

Employees

Our success is founded on the abilities of our employees - on their ideas and enthusiasm for our company. We therefore seek to offer them the best-possible working conditions.

In an international business world, we align ourselves with the key values of fairness and mutual respect, equal opportunity, and inclusion of individual diversity. In various areas of the company, we are working to adopt new trends such as increasing digitalization. We wish to position ourselves on the global talent market as an attractive employer. We furthermore strive to ensure that our employees stay healthy and fit for work for a long time to come – even among the aging populations found in Germany, several other EU countries, the United States, and Japan.

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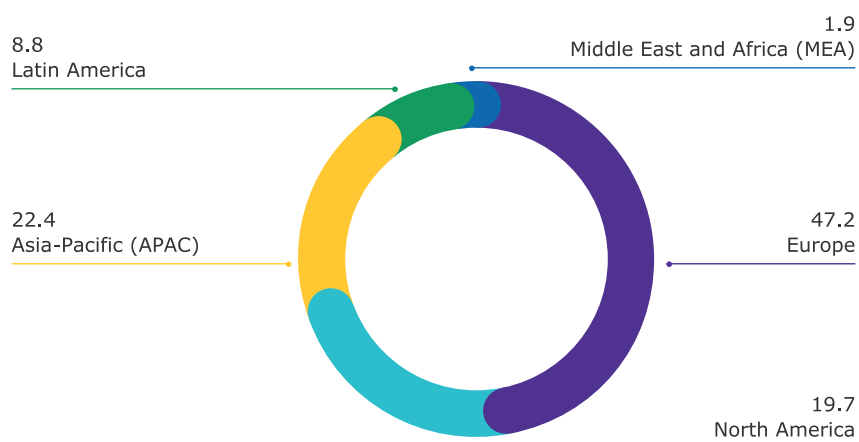
our principles

Worldwide, 49,613¹ employees work for Merck across 66¹ countries (39,639 employees as of December 31, 2014). The increase in our employee count primarily stems from the integration of the company Sigma-Aldrich. Our corporate culture of mutual respect and inclusion binds all employees together across national boundaries. Our stance makes a clear statement: In our [Human Rights Charter](#), we commit ourselves to complying with fundamental labor and social standards, as well as the International Labour Organization's (ILO) core labor standards, the [United Nations Global Compact](#), and the [Responsible Care®](#)

[program](#) of the chemical industry. In our [Code of Conduct](#) as well as our [EHS \(Environment, Health, and Safety\) Policy](#), we have set down fundamental rules for collaboration that define our understanding of a safe, healthy working environment. We have put Group-wide policies and guidelines into place to ensure that these standards are implemented at our individual sites, often going beyond the statutory requirements.

Distribution of employees by region

As of Dec. 31, 2015; Merck incl. Sigma-Aldrich, a company acquired in November 2015 (%)



One key aim of our HR work is to further bolster our performance-oriented corporate culture. This includes expanding our global talent development process as well as our management development activities. To this end, we revised our Competency Model in 2015, trained managers in growth markets, and devised

new ways to develop talent. Thanks to our investments in leadership quality, talent development, and continuing education, we strengthened employee loyalty in 2015 in countries with comparatively high fluctuation rates such as China and India.

¹ This figure pertains to Merck and Sigma-Aldrich combined. Unless otherwise stated, however, the remainder of this chapter refers to Merck only, as we are currently in the integration process (Sigma-Aldrich has been part of Merck since November 18, 2015). The Sigma-Aldrich figures that are already available can be found under [Indicators Employees \(p. 38\)](#).

As an international company, diversity represents a major success factor for us. In 2015, we signed the Equal Opportunity Charter of the German Mining, Chemical and Energy Industrial Union (IG BCE). In doing so, we have promised to exploit every possible opportunity to achieve gender equality within the company.

In 2015, as part of our OHSAS 18001-aligned EHS management process, we introduced a Group-wide guideline for the analysis of job-specific stress factors

in the workplace. This seeks to ensure the health and physical fitness of our employees across all sites.

We are likewise developing specific procedures in response to increasing digitalization and increasingly flexible working conditions (work 4.0). For instance, we are integrating forward-looking technologies such as 3D printing into our vocational training programs. An in-house working group is focusing its efforts on big data and e-commerce. Concrete objectives are currently in development.

progress

Business success through good leadership

Our Competency Model describes the conduct we expect of our employees and managers in order to drive Merck's strategy as well as its business success. Following an evaluation of our management and business model, we not only adapted roles, but also identified leadership as a key issue. In October 2015, we therefore introduced a new strategic Competency Model that defines the leadership culture needed to advance our business strategy. Our managers

motivate their teams to recognize and leverage the opportunities offered by the diverse cultures and experience of our employees. Managers are furthermore expected to act as role models by living our Values and promoting our feedback culture.

Our six strategic competencies, which guide our employees and managers in their tasks, comprise the following:



Management program for growth markets

Our extensive global Management Program series ensures that our international managers develop the skills we need to implement our company strategy and continue our success. Here, we are particularly focused on the needs of our growth markets. In 2015, for instance, we rolled out the Growth Markets Management Program for managers in India and Latin America. As of Dec. 31, 2015, 35 managers from India and Latin America had taken part in this initiative, which seeks to expand management and business knowledge. Our aim is for at least 50% of managers rated Global Grade 14 and up to participate in one of our management programs by the end of 2018.

New opportunities for our talent

Our Talent Management Process seeks to systematically develop the employees we have identified as talents, thereby building long-term loyalty to the company. In 2015, we analyzed the global roll-out of this process, identified areas for improvement, and developed the tools needed to hone it.

A new toolbox will make the internal talent and performance management processes more transparent for managers and talents, while also explaining the existing programs offered by HR. This includes initiatives such as Drive Your Development, a new event format aimed at teaching identified talents how to promote their own development. Launched in 2015, Drive Your Development will be available Group-wide as of 2016. Other tools have been available since the beginning of 2016, such as an improved information packet for talents as well as a video that provides examples and information to help managers conduct career development interviews.

We are also working to help identified talents proactively take advantage of the development

opportunities within the company. In 2015 we started work on an online platform that allows talents to find out about current projects and job vacancies within our company. Interested individuals can then apply with just a few clicks of the mouse. This platform will also be available Group-wide as of 2016. With the introduction of the People Development Award for managers who develop the talents on their teams in an exemplary manner, we are aiming to show more appreciation for our managers' dedication to talent development. In 2016, we will be presenting this award to recognize Merck's best talent developers during our annual Group Executive Conference.

First-time OHSAS 18001 certification

Our occupational health and safety efforts are based on the international standard known as OHSAS 18001. Since 2015, we have been undergoing an external certification process for this standard. By the end of 2016, we intend to have all Performance Materials production facilities certified to OHSAS 18001; nine of 23 sites, including two facilities of the company Sigma-Aldrich (acquired in November 2015), have already successfully completed the audit. The process is helping us hone in on weak points and areas for improvement, as well as track the impact of our corrective measures over the long term. This certification underscores how much we as a company value the occupational health and safety of our employees.

Switch to health-friendly solvents

In 2015, we achieved a major advance in the area of occupational health and safety. For most of the purification processes of our organic production plants in Darmstadt, we have replaced tetrahydrofuran (THF), a solvent suspected to be carcinogenic, with non-hazardous substances. We are thus protecting the health of our employees while also saving nearly € 700,000 per year. For other purification processes, we intend to soon replace THF with non-hazardous substances as well.