the end of 2014, we had registered 15% of all phase 3 substances.	—
	Implementation of GHS/CLP: Classify mixtures and sets according to the CLP regulation	Mid-2015	All mixtures have been classified according to CLP since mid-2013.	—
	Implementation of the Global Product Strategy (GPS): Provide Product Safety Summaries within GPS for all hazardous substances registered under REACH	End of 2020	We have already completed Product Safety Summaries for 17 substances registered under REACH; we are working on nine additional Product Safety Summaries.	+
	Projects for hazard communication: Update safety data sheets for non-hazardous materials	End of 2020	We have safety data sheets for around 20% of all non-hazardous substances and continually review them. Around 40% of the non-hazardous substances have replacement letters.	—
	Increase the number of safety data sheets prepared to a globally uniform standard	End of 2020	Around 90% of all safety data sheets are based on our Group-wide Merck GHS standard.	—
	Implementation of US GHS/HazCom 2012: Classify pure substances, mixtures and sets in the United States according to HazCom 2012 criteria	Mid-2015		+

Legend: — Achieved — In progress — Not achieved + New goal

Goals: Product-related crime

Goal	Action	By?	Status in 2013 and 2014	Status
Protect customers and patients from harm by product-related crime	Update our international regulations with a focus on product safety for all relevant products	End of 2016		+
	Monitor the dark figures in certain countries	End of 2016		+
	Support regional activities	End of 2016		+
	Pilot a project to improve product safety in high-risk regions of Africa using software-based solutions	End of 2016		+
Increase awareness of strategic importance of counterfeit pharmaceuticals	Expand scope of employee training and increase internal reporting on counterfeits	End of 2015		+
	Host a conference of the Pharmaceutical Security Institutes (PSI) with industry representatives	End of 2015		+

Legend: Achieved In progress Not achieved + New goal

Goals: Sustainable products

Goal	Action	By?	Status in 2013 and 2014	Status
Improve the product sustainability in 10% of the product families of Merck Millipore	Implement the Design for Sustainability program.	End of 2015	Within the Design for Sustainability process we defined several criteria for ensuring product sustainability in each of the following areas: materials, emissions and energy, waste, water, packaging, and usability and innovation. We use these criteria to assess improvement in product sustainability. By the end of 2014, we had improved sustainability across more than 12% of our product families, which means we've already reached our goal.	+

Legend: Achieved In progress Not achieved + New goal

Goals: Access to health

Goal	Action	By?	Status in 2013 and 2014	Status
Monitor and assess the progress and efficacy of our Access to Health programs.	Create quantitative and qualitative performance indicators for the 4 A's: Availability, Accessibility, Affordability, and Awareness.	End of 2016		+
Availability: Address unmet needs through the research, development and refinement of health solutions	Expand our R&D portfolio for neglected tropical diseases within the scope of the Global Health Innovation Platform. We have created a three-year plan for our focal areas of developing a pediatric formulation to treat schistosomiasis in preschool-aged children and developing a new anti-malarial drug.	End of 2017		+
Affordability: Address inability to pay	Through our WIPO Re:Search membership, engage in a collaboration agreement to share our intellectual property and knowledge to catalyze the development of medical products against infectious diseases.	End of 2016		+
Awareness: Empower health workers, communities and patients	Develop an integrated initiative of our Healthcare and Life Science business sectors to raise awareness and empower people to make informed decisions.	End of 2016		+
Accessibility: Strengthen supply chains and provide localized solutions	Develop an initiative to reach patients, regardless of their geographic location, and ensure they have access to health solutions.	End of 2016		+

Legend: Achieved In progress Not achieved + New goal

Goals: Animal science and welfare

Goal	Action	By?	Status in 2013 and 2014	Status
Harmonize animal welfare Group-wide	Establish Group-wide governance for Corporate Animal Science & Welfare	End of 2014	In 2014, we created a manual for the Animal Science and Welfare Group function that is in effect throughout the Merck Group. It describes roles and responsibilities for implementing, adhering to and improving animal welfare, such as the Corporate Animal Science and Welfare network. Nominations have been confirmed and governance has been established.	Achieved
	Develop a Group-wide audit concept for the facilities of contract animal research organizations	End of 2015	The audit concept is described in the Animal Safety & Welfare Manual and is currently being revised and expanded.	In progress
Harmonize the high quality of animal facilities at Merck Serono	Obtain AAALAC International accreditation for all Merck Serono laboratory animal facilities	End of 2015	In 2013 and 2014, two laboratory animal facilities in Darmstadt, Germany were successfully reaccredited (performed every three years). Our site in Grafing, Germany also achieved reaccreditation.	In progress
Implement a Merck 3R award	Merck to participate in the 3Rs IQ/ AAALAC Award Program.	End of 2015	The first award is being presented in 2015.	In progress

Legend: Achieved In progress Not achieved + New goal

Goals: Transport and storage safety

Goal	Action	By?	Status in 2013 and 2014	Status
Further improve warehouse and transport safety	Expand scope of transport safety audits to include contracted service providers	End of 2014	In 2013 and 2014, we conducted 18 EHS audits on transport and warehouse safety, four of which involved third-party warehouses.	Achieved
	Develop additional performance indicators to assess the safety of our warehouses and transport of our products	End of 2014	We have developed transport and warehouse safety indicators, which indicate the safety rating of an inspected subsidiary relative to the Group average and third-party warehouses.	Achieved
	Implement improvement programs in countries and regions selected based on risks specific to the products being handled	End of 2016		+
	Implement a process to further improve our management approach to transport and warehouse safety	End of 2016	We have instituted an analysis and evaluation process and, in response, have implemented the first set of measures. In addition to the results of local audits and inspections, we will be including customer complaints in our evaluation.	+

