

global compact



WE SUPPORT

Implementation of the ten principles of the UN Global Compact

Period: January 2015 to December 2015

The **Global Compact** (GC) is a 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 Communication on Progress (COP) presents the key measures that we took in 2015 to implement the principles of the Global Compact.

CEO'S declaration



Ladies and Gentlemen,
Dear Friends of Merck,

As a global science and technology company, we at Merck spend every day searching for answers to the question: What kind of world do we want to live in? And we're seeking solutions that improve the lives of people across the globe.

We have thus been supporting the United Nations Global Compact and its principles since 2005, which cover human rights, labor standards, environmental protection, and anti-corruption. We live these principles in our day-to-day work and intend to keep doing so in the future as well.

Taking responsibility is the bedrock of our business. Through our ideas and technologies, we are helping solve global issues in numerous areas. As a company about to celebrate its 350th anniversary, we know that business success can only be sustained if achieved responsibly.

In this report, you will find a selection of our CR activities from 2015. They are just as diverse and international as our company. Our efforts show that much can be achieved through good ideas and the courage to take responsibility.

To best leverage our corporate responsibility activities, we have defined three strategic spheres of activity: environment, health and culture. In each of these areas, Merck can contribute special expertise and skills.

In the chapter on culture, for instance, we describe the literary prizes we present to recognize writers and translators. Why does literature fit so well to a science and technology company such as Merck? As an innovative, research-driven company, we bring people together who ask questions and never stop pondering the answers. We depend on creative ideas – and on a society that is receptive to innovation. Literature can open doors because it not only builds bridges between cultures, but also inspires people, expands their minds and makes them more receptive to new ideas.

The chapter on our environmental activities spotlights our UB-FFS technology. This development for liquid crystal displays enables brilliant colors while consuming up to 30% less energy than conventional display technologies, which significantly boosts the battery life of smartphones and other portable devices. In recognition of this achievement, Merck has been honored with the German Innovation Award. We are the global market and technology leader in liquid crystals and are constantly working on new ideas such as UB-FFS. After all, innovation not only improves products, but also helps find answers to global issues such as energy conservation.

In the chapter on health, you can see how we're working to improve access to health for people around the world. In rural areas especially, millions of people lack adequate access to health information, medical care, and medicines. But we want to remedy this situation. We examine local needs and organize awareness campaigns, provide physicians with advanced training and manage mobile clinics. After all, we believe that everyone should have access to health, no matter where they live.

Our report shows how, again and again, Merck exercises its corporate responsibility every day, how we're seeking answers to the question: what kind of world do we want to live in? Merck is working towards a world that's open to new concepts, in which ideas both improve our lives and reduce our impact on the environment – a world in which everyone has access to health. After all, Merck is taking responsibility, now and in the future.

Yours,
Karl-Ludwig Kley

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Commitment, principles & goals

- **Code of Conduct:** The **Merck Code of Conduct** is a compulsory set of rules for all employees. It explains the principles for dealings with business associates, general partners, co-workers, and employees, as well as the communities in which we operate. The Code thus guides our employees in taking an ethical course of action – not only in their interactions with one another, but also outside the company.
- **Human Rights Charter:** Our **Human Rights Charter** supports our commitment to respecting and protecting human rights. This document consolidates and complements existing human rights regulations and guidelines, such as our Code of Conduct, our Environment, Health and Safety Policy, and our Charter on Access to Health in Developing Countries. Our Human Rights Charter has three goals: first, to define our expectations; second, to increase awareness of human rights within the company; and third, to more accurately assess Group-specific risks as well as align our business operations with our Values.
- **Procurement Policy:** Through our Group Procurement Policy, we ensure that our procurement processes embody corporate responsibility standards. This includes the selection, assessment and management of suppliers. This policy reflects numerous internal and external guidelines, such as our Code of Conduct, our Human Rights Charter, and our EHS policy.
- **Merck Responsible Sourcing Principles:** To complement our Procurement Policy, we have developed the **Merck Responsible Sourcing Principles** and integrated them Group-wide into our general terms and conditions. These principles define what we require of our suppliers with regard to responsible conduct, highlighting the responsibility of our suppliers to apply our corporate responsibility standards to their upstream value chain.