Legend: Achieved In progress Not achieved + New goal

Suppliers

Goals: Supplier management

Goal	Action	By?	Status in 2013 and 2014	Status
Ensure our suppliers adhere to ethical, social, environmental, and compliance standards (part of our "risk mitigation" strategic procurement objective)	Conduct 20 CR audits on high-risk suppliers in 2014	End of 2014	In 2014, we conducted 24 audits on high-risk suppliers.	—
	Systematically collect self-reported supplier information	End of 2013	We have set up an IT system and received the first set of self-reported supplier information. This system has been discontinued because we are instead integrating the TfS database into our supplier management system.	—
	Join the Together for Sustainability (TfS) chemical industry initiative Conduct workshops to prepare Merck to integrate into the TfS program	End of 2014	We held workshops to prepare employees and joined the TfS Initiative in mid-2014.	—
	Systematically collect self-reported supplier information in line with the TfS methodology	End of 2015	We are implementing the TfS methodology for supplier assessments and audits, as well as for tracking them.	+
	Establish a CR standard operating procedure	End of 2015		+

Legend: — Achieved — In progress — Not achieved + New goal

Employees

Goals: Diversity & inclusion

Goal	Action	By?	Status in 2013 and 2014	Status
Increase the percentage of management positions (Global Grade 14+) held by women to at least 25%-30%	Increase the percentage of management positions held by women through numerous initiatives that move women into those positions	End of 2016	Institute communication measures and utilize HR processes such as Talent Management 26% of management positions were held by women in 2014, which means that we have already reached the bottom range of our target. We will continue to pursue this goal in order to further increase the percentage of management positions held by women.	—

Legend: — Achieved — In progress — Not achieved + New goal

Goals: Good leadership

Goal	Action	By?	Status in 2013 and 2014	Status
Talent & Succession Management: Fill at least 2/3 of positions ranked Global Grade 16+ with internal candidates	Use the Talent & Succession Management Process to identify suitable employees with management potential and define a process to systematically develop them	Ongoing	In 2013, we introduced the Talent & Succession Management Process in order to systematically foster and develop talent. In 2014, 74% of our vacant management positions were filled internally.	—
Have least 50% of managers rated Global Grade 14+ take part in a management program	Expand the geographical range of the programs to reach a broader target group Have senior management act as the official program sponsors	End of 2018		+
Build a talent pool that reflects the demographic structure of Merck	Identify talent, inform managers on current demographics (e.g. age, nationality, gender)	Ongoing		+
Competency-based interviews with 20% of the talent	Nominate suitable talent within the scope of the Talent & Succession Management program	Ongoing		+
Have 80% of all employees using the HR Suite IT system for their annual Performance Management Process assessment	Expand the HR Suite user group to new target groups	Ongoing		+

Legend: — Achieved — In progress — Not achieved + New goal

Goals: Occupational health & safety

Goal	Action	By?	Status in 2013 and 2014	Status
Reduce occupational accidents throughout the Merck Group (lost time injury rate = 2.5)	Implement the BeSafe! program; hold EHS forums on safety behavior change	End of 2015	Through systematic accident prevention measures (such as training and campaigns to strengthen our corporate safety culture), we attained an LTIR of 2.2 in 2013 and an LTIR of 1.8 in 2014. We are working to lastingly stabilize our LTIR.	In progress

Legend: Achieved In progress Not achieved New goal

Environment

Goals: Environmental management

Goal	Action	By?	Status in 2013 and 2014	Status
Audit and implement environmental management systems at acquired sites	Certify environmental management systems at further acquired sites	Ongoing		In progress
	Perform gap analysis on Merck Millipore acquisitions (e.g. Heipha and Biochrom), along with the Allergopharma production site in Reinbek	End of 2014	We conducted a gap analysis on Biochrom and Allergopharma production sites. Due to production issues, the implementation of ISO 14001 has been delayed for Heipha.	Not achieved
	Integrate AZ Electronic Materials production sites	End of 2015	Eight out of nine production sites of AZ Electronic Materials, which was acquired in 2014, have been incorporated into the group certificate.	In progress
Implement the OHSAS 18001 occupational health and safety management system for all Performance Materials production sites		End of 2016		New goal

Legend: Achieved In progress Not achieved New goal

Goals: Climate change mitigation

Goal	Action	By?	Status in 2013 and 2014	Status
Reduce direct and indirect greenhouse gas emissions (Scope 1 and 2) of the Merck Group by 20% relative to the 2006 baseline	Systematically examine the energy consumption at Merck's individual sites	End of 2020	We continued to systematically examine ways to save energy at our production sites. For instance, energy audits were conducted on the Aubonne and Vevey sites in Switzerland.	In progress
	Identify and implement ways to save energy	End of 2020	Through the approximately 300 EDISON projects that have been initiated since 2012, Merck aims to annually save around 60,000 metric tons of CO_2 in the medium term. Around two-thirds of these projects have already been launched, or are currently being implemented.	In progress
	Reduce process-related emissions	End of 2020	We have made significant progress in reducing Merck Millipore's process-related emissions. The average process emissions relative to production volume at our Jaffrey, New Hampshire (USA) facility has decreased by around two-thirds. At this site, we have witnessed a 30% absolute reduction in process	In progress

Table continued

Goals: Climate change mitigation

Goal	Action	By?	Status in 2013 and 2014	Status
			emissions in 2014 versus 2013, while production volumes have continued to increase.	
	Implement sustainable measures to increase energy efficiency and reduce greenhouse gas emissions	End of 2020	We are moving forward with our EDISON program, implementing new projects to increase energy efficiency and reduce greenhouse gas emissions. In 2013 and 2014, we introduced two new guidelines on Group-wide energy management and refrigerants emissions. Several sites were certified according to ISO 50001, accompanied by the respective training activities.	
	Reduce Merck Millipore's greenhouse gas emissions by 10% by 2015 (2006 baseline)	End of 2015	Merck Millipore has reduced greenhouse gas emissions by 13% relative to the 2006 baseline.	

Legend: Achieved In progress Not achieved New goal

Goals: Waste management

Goal	Action	By?	Status in 2013 and 2014	Status
Reduce Merck Millipore's waste output by 10% relative to the baseline 2006)	Introduce measures to minimize waste and recycle materials, solvents, and other waste byproducts.	End of 2015	Between 2006 and 2014, Merck Millipore lowered its waste output by 15%. Merck Millipore has identified and implemented opportunities to distill and reuse solvents in the manufacturing process. At the Bedford, Massachusetts (USA) facility, methanol that cannot be reused in the process after multiple distillations is used as a feed chemical for a local municipal wastewater treatment facility. In 2014, 145 metric tons of methanol were reused externally. Increases in production yields reduced the amount of products scrapped during manufacturing.	
	Perform waste audits to identify ways to reduce waste or increase recycling efficiency	End of 2015	In 2014, waste audits were performed on Merck Millipore's facilities in Molsheim, France, and Kankakee, Illinois (USA).	

Legend: Achieved In progress Not achieved New goal

Goals: Water

Goal	Action	By?	Status in 2013 and 2014	Status
Reduce Merck Millipore's water use by 10% relative to the 2006 baseline	Implement water reuse and reduction initiatives	End of 2015	Despite significant increases in production volumes, between 2006 and 2014, Merck Millipore reduced water consumption by 2%. In 2014, we performed five water audits at Merck Millipore facilities. Our Molsheim, France facility identified viable projects that will be investigated further in 2015.	In progress

Legend: Achieved In progress Not achieved New goal

Society

Goals: Fighting schistosomiasis with praziquantel

Goal	Action	By?	Status in 2013 and 2014	Status
Eliminate schistosomiasis in African school children	Provide tablets containing praziquantel free of charge to treat school children in Africa	Ongoing	Since 2007, more than 50 million patients have been treated, primarily school-aged children.	
	Incrementally increase annual tablet donation by a factor of ten, to up to 250 million	End of 2016	In 2014, we produced around 75 million tablets, of which more than 72 million were supplied to 20 African countries by the year's end, a collaborative effort with the World Health Organization.	
	Optimize the praziquantel formulation	End of 2014	We have finished developing the formulation. The dossier has to be submitted to the regulatory authorities for marketing authorization.	
	Research a new praziquantel formulation for children under 6 years old.	End of 2014	The Phase 1 clinical trial was conducted in South Africa.	

Legend: Achieved In progress Not achieved + New goal

Goals: Combating counterfeit medicines with the Minilab

Goal	Action	By?	Status in 2013 and 2014	Status
Fight counterfeit medicines by providing and enhancing the GPHF Minilab™	Develop new test methods for five active ingredients and expand manuals to describe the new testing methods	End of 2014	Develop five new testing methods and update the manuals	
	Develop new test methods for five active ingredients and expand manuals to describe the new testing methods	End of 2015		+
	Conduct 4 training seminars on the use of the GPHF Minilab™; sell 50 Minilabs	End of 2014	Four training seminars on the use of the GPHF Minilab™ have been conducted, and 37 Minilabs have been sold.	
	Conduct 3 training seminars on the use of the GPHF Minilab™; sell 25 Minilabs	End of 2015		+

Legend: Achieved In progress Not achieved + New goal

Recognition and rankings

The following table presents a selection of major awards and rankings for 2013 and 2014. Information on additional rankings and awards received by individual businesses or sites can be found in the respective chapter of the 2014 Corporate Responsibility Report, or on our company's website.

Recognition and rankings for 2013 and 2014

Name	For?
Carbon Disclosure Project	The Carbon Disclosure Project (CDP) is a not-for-profit organization that, on behalf of investors, purchasers and governments, has pioneered a disclosure system enabling companies to transparently report their greenhouse gas emissions and water use. In the Carbon Disclosure Leadership Index, which assesses the level of reporting detail as well as transparency, Merck scored 87 out of 100 possible points. In the Carbon Disclosure Performance Index, which measures corporate performance in reducing emissions, Merck was graded B on a scale of E to A, which clearly places us in the upper performance band among all companies from Germany, Austria and Switzerland.
FTSE4Good-Index	Since 2008, Merck has been included in the FTSE4Good Index, a leading international sustainability index that annually evaluates companies' social, environmental and ethical performance.
Oekom Research Sustainability Rating	In 2013, oekom research AG, a sustainability ratings agency, gave Merck a C+ on a scale of D- to A+ (top grade). Merck thus once more achieved Prime Status.
STOXX® Global ESG Leaders Index	In 2014, Merck's stocks were once again included in STOXX Global ESG Leaders, a sustainability index that assesses companies based on key environmental, social and governance criteria.
Ethibel Sustainability Index (ESI) Excellence Europe and Ethibel EXCELLENCE Investment Register	Merck has been selected as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe since 23/03/2015. The ESI indices universe is composed of companies included in the Russell Global Index that display the best performance in the field of Corporate Social Responsibility. Furthermore, Merck is a member of the Ethibel EXCELLENCE Investment Register.
Access to Medicine Index	In the Access to Medicine Index, Merck went from 8th place in 2012 to 6th in 2014. This Index assesses 20 pharmaceutical companies with respect to their activities to improve access to medicine in developing countries. The index is published every two years by the Access to Medicine Foundation, an international not-for-profit organization.

GRI Index

The CR Report 2014 is based on the G4 guidelines of the Global Reporting Initiative and meets the criteria for the application level "Comprehensive". The following GRI Index provides an overview of standard disclosures, the GRI indicators identified as relevant, and where the corresponding contents are described.