As a member company of the German Federal Association for Materials Management, Purchasing and Logistics (BME), we support the BME Compliance Initiative in the fight against corruption, cartels and child labor.

- **Access to Health Charter:** Access to health (A2H) is of great strategic importance to us. Our A2H strategy aims to help overcome access obstacles faced by underserved populations and communities in developing health care systems. There is no one-size-fits-all solution for this complex and multifaceted challenge, which is why we've tailored our programs and initiatives to suit global, regional and local needs. Our holistic, needs-driven approach consists of four strategic components: Availability, Affordability, Awareness, and Accessibility. To achieve sustainable results, we focus especially on partnerships, collaboration and ongoing dialogue with all stakeholders. We have consolidated our principles into our Access to Health in Developing Countries Charter, which addresses the topics of pricing, intellectual property, research and development for neglected tropical diseases (NTDs), and anti-counterfeiting measures, as well as medicine donations and philanthropic activities.

We support the United Nations Sustainable Development Goals (SDGs) and are partnering with various other organizations to achieve them. Access to health is an integral component of these efforts. In low- to middle-income countries, we work with global stakeholders in helping strengthen health systems.

Taking action and gauging the results

- **Compliance management:** The Group function Compliance, headed by the Group Compliance Officer (GCO) and supported by further specialists, is responsible for maintaining and driving our compliance program.
- At our subsidiaries, local compliance officers are responsible for implementing our compliance measures. Group Compliance provides these officers with guidance as well as training documents, along with other support. At this time, local compliance officers report to the GCO at regular intervals. In 2015, we appointed a compliance officer for each of our business sectors (Healthcare, Performance Materials and Life Science) in order to better address the needs of each specific business sector.
- The GCO reports at least once a month to the Merck Executive Board, updating them on compliance activities, compliance risks, and serious compliance violations. At least once a year, the Executive Board updates Merck's supervisory bodies on key compliance issues. Our compliance management procedures are continuously adapted to meet current requirements.
- **Compliance training:** We provide our employees with regular training on compliance issues via classroom courses and online classes. In 2015, a total of 20,404 persons completed anti-corruption courses. In 2014, we designed an e-course to introduce our new anti-corruption guidelines, and in 2015 we translated the course into 16 different languages, which has allowed numerous employees worldwide to complete the course in their local language. In 2015, we also developed a special e-course for our pharmaceutical business that explains the guidelines specific to this field. In addition, we regularly review our compliance training plan, adapting classes and workshops in response to new developments and local needs.
- **Compliance audits:** The Group function Internal Auditing conducts audits Group-wide. Our audit program covers the topic of anti-corruption as well as the requirements of our Human Rights Charter, all of which are reviewed during the general audits conducted on our facilities. In the course of the compliance audits, Internal Auditing verifies whether compliance guidelines, processes and structures are in place and assesses the quality thereof. We furthermore check whether individual facilities are violating our Code of Conduct or the social standards stipulated in our Human Rights Charter. A total of 49 anti-corruption audits were conducted in 2015. Across 31 countries, we also performed 41 audits relating to the workplace clause of our Human Rights Charter. The audits found no violations.

- **Central SpeakUp Line for compliance violations:** All employees are called upon to report compliance violations to their supervisor, Legal, HR, or other relevant departments. Employees can report violations via the SpeakUp Line, a central reporting system, doing so in their respective national language. Available as a telephone hotline or a web-based application, they can report such incidents free of charge and, if they wish, anonymously.

The reports received are reviewed by the Group Compliance Officer (GCO) and submitted to the Compliance Committee, which then coordinates the necessary investigation into the matter. The Compliance Committee consists of senior representatives from Internal Auditing, Compliance, Group Security, Data Security, and Human Resources. They monitor the handling of reported cases and initiate appropriate corrective measures, as needed. Disciplinary actions are also taken, where necessary, against the employee who has committed a compliance violation. These actions may range from a simple warning up to dismissal of the employee, depending on the severity of the violation.

In 2015, 33 compliance reports were received via the SpeakUp Line, eight of which were confirmed as being violations of our Code of Conduct. These incidents were investigated and reported to the Compliance Committee; corrective actions were taken and monitored by the Group Compliance Officer. We take such misconduct very seriously and will not hesitate to take appropriate action, including dismissal in accordance with applicable laws. The majority of these compliance violations were attributed to the misconduct of individual employees; they represented minor, isolated incidents which mostly entailed improper distribution and marketing methods to boost sales, or inappropriate interactions with medical professionals. In all cases, disciplinary action was taken against the employees responsible for the infractions.