General Standard Disclosures:

GRI Index: Company and report profile on p. 167

Specific Standard Disclosures:

GRI Index: Economic performance indicators on p. 172
GRI Index: Environmental performance indicators on p. 174
GRI Index: Social performance indicators on p. 177

GRI Index: Company and Report Profile

General Standard Disclosures

DMA* and Indicators		Comment	Link	External Assurance
Strategy and Analysis				
G4-1	Statement from the most senior decision-maker of the organization		Letter by Karl-Ludwig Kley on p. 21	
G4-2	Key impacts, risks, and opportunities		CR strategy and organization on p. 25	
Organizational Profile				
G4-3	Name of the organization		Company Profile on p. 4	
G4-4	Primary brands, products, and services		Company Profile on p. 4 Products	
G4-5	Location of the organization's headquarters		Company Profile on p. 4	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report		Company Profile on p. 4 Share ownership by country	✔
G4-7	Nature of ownership and legal form		Company Profile on p. 4	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)		Company Profile on p. 4	
G4-9	Scale of the reporting organization		Company Profile on p. 4 Management Employees on p. 89 Indicators Employees on p. 132 Indicators Economics on p. 128 Net sales Capitalization Consolidated Balance Sheet	✔
G4-10	Total number of employees by employment contract and gender	Supervised workers such as temps are currently not logged in our employee data system. We are investigating possibilities to record information on supervised workers throughout the Merck Group.	Management Employees on p. 89 Indicators Employees on p. 132	✔
G4-11	Percentage of total employees covered by collective bargaining agreements		Employee Engagement on p. 100 Indicators Employees on p. 132	✔
G4-12	Organization's supply chain		Management Suppliers on p. 83 Supply chain on p. 85	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-13	Significant changes during the reporting period regarding size, structure, ownership, or its supply chain		Management Suppliers on p. 83 Company Profile on p. 4	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization		Management Environment on p. 106 Transport and storage safety on p. 79 Plant and process safety on p. 108 Occupational health and safety on p. 102	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		Values and external initiatives on p. 23 Responsible care on p. 24	
G4-16	Memberships of associations		Stakeholder dialogue on p. 36	
Identified Material Aspects and Boundaries				
G4-17	Entities included in the organization's consolidated financial statements		Report profile on p. 125 Company Profile on p. 4	✓
G4-18	Definition of report content		Materiality Analysis on p. 27	✓
G4-19	Material Aspects identified in the process for defining report content		Materiality Analysis on p. 27	✓
G4-20	Material aspects within the organization		Materiality Analysis on p. 27	✓
G4-21	Material aspects outside the organization		Materiality Analysis on p. 27	✓
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		Report profile on p. 125	✓
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		Report profile on p. 125	✓
Stakeholder Engagement				
G4-24	Stakeholder groups engaged by the organization		Stakeholder dialogue on p. 36	✓
G4-25	Basis for identification and selection of stakeholders with whom to engage		Stakeholder dialogue on p. 36	✓
G4-26	Organization's approach to stakeholder engagement		Stakeholder dialogue on p. 36	✓
G4-27	Key topics and concerns raised through stakeholder engagement		Stakeholder dialogue on p. 36	✓
Report Profile				
G4-28	Reporting period		Report profile on p. 125	
G4-29	Date of most recent previous report		Report profile on p. 125	
G4-30	Reporting cycle		Report profile on p. 125	
G4-31	Contact point for questions		Report profile on p. 125	
G4-32	GRI Index		GRI Index on p. 166	
G4-33	External Assurance		Report profile on p. 125	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
Governance				
G4-34	Governance structure of the organization		CR strategy and organization on p. 25 Management Statement of Corporate Governance	✔
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees		CR strategy and organization on p. 25 Procedures of the Corporate Bodies	✔
G4-36	Responsibility for economic, environmental and social topics		CR strategy and organization on p. 25	
G4-37	Processes for consultation between stakeholders and the highest governance body		Stakeholder dialogue on p. 36 Employee Engagement on p. 100	
G4-38	Composition of the highest governance body and its committees		Management Statement of Corporate Governance The Executive Body	✔
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer		Statement of Corporate Governance Management	✔
G4-40	Nomination and selection processes for the highest governance body and its committees		Diversity and inclusion on p. 92 Corporate Bodies Objectives of the Supervisory Board	✔
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed		Compliance on p. 33 Corporate Governance Practices	✔
G4-42	Highest governance body's and senior executive's roles in the development, approval, and updating of the organization's CR strategies, policies, and goals		CR strategy and organization on p. 25 Values and Compliance Report of the Supervisory Board	✔
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics		CR strategy and organization on p. 25 Executive Board Statement of Corporate Governance	✔
G4-44	Evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics		Board of partners Supervisory Board Articles of Association	
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities		CR strategy and organization on p. 25 Report on Risks and Opportunities Statement of Corporate Governance Compliance on p. 33	✔
G4-46	Highest governance body's role on reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics		CR strategy and organization on p. 25 Report on Risks and Opportunities Report of the Supervisory Board	✔
G4-47	Frequency of highest governance body's review of economic, environmental and social impacts risks, and opportunities		CR strategy and organization on p. 25 Report on Risks and Opportunities Report of the Supervisory Board	✔

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report		Report profile on p. 125	✔
G4-49	Process for communicating critical concerns to the highest governance body		Compliance on p. 33 Values and Compliance	✔
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body		Compliance on p. 33 Values and Compliance	✔
G4-51	Remuneration policies for the highest governance body and senior executives		Compensation Report	✔
G4-52	Process for determining remuneration		Compensation Report	✔
G4-53	How stakeholders' views are sought and taken into account regarding remuneration		Recruiting and retaining talent on p. 95 Compensation Report	✔
G4-54	Ratio of annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees in the same country	Competitive salaries and additional benefits increase not only our attractiveness as an employer; they also motivate employees and build loyalty to the company. At Merck, compensation is based on market analyses in the relevant field and the value of the respective position, as well as the employee's skill set and performance. Our Global Rewards Policy defines the framework for compensation and benefits across the entire Merck Group. We strive to offer all our employees the most comparable compensation structures possible. In addition to this, we monitor compliance with minimum standards. We do not consider the information required under G4-54 and G4-55 to be relevant to assessing the fairness of our compensation structures.		
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees in the same country	Competitive salaries and additional benefits increase not only our attractiveness as an employer; they also motivate employees and build loyalty to the company. At Merck, compensation is		

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
		based on market analyses in the relevant field and the value of the respective position, as well as the employee's skill set and performance. Our Global Rewards Policy defines the framework for compensation and benefits across the entire Merck Group. We strive to offer all our employees the most comparable compensation structures possible. In addition to this, we monitor compliance with minimum standards. We do not consider the information required under G4-54 and G4-55 to be relevant to assessing the fairness of our compensation structures.		
Ethics and Integrity				
G4-56	Organization's values, principles, standards and norms of behavior		Values and external initiatives on p. 23 Human rights on p. 24 Compliance on p. 33	
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity		Compliance on p. 33	
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity		Management Suppliers on p. 83 Diversity and inclusion on p. 92 Compliance on p. 33	

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GRI Index: Economic Performance Indicators

Specific Standard Disclosures

DMA* and Indicators		Comment	Link	External Assurance
Aspect: Economic Performance				
G4-DMA	Management Approach		Economic performance Pension Plans Report on Risks and Opportunities Employee Engagement on p. 100	
G4-EC1	Direct economic value generated and distributed		Income Statement Cash Flow Statement Figures by division, country and region Personnel expenses Indicators Society on p. 152	✔
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	We report in detail on various aspects of climate change as part of our participation in the Carbon Disclosure Project (CDP).	Climate protection on p. 109 Global Compact CoP on p. 185 CDP Report on Risks and Opportunities	
G4-EC3	Coverage of the organization's defined benefit plan obligations		Indicators Employees on p. 132 Pension Plans	✔
G4-EC4	Financial assistance received from government		Accounting policies for property, plant and equipment Property, plant and equipment Research and development spending	✔
Aspect: Market Presence				
G4-DMA	Management Approach		Management Employees on p. 89 Good leadership on p. 91 Diversity and inclusion on p. 92 Employee Engagement on p. 100	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	This indicator is not relevant to Merck, which is why we do not collect data on the ratio of the standard entry level wage compared to local minimum wage. Being a pharmaceutical and chemical company, Merck employs highly qualified individuals. Our Global Rewards Policy applies to all Merck subsidiaries worldwide and guarantees a systematic compensation structure. Base pay is oriented to the	Indicators Employees on p. 132 Human Rights Charter	✔

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
		median base pay, and short-term variable compensation is based on the third quartile of the relevant reference market. The overall compensation package thus exceeds the market median.		
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	We encourage both local hiring and international appointments across all levels of the hierarchy. The percentage of local managers is not recorded as it is not relevant to strategic personnel planning at Merck.	Diversity and inclusion on p. 92	
Aspect: Procurement Practices				
G4-DMA	Management Approach		Management Suppliers on p. 83 Supply chain on p. 85	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation		Supply chain on p. 85	

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GRI Index: Environmental Performance Indicators

Specific Standard Disclosures

DMA* and Indicators		Comment	Link	External Assurance
Aspect: Energy				
G4-DMA	Management Approach		Climate protection on p. 109 Management Environment on p. 106 Sustainable products on p. 50	
G4-EN3	Energy consumption within the organization		Climate protection on p. 109 Resources on p. 114 Indicators Environment on p. 145	✔
G4-EN4	Energy consumption outside of the organization		Climate protection on p. 109 Indicators Environment on p. 145	✔
G4-EN5	Energy intensity		Indicators Environment on p. 145	✔
G4-EN6	Reduction of energy consumption	We are currently only calculating the CO_2 savings from measures we have implemented. In future, we plan on measuring the reduction in energy consumption as well.		
G4-EN7	Reductions in energy requirements of products and services		Sustainable products on p. 50 Examples of products from our Performance Materials division	
Aspect: Emissions				
G4-DMA	Management Approach		Climate protection on p. 109	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		Climate protection on p. 109 Indicators Environment on p. 145	✔
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		Climate protection on p. 109 Indicators Environment on p. 145	✔
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope3)		Climate protection on p. 109 Indicators Environment on p. 145 Carbon Disclosure Project	✔
G4-EN18	Greenhouse gas (GHG) emissions intensity		Indicators Environment on p. 145	✔
G4-EN19	Reduction of greenhouse gas (GHG) emissions		Climate protection on p. 109 Carbon Disclosure Project	
G4-EN20	Emissions of ozone-depleting substances (ODS)		Indicators Environment on p. 145	✔
G4-EN21	NO_X, SO_X, and other significant air emissions		Indicators Environment on p. 145	✔
Aspect: Effluents and Waste				
G4-DMA	Management Approach		Plant and process safety on p. 108 Waste management on p. 113	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-EN22	Total water discharge by quality and destination		Water on p. 115 Indicators Environment on p. 145	✔
G4-EN23	Total weight of waste by type and disposal method		Waste management on p. 113 Indicators Environment on p. 145	✔
G4-EN24	Total number and volume of significant spills		Plant and process safety on p. 108 Indicators Environment on p. 145	✔
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention annex I, II, III, and VIII, and percentage of transported waste shipped internationally		Indicators Environment on p. 145	✔
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		Water on p. 115	
Aspect: Products and Services				
G4-DMA	Management Approach		Sustainable products on p. 50 Packaging on p. 54 Reuse and recycling on p. 55	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		Sustainable products on p. 50	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category		Packaging on p. 54 Reuse and recycling on p. 55	
Aspect: Compliance				
G4-DMA	Management Approach		Management Environment on p. 106	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Management Environment on p. 106	
Aspect: Transport				
G4-DMA	Management Approach		Transport and storage safety on p. 79	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	We do not consider relevant any data queried under this indicator that goes beyond the data already reported.	Transport and storage safety on p. 79 Indicators Environment on p. 145	✔
Aspect: Supplier Environmental Assessment				
G4-DMA	Management Approach		Management Suppliers on p. 83	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		Management Suppliers on p. 83	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		Management Suppliers on p. 83	
Aspect: Environmental Grievance Mechanisms				
G4-DMA	Management Approach		Management Suppliers on p. 83 Compliance on p. 33	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		Management Suppliers on p. 83 Management Environment on p. 106	

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GRI Index: Social Performance Indicators