- **Supplier management:** Supplier management is one of Group Procurement's key tasks; it comprises the entire process of assessing, rating, developing, and terminating vendor relationships. Underpinned by a transparent, globally standardized approach, our supplier management efforts aim to optimize the performance of our entire supply chain in order to create added value for Merck. We expect our suppliers to obey fundamental rules, such as bans on corruption and child labor, and we set minimum requirements regarding work standards.

In the course of 2015, we largely replaced the supplier CR assessments and CR audits used previously with the equivalent tools set forth in the **Together for Sustainability** (TfS) standards. The audit results can be utilized by all TfS member companies. We thus have access not only to the evaluations of suppliers selected because of their risk rating, but also to assessments and audit results for other vendors who provide us goods and services.

More detailed information can be found under **Suppliers (p. 17)**.

- **Merck Praziquantel Donation Program:** Our efforts to combat schistosomiasis represent a key element in our access to health activities. We've been supporting the World Health Organization (WHO) since 2007 in the fight against this global tropical worm disease in Africa. Since launching the program, we have donated more than 340 million praziquantel tablets. In total, over 74 million patients have been treated, primarily school age children. Our goal is to continue the fight until the disease has been eliminated in Africa. To this end, we are increasing the number of tablets donated and intend to provide WHO with up to 250 million tablets per year.

More detailed information on our product donations can be found under [Community \(p. 29\)](#).

- **Global Schistosomiasis Alliance:** To combat schistosomiasis over the long term, in May 2014 we called on various stakeholders engaged in the fight against neglected tropical diseases (NTDs) to form the [Global Schistosomiasis Alliance](#) (GSA). The GSA's founding members include, among others, Merck, World Vision, the United States Agency for International Development, and the Bill & Melinda Gates Foundation. The alliance seeks to pool resources and overcome the obstacles to eliminating schistosomiasis worldwide. Three working groups kicked off at the end of 2014. The first working group helps monitor, manage and track the distribution of praziquantel tablets. The second one is working to boost awareness of schistosomiasis in order to raise additional funds and resources. The third group is dedicated to research and development.
- **Capacity Advancement Program (CAP):** Through our Capacity Advancement Program (CAP), we are striving to improve the quality of and access to healthcare in Africa and Asia. The program also seeks to increase awareness and prevention of non-communicable diseases such as diabetes and cancer, as well as to educate the public about fertility treatment. Our goals are to raise awareness of these conditions by educating healthcare providers, as well as to support healthcare systems with measures to prevent, diagnose and treat them effectively.

In 2015, we provided 7,000 students at African and Asian universities with training to teach them how to manage chronic diseases. By the end of 2018, we intend to provide more than 25,000 students in Africa, Asia, Latin America, and the Middle East with advanced training on managing and preventing non-infectious diseases.

To fight infertility, we launched the More than a Mother campaign in Kenya in 2015, an initiative that provides med students and general practitioners with crucial medical knowledge on infertility. Additionally, we intend to help the Kenyan government develop concepts that facilitate access to safer, more effective infertility treatment. In Africa, women affected by infertility are often severely stigmatized, which is why the campaign also seeks to challenge the perception of the roles and worth of these women in society.

On top of this, in May 2015 we also launched the Cancer Control Program in partnership with the Africa Oxford Cancer Foundation and the Universities of Nairobi (Kenya), Makerere (Uganda) and Muhimbili (Tanzania). Through this program, we are seeking to raise the early detection rates of cancer as well as improve the prevention of cancer in Kenya, Uganda and Tanzania. To this end, we are providing training to students and healthcare professionals, as well as educating communities through awareness campaigns.

Labor standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Commitment, principles & goals

Our entrepreneurial approach as a conscientious, responsible company includes ethical conduct as well as a commitment to human rights and core international labor standards.

The Human Rights Charter listed under Principles 1 and 2 is the primary policy document on compliance with core labor standards within the Merck Group.