Specific Standard Disclosures

Labor Practices and Decent Work

DMA* and Indicators		Comment	Link	External Assurance
Aspect: Employment				
G4-DMA	Management Approach		Management Employees on p. 89 Recruiting and retaining talent on p. 95 Occupational health and safety on p. 102	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region		Indicators Employees on p. 132	✔
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	At Merck KGaA (24% of Merck's total workforce), part-time employees receive the same job benefits as full-time ones. Employees with temporary contracts, however, are not entitled to all company benefits; for instance, they are not entitled to a company pension.	Recruiting and retaining talent on p. 95 Occupational health and safety on p. 102 Indicators Employees on p. 132	✔
G4-LA3	Return to work and retention rates after parental leave, by gender		Recruiting and retaining talent on p. 95 Indicators Employees on p. 132	✔
Aspect: Labor/Management relations				
G4-DMA	Management Approach		Employee Engagement on p. 100 Management Employees on p. 89	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The regulations on periods of notice vary worldwide. We apply the rules that are in force locally. It is not relevant for us to log periods of notice at Group level.		
Aspect: Occupational Health and Safety				
G4-DMA	Management Approach		Occupational health and safety on p. 102	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational health and safety committees are required by law in Germany, which is why all employees of Merck KGaA (Darmstadt, Grafing, and Gernsheim,	Occupational health and safety on p. 102	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
		Germany) are represented by such a committee at each site. Employees of Merck KGaA account for around 24% of the workforce.		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and gender		Occupational health and safety on p. 102 Indicators Employees on p. 132	✔
G4-LA7	Workers with high incidence of high risk or diseases related to their occupation		Occupational health and safety on p. 102	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Merck KGaA facilities (Darmstadt, Gernsheim, and Grafing, Germany, around 24% of the total workforce) are subject to a company agreement on occupational health and safety.		
Aspect: Training and Education				
G4-DMA	Management Approach		Good leadership on p. 91 Diversity and inclusion on p. 92 Recruiting and retaining talent on p. 95	
G4-LA9	Average hours of training per year per employee by gender and by employee category		Indicators Employees on p. 132 Training on specific topics: Compliance on p. 33 Safety of drugs on p. 41 Safety of chemical products on p. 43 Product-related crime on p. 46 Animal testing on p. 73 Diversity and inclusion on p. 92 Occupational health and safety on p. 102 Management Environment on p. 106	✔
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		Diversity and inclusion on p. 92 Recruiting and retaining talent on p. 95	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employment category		Good leadership on p. 91 Indicators Employees on p. 132	✔
Aspect: Diversity and Equal Opportunity				
G4-DMA	Management Approach		Diversity and inclusion on p. 92 Objectives of the Supervisory Board	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Because the term "minority" does not mean the same thing across the globe, we do not record this sort of data. Moreover, many countries in which we operate have strict data protection regulations governing the recording of personal employee data.	Diversity and inclusion on p. 92 Indicators Employees on p. 132 Executive Board Supervisory Board Objectives of the Supervisory Board	✔
Aspect: Equal remuneration for women and men				
G4-DMA	Management Approach		Recruiting and retaining talent on p. 95 Compensation Report	
G4-LA13	Ratio of basic salary and remuneration of women to men, by significant locations of operation	The salaries at Merck are predicated on the job descriptions and are based on our Global Job Catalog, which has fixed salary bands that are identical for men and women. Variable salary components that fall under performance-based compensation are paid on the basis of whether mutually agreed targets have been achieved. A performance management system governs this process.	Recruiting and retaining talent on p. 95	
Aspect: Supplier Assessment for Labor Practices				
G4-DMA	Management Approach		Management Suppliers on p. 83	
G4-LA14	Percentage of new suppliers that were screened labor practices criteria		Management Suppliers on p. 83	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		Management Suppliers on p. 83	
Aspect: Labor Practices Grievance Mechanisms				
G4-DMA	Management Approach		Management Suppliers on p. 83 Compliance on p. 33	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		Management Suppliers on p. 83 Compliance on p. 33	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
Human Rights				
DMA* and Indicators		**Comment**	**Link**	**External Assurance**
Aspect: Investment				
G4-DMA	Management Approach		Responsible care on p. 24 Compliance on p. 33	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Compliance on p. 33 Management Suppliers on p. 83	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		Human rights on p. 24	
Aspect: Non-discrimination				
G4-DMA	Management Approach		Diversity and inclusion on p. 92	
G4-HR3	Total number of incidents of discrimination and corrective actions taken		Diversity and inclusion on p. 92	
Aspect: Freedom of association and collective bargaining				
G4-DMA	Management Approach		Management Suppliers on p. 83 Human rights on p. 24 Compliance on p. 33 Human Rights Charter	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		Management Suppliers on p. 83	
Aspect: Child Labor				
G4-DMA	Management Approach		Management Suppliers on p. 83 Human rights on p. 24 Compliance on p. 33 Human Rights Charter	
G4-HR5	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		Management Suppliers on p. 83	
Aspect: Forced and Compulsory Labor				
G4-DMA	Management Approach		Management Suppliers on p. 83 Human rights on p. 24 Compliance on p. 33 Human Rights Charter	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		Management Suppliers on p. 83	
Aspect: Assessment				
G4-DMA	Management Approach		Human rights on p. 24 Compliance on p. 33	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		Compliance on p. 33 Indicators Compliance on p. 129	✔
Aspect: Supplier Human Rights Assessment				
G4-DMA	Management Approach		Management Suppliers on p. 83 Human rights on p. 24 Compliance on p. 33	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		Management Suppliers on p. 83	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		Management Suppliers on p. 83	
Aspect: Human Rights Grievance Mechanisms				
G4-DMA	Management Approach		Management Suppliers on p. 83 Human rights on p. 24 Compliance on p. 33	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		Management Suppliers on p. 83	

Society

DMA* and Indicators		Comment	Link	External Assurance
Aspect: Anti-Corruption				
G4-DMA	Management Approach		Compliance on p. 33 Values and Compliance	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		Compliance on p. 33 Values and Compliance Indicators Compliance on p. 129	✔
G4-SO4	Communication and training in anti-corruption policies and procedures		Values and external initiatives on p. 23 Compliance on p. 33 Indicators Compliance on p. 129	✔

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-SO5	Confirmed incidents of corruption and actions taken	As applicable, we report on risks from litigation and legal proceedings in our Report on Risks and Opportunities.	Compliance on p. 33 Report on Risks and Opportunities	
Aspect: Public policy				
G4-DMA	Management Approach		Stakeholder dialogue on p. 36 Code of Conduct	
G4-SO6	Total value of political contributions by country and recipient/beneficiary		Stakeholder dialogue on p. 36 Code of Conduct Publication of donations made via PACs (EMD Serono)	
Aspect: Anti-competitive behavior				
G4-DMA	Management Approach		Compliance on p. 33 Values and Compliance Report on Risks and Opportunities	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		Indicators Compliance on p. 129	✓
Aspect: Compliance				
G4-DMA	Management Approach		Compliance on p. 33 Report on Risks and Opportunities	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	As applicable, we report on risks from litigation and legal proceedings in our Report on Risks and Opportunities.	Indicators Compliance on p. 129 Report on Risks and Opportunities	
Aspect: Supplier Assessment for Impacts on Society				
G4-DMA	Management Approach		Management Suppliers on p. 83 Compliance on p. 33	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society		Management Suppliers on p. 83	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken		Management Suppliers on p. 83	
Aspect: Grievance mechanisms for Impacts on Society				
G4-DMA	Management Approach		Management Suppliers on p. 83 Compliance on p. 33	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		Management Suppliers on p. 83 Compliance on p. 33	

Product Responsibility

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
DMA* and Indicators		Comment	Link	External Assurance
Aspect: Customer health and safety				
G4-DMA	Management Approach		Safety of drugs on p. 41 Safety of chemical products on p. 43 Sustainable products on p. 50 Report on Risks and Opportunities	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		Safety of drugs on p. 41 Safety of chemical products on p. 43 Sustainable products on p. 50	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	As applicable, we report on risks from litigation and legal proceedings in our Report on Risks and Opportunities.	Report on Risks and Opportunities	
Aspect: Product and service labelling				
G4-DMA	Management Approach		Safety of drugs on p. 41 Safety of chemical products on p. 43 Responsible marketing on p. 77 Interactions in the health care industry on p. 78	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements		Safety of drugs on p. 41 Safety of chemical products on p. 43	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		Safety of chemical products on p. 43	
G4-PR5	Results of surveys measuring customer satisfaction	Within the scope of our B2B activities, we maintain close contact with our customers and endeavor to find out what they want from us and what they think of us as business partners. Individual customer survey results that are used for strategy development are confidential.	Stakeholder dialogue on p. 36 Sustainable products on p. 50 Responsible marketing on p. 77	
Aspect: Marketing communications				
G4-DMA	Management Approach		Responsible marketing on p. 77 Report on Risks and Opportunities	

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Table continued

DMA* and Indicators		Comment	Link	External Assurance
G4-PR6	Sale of banned or disputed products		Responsible marketing on p. 77	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	As applicable, we report on risks from litigation and legal proceedings in our Report on Risks and Opportunities.	Responsible marketing on p. 77 Report on Risks and Opportunities	
Aspect: Customer privacy				
G4-DMA	Management Approach		Clinical trials on p. 70 Compliance on p. 33	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		Clinical trials on p. 70 Indicators Products on p. 131	✓
Aspect: Compliance				
G4-DMA	Management Approach		Compliance on p. 33 Report on Risks and Opportunities	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	As applicable, we report on risks from litigation and legal proceedings in our Report on Risks and Opportunities.	Report on Risks and Opportunities Indicators Compliance on p. 129	✓

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Global Compact Communication on Progress

2014 Communication on Progress regarding the implementation of the Global Compact Principles

The Global Compact (GC) is a United Nations (UN) initiative founded in 2000. Signatories of the initiative commit themselves to ten principles based on key UN conventions regarding human rights, labor standards, environmental protection, and anti-corruption. At the same time, the compact obliges the signatories to actively engage themselves in propagating the principles within their own sphere of influence.

Merck has been a Global Compact participant since 2005. The following table presents the key measures that Merck took in 2013 and 2014 to implement the principles of the Global Compact.

Link: www.unglobalcompact.org

Global Compact – COP

UNGC Principles	Relevant GRI Indicators	Key actions in 2013 and 2014	Link
Human Rights			
Principle 1: Support and respect human rights	G4-HR2, G4-HR7, G4-HR8, G4-HR9, G4-HR12, G4-SO1, G4-SO2	• Adoption of a Group-wide Human Rights Charter • Revised supplier management in terms of Corporate Responsibility (CR) aspects and joined the Together for Sustainability (TfS) initiative • Formation of the Global Schistosomiasis Alliance (GSA) to fight NTDs • Increase in praziquantel donations to eliminate schistosomiasis	Human rights on p. 24 Management Suppliers Counterfeit pharmaceuticals on p. 121
Principle 2: Rule out complicity in human rights abuses	G4-HR1, G4-HR10–11	• Adoption of a Group-wide Human Rights Charter • Human Rights Impact Assessments • CR audits on suppliers and collection of self-reported supplier information • Revised supplier management in terms of CR aspects and joined the Together for Sustainability (TfS) initiative	Human rights on p. 24 Compliance on p. 33 Management Suppliers
Labor Standards			
Principle 3: Uphold freedom of association	G4-11, G4-HR4, G4-LA4	• Internal audits on labor standards of the Human Rights Charter • CR audits on suppliers and collection of self-reported supplier information	Human rights on p. 24 Compliance on p. 33 Management Suppliers