At Merck, it goes without saying that we treat all employees with respect, handling them fairly and in compliance with local statutes and regulations. We abide by the core labor standards of the **International Labour Organization** (ILO), especially with respect to the following issues: freedom of association; child labor; forced labor; discrimination; equal opportunity; compensation; working hours; occupational health and safety; and prevention of abuse and harassment. We furthermore regularly audit our facilities to ensure that these requirements are being met.

Occupational health and safety is governed by our Group-wide **EHS Policy** (Environment, Healthy and Safety). This policy is the basis for internal, Group-wide EHS standards, as well as for site-specific guidelines and directives on compliant behavior. Our guidelines are aligned to the **Responsible Care Global Charter**, which was instituted by the international chemicals industry. One of our primary goals is to reduce the number of workplace accidents. In 2010, we set the goal of reducing the Lost Time Injury Rate (LTIR - the number of workplace accidents resulting in missed work per one million man-hours) to 2.5 by 2015. After having once more exceeded this goal by the end of 2014 with an LTIR of 1.8, we set a new, more ambitious target: to reduce the LTIR to 1.5 by 2020.

We believe that workforce diversity nurtures innovation and better team performance. A good balance between different cultures, nationalities, and age groups as well as between male and female employees is conducive to our business success. We are therefore aiming to further workforce diversity and include all employees in company operations in the best possible way (inclusion). Increasing the proportion of women in management positions is important to us. We have thus set the goal of increasing the percentage of management positions (Global Grade 14+ as per the **Towers Watson** Global Grading System) held by women to 25%-30% by the end of 2016. In 2015, we endorsed the Equal Opportunity Charter of the German Mining, Chemical and Energy Industrial Union (IG BCE), which underscores our commitment to fairness and tolerance in the workplace.

Taking action and gauging the results

In order to monitor and assess adherence to our Human Rights Charter both within the Merck Group as well as among our suppliers, we conduct the audits mentioned under Principles 1 and 2; we furthermore have a SpeakUp Line that allows employees to report compliance violations. In addition to this, we collate key indicators every year and publish them in our [Corporate Responsibility Report \(p. 34\)](#).

- **Occupational health and safety:** Occupational health and safety in the Merck Group is an integral part of our Environmental, Health & Safety (EHS) management system. Kai Beckmann, Member of the Merck Executive Board, bears ultimate responsibility for environmental, health, and safety matters. The Group function Environment Health Safety Security Quality (EQ) is responsible Group-wide for our strategic alignment along with oversight of these issues, while the operational units at our sites are in charge of implementing procedures. In 2015, we started to implement an OHSAS 18001 group certificate for the production facilities of our Performance Materials business sector. By the end of 2015 this certificate covered nine out of 23 sites, including two sites from Sigma-Aldrich, a company that was acquired in November 2015. On top of that, we already have individual OHSAS 18001 certificates, or equivalent, for four other Merck Group facilities. For 2016, we are aiming to achieve OHSAS 18001 certification for additional sites.

We provide regular training to educate employees and supervisors on potential accident risks and hazards. In addition to this, we bolster our safety culture by rewarding good performance at individual sites (e.g. our Safety Excellence Award for zero workplace accidents), and through best practice sharing at regional EHS forums. To continuously improve our EHS performance, we not only offer training and certification programs, but also conduct EHS audits throughout the Merck Group. Corrective actions as well as accidents and other incidents are reported across all production facilities. We use specific indicators to take monthly stock of our EHS performance.

We also implement preventive occupational health and safety measures to protect our employees, efforts that are managed and carried out primarily at the local level. These include fitness activities, information on healthy nutrition, and early detection screening for diabetes or cancer.

Data on occupational health and safety are collated and evaluated on a monthly basis and published in-house. In 2015, our lost time injury rate (LTIR - the number of workplace accidents resulting in missed work per one million man-hours) was 1.5. Despite our efforts to prevent incidents, there were unfortunately two workplace accidents resulting in fatalities in 2015. In the United States, one employee died in a car accident, while in Germany, one unfortunate employee had a fatal mishap involving a forklift.

Our internal Safety Excellence Award, which recognizes production sites with no workplace accidents, was presented to 41 out of 61 production sites Group-wide.

- **Diversity management:** The Chief Diversity Officer (CDO) is responsible for promoting workplace diversity. In addition to this, we have a Diversity Council consisting of representatives from all our business sectors. This committee works to enhance and hone our diversity strategy, driving its implementation and monitoring progress. In order to foster diversity and inclusion within the company, we engage in numerous activities both Group-wide and at a local level. These include communications programs and special advanced training on topics such as leadership skills and self-marketing. Diversity and inclusion at Merck is also furthered by internal networks initiated by Merck employees, such as the International Community, the Rainbow Network for LGBT employees, and Women at Merck.

In 2013, 25% of the global management positions (Global Grade 14+) at Merck were held by women, with 26% in 2014, thereby reaching our strategic goal of boosting this percentage to 25%-30%. We intend to increase this figure even further by the end of 2016. As of December 31, 2015, 27% of management positions (GG 14+) were held by women. People from 122 different nations work at Merck. Only 26% of our employees are German citizens, and 72% work outside of Germany.

- **Monitoring the mica supply chain:** We utilize mica sourced from the Indian state of Jharkhand as the primary raw material for the manufacture of effect pigments. Jharkhand is a region where child labor is very common. As a signatory to the UN Global Compact, we are actively fighting to end this practice. We require our suppliers to do the same and contractually prohibit them from utilizing child labor. In line with our general supply chain strategy, we have taken all measures needed to ensure that all suppliers comply with our requirements for mica procurement. We also support health and education projects in order to improve the social situation and living conditions of families in mica mining regions.

More detailed information can be found under [Suppliers. \(p. 17\)](#)

Environmental protection

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Commitment, principles & goals

Merck is committed to conserving natural resources as well as mitigating our impact on the environment. Our responsibility to the environment is an extension of our Values and our Group strategy. Adherence to Merck's Values is a key component of the [Merck Code of Conduct](#), which is described under Principles 1 and 2.

The policy document underlying environmental impact mitigation is the [EHS Policy](#) described under Principles 3, 4, 5, and 6.

We aim to continually improve our performance by utilizing energy, water and materials economically and efficiently. In addition to this, we seek to boost our energy efficiency in order to reduce CO₂ emissions, thus mitigating our impact on the global climate. We have set ourselves the goal of reducing our total direct and indirect greenhouse gas emissions (Scope 1 and 2) by 20% by 2020, relative to the 2006 baseline. For 2016, as in the four preceding years, the Executive Board has once more earmarked funds specifically for measures to conserve energy and reduce greenhouse gas emissions.

We strive to continually enhance the sustainability footprint of our products, developing suitable product and process innovations in order to do so. At the same time, we seek for our products to minimize not only our own environmental impacts, but those of our customers as well. In doing so, the safety and ethical conformity of our products is always our top priority.

Taking action and gauging the results

Measures to mitigate our impact on the environment have been implemented in our production processes in the form of the EHS management system described under Principles 3, 4, 5, and 6.

- **EDISON program for climate impact mitigation and energy efficiency:** We have consolidated our climate impact mitigation and energy efficiency activities into the EDISON program. Under this program, energy audits are conducted at various sites and energy saving processes implemented. Since 2012, we have initiated more than 400 EDISON projects Group-wide, around 60% of which have already been or are being rolled out.

Through these efforts, we are aiming to cut CO₂ emissions by about 90,000 metric tons per year in the medium term. In 2015, we lowered our greenhouse gas emissions by approximately 8% relative to the 2006 baseline, despite growth in our operating business.

- **EHS audits:** The aforementioned internal EHS audits serve to scrutinize the Merck Group's compliance with those regulatory requirements, standards, and business requirements specifically relating to environmental impact mitigation activities.

In 2015, our annual external audit once more confirmed our group certificate for our ISO 14001 environmental management system.

In addition to this, we conduct supplier audits (described under Principles 1 and 2) to ensure that our vendors are adhering to environmental standards.

- **EHS data management:** Our Group-wide EHS data management system is used to regularly collect environmentally relevant data at our individual sites and relay it to the EQ Group function. In 2015, Merck emitted a total of 518,000 metric tons of CO₂, which represents an 8% reduction from 2006 levels.
- **Product safety management:** Through our Group-wide Product Safety Chemicals policy, we have established global processes for defining, steering and implementing product safety, and have also established the corresponding management structures to do so. This policy incorporates all relevant national and international chemical regulations, such as the **Globally Harmonised System of Classification and Labeling of Chemicals** (GHS) and its implementation in regional legislation (such as the CLP regulation in the EU and HazCom in the United States), the EU chemicals regulation **REACH**, the U.S. Toxic Substances Control Act (TSCA), and the German federal law on protection from hazardous substances (ChemG). The policy also incorporates legal standards that relate to the transport of hazardous substances, biocides, cosmetics, chemicals used in food and animal feed, etc.