Table continued

Global Compact – COP

UNGC Principles	Relevant GRI Indicators	Key actions in 2013 and 2014	Link
		• Revised supplier management in terms of CR aspects and joined the Together for Sustainability (TfS) initiative	
Principle 4: Eliminate all forms of forced and compulsory labor	G4-HR6	• Internal audits on labor standards of the Human Rights Charter • CR audits on suppliers and collection of self-reported supplier information • Revised supplier management in terms of CR aspects and joined the Together for Sustainability (TfS) initiative	Human rights on p. 24 Compliance on p. 33 Management Suppliers
Principle 5: Abolition of child labor	G4-HR5	• Internal audits on labor standards of the Human Rights Charter • CR audits on suppliers and collection of self-reported supplier information • Revised supplier management in terms of CR aspects and joined the Together for Sustainability (TfS) initiative	Human rights on p. 24 Compliance on p. 33 Management Suppliers Supply chain on p. 85
Principle 6: Eliminate discrimination	G4-10, G4-EC5–6, G4-LA1, G4-LA3, G4-LA9, G4-LA11–13, G4-HR3	• Internal audits on labor standards of the Human Rights Charter • Corporate goal to increase percentage of management positions held by women • Worldwide hotline for people to anonymously report cases of discrimination	Human rights on p. 24 Compliance on p. 33 Diversity and inclusion on p. 92 Recruiting and retaining talent on p. 95
Environmental Protection			
Principle 7: Take a precautionary approach to environmental challenges	G4-EC2, G4-EN1, G4-EN3, G4-EN8, G4-EN15–17, G4-EN20–21, G4-EN27, G4-EN31	• ISO-14001 Group certificate for company environmental management • Annual reduction of greenhouse gas emissions (reduction target 2020: 20% relative to 2006 baseline • Signed the revised version of the Responsible Care® Global Charter • EHS standards updated • Product safety measures (e.g. REACH, GHS, Global Product Strategy) • Identified sites located in areas of high water stress and created a best practice sharing platform for water management projects	Management Environment on p. 106 Climate protection on p. 109 Resources on p. 114 Sustainable products on p. 50 Safety of drugs on p. 41 Safety of chemical products on p. 43 Plant and process safety on p. 108 Transport and storage safety on p. 79 Water on p. 115 Waste management on p. 113

Table continued

Global Compact – COP

UNGC Principles	Relevant GRI Indicators	Key actions in 2013 and 2014	Link
Principle 8: Promote greater environmental responsibility	G4-EN1–34	• Implementation and update of Group-wide standards and guidelines (e.g. on Energy Management and company car policy) • New measures within EDISON climate protection program • Internal and external EHS audits • Energy checks at sites • Product labeling • Packaging take-back programs	Climate protection on p. 109 Plant and process safety on p. 108 Transport and storage safety on p. 79 Water on p. 115 Waste management on p. 113 Safety of drugs on p. 41 Safety of chemical products on p. 43 Reuse and recycling on p. 55
Principle 9: Encourage diffusion of environmentally friendly technologies	G4-EN6–7, G4-EN19, G4-EN27, G4-EN31	• Product life cycle analyses • Sustainable products developed	Sustainable products on p. 50 Performance Materials
Anti-corruption			
Principle 10: Fight corruption in all its forms	G4-56–58, G4-SO3–SO6	• Internal audits on corruption • Assessment of business partners' compliance standards • Anti-corruption training • Worldwide hotline for people to anonymously report cases of corruption	Compliance on p. 33

Independent Assurance Report[1]

To the Executive Board of Merck KGaA, Darmstadt

We were engaged to provide assurance on the sustainability information relating to 'Materiality analysis' and 'Stakeholder dialogue' as well as on the indicators in the chapter 'Facts and figures', including explanatory notes, in the online 'Merck Corporate Responsibility Report 2014' (further 'the Report') for the business year 2014 of Merck KGaA, Darmstadt (further 'Merck'). The Executive Board is responsible for the appropriateness of the determination and presentation of the sustainability information in the Report in accordance with the reporting criteria. This responsibility includes the conception, implementation and maintenance of systems and processes for ensuring adherence to sustainability reporting principles when determining material report contents. Our responsibility is to issue an assurance report on the selected sustainability information, including the explanatory notes, published in the Report.

Scope

Our assurance engagement was designed to provide limited assurance on whether the following selected sustainability information for the business year 2014, including the explanatory notes, are presented, in all material respects, in accordance with the reporting criteria:

In the chapter 'Facts and figures - Indicators' the GRI G4 Specific Standard Disclosures on:

- Economics
- Compliance
- Products
- Employees
- Environment
- Society

In the chapters 'Materiality analysis' and 'Stakeholder dialogue' the GRI G4 General Standard Disclosures:

- 'Identified Material Aspects and Boundaries' GRI G4-17 to 23
- Stakeholder Engagement' GRI G4-24 to 27

The sustainability performance information in the scope of our assurance engagement is marked in the column "External assurance" of the GRI Index with the following symbol: ✔

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

Reporting criteria and assurance standards

Merck applies the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative, the Corporate Accounting and Reporting Standard (Scope 1 und 2), and the Corporate Value Chain (Scope 3) Standard of World Resources Institute/ World Business Council for Sustainable Development, supported by internal guidelines, as described in the section of the Report 'Report profile', as reporting criteria.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000: 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the International Standard on Assurance Engagements (ISAE) 3410: 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. These standards require, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that we comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure our independence.

Work undertaken

Our procedures included:

- An evaluation of the process for determining material aspects and respective boundaries, including results of Merck's stakeholder engagement.
- A risk analysis, including a media search, to identify relevant sustainability aspects for Merck in the reporting period.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the indicators, including the consolidation of the data, at corporate and site level.
- Interviews with relevant staff on corporate level responsible for providing and consolidating the data, as well as carrying out internal control procedures on the data including the explanatory notes.
- Visits to Tiburtina (Italy) and Bari (Italy) to assess local data collection and reporting processes and the reliability of the reported data.
- An analytical review of the data and trend explanations submitted by all sites for consolidation at Group level.
- Use of the insights and relevant work performed for the group and statutory audit of the (consolidated) financial statements for the year ended December 31, 2014 of Merck KGaA with regard to audit procedures on those information and indicators that were derived from those consolidated financial statements.
- An evaluation of the overall presentation of the selected indicators, including the explanatory notes, within the scope of our engagement.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention to indicate that the sustainability information, including the explanatory notes, in the Report are not, in all material respects, presented in accordance with the reporting criteria.

Frankfurt am Main, April 15, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Fischer
Wirtschaftsprüferin
[German Public Auditor]

Glöckner
Wirtschaftsprüfer
[German Public Auditor]

[1] Translation of the independent assurance report, authoritative in German language.