The Group Product Safety Committee (GPSC) initiates and steers the measures needed to respond to regulatory requirement changes worldwide; the Merck Executive Board Member responsible for chemical product safety is a member of this committee. Corporate Regulatory Affairs, a department within the Group function Environment Health Safety Security Quality (EQ), is responsible for compliance with the relevant regulatory requirements for product safety, a responsibility that it shares with local units as well.

- **Product development:** In line with the Green³ concept, our Performance Materials business sector offers our customers products that improve the sustainability of their own products - for instance our innovative materials for energy-efficient displays. We furthermore help our customers develop more environmentally sustainable production processes. To meet the requirements of the WEEE Directive (EU Waste Electrical and Electronic Equipment Directive), we have developed recycling methods for used LC (Liquid Crystal) displays. We have also expanded the Green³ concept to include cosmetic products in our Performance Materials business sector. Here, we are working to sustainably source and manufacture cosmetic actives, as well as to optimize the associated production processes.

Through our Green Product Policy, we have committed ourselves to complying with all international and country-specific laws and regulations (REACH, RoHS EU Directive) for products from our Performance Materials business sector. This policy also includes voluntary substance bans and self-imposed restrictions, such as our Halogen-free Policy. Our voluntary safety policy furthermore forbids the use of acutely toxic, mutagenic, or otherwise hazardous substances that remain present in the end product.

As part of the Design for Sustainability program, our Life Science business sector has developed a process to drive sustainability across the product development process. This program is also aimed at reducing our customers' own environmental impacts, including their carbon footprint and water use. An analysis in 2015 showed that around 12% of our Life Science products (only includes former Merck Millipore business - excludes Sigma-Aldrich, which was acquired in November 2015) exhibit one or more of the sustainability aspects that we've defined.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Commitment, principles & goals

Merck does not tolerate bribery, extortion or corruption. We are expressly committed to fighting these crimes across the globe. The primary policy document governing these issues is the Code of Conduct mentioned under Principles 1 and 2, as well as Merck's Group-wide anti-corruption guideline.

Taking action and gauging the results

Our Code of Conduct and anti-corruption guidelines are applied within Merck through our compliance management process, as well as the internal compliance training and workshops mentioned under Principles 1 and 2.

- **Global Business Partner Risk Management Policy:** We adopted our Global Business Partner Risk Management Policy in 2012. It constitutes a fundamental component of the selection process for business partners, along with their overall assessment. This policy aims to ensure that business partners are selected diligently in order to minimize the danger of legal and financial risks, or damage to our reputation. This process is especially concerned with fighting corrupt practices.
- **Guidelines on interactions with the health industry:** Our Compliance Policies for our Biopharma and Consumer Health businesses guide our employees' interactions with medical professionals and other representatives of the health industry. These guidelines aim to ensure that all payments are made for a legally valid reason and never in exchange for prescribing our products. The policies are backed by a modern electronic compliance management system in which interactions with medical professionals and other representatives of the health industry are recommended, approved, documented, monitored, and, as relevant, disclosed. Our suppliers are subject to the supplier management process that is likewise described in these guidelines.

In Europe effective 2016, companies must disclose all donations not connected to research that are made to physicians and healthcare organizations, with the recipients individually named. This is a requirement stipulated by the transparency initiative of the European Federation of Pharmaceutical Industries and Associations (EFPIA). Our Compliance organization started initiating the measures necessary to satisfy this disclosure obligation in 2014. Our goal is to disclose the required information by June 30, 2016.

- **Code of Conduct audits:** In order to monitor and assess adherence to our Code of Conduct within the Merck Group as well as among our suppliers, we conduct the audits described under Principles 1 and 2. We furthermore have a SpeakUp Line that allows employees to report compliance violations. In 2015, 49 audits were conducted with respect to corruption.