

Goals

Our corporate responsibility goals set the course to be followed for the next several years. This section presents these objectives and reports on the progress we've made towards achieving them.

Products

Product safety

Goal: Establish a globally uniform hazard and risk communication standard for all relevant Merck chemical products in the supply chain based on the precautionary principle

Measure(s): Implementation of REACH: Register substances produced in quantities of 1-100 metric tons per year (phase 3 of REACH implementation) and register non-phase-in substances

By when: Mid-2018

Status description for 2015: We registered another 30 phase-3 substances in 2015.

Status:  In progress

Measure(s): Implementation of the Global Product Strategy (GPS): Issue Product Safety Summaries for all hazardous substances registered under REACH

By when: End of 2020

Status description for 2015: Another three Product Safety Summaries were issued in 2015.

Status:  In progress

Measure(s): Projects for hazard communication: Update safety data sheets for non-hazardous chemical products

By when: End of 2020

Status description for 2015: 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.

Status:  In progress

Measure(s): Increase the number of safety data sheets in alignment with a globally uniform standard

By when: End of 2020

Status description for 2015: Software-based EHS (Environment, Health, and Safety) management system roll-outs in China, Japan, South Korea, and Taiwan paved the way to globally uniform standards in hazard communication.

Status:  In progress

Measure(s): Implementation of US GHS/HazCom 2012: Classify pure substances, mixtures and sets in the United States according to HazCom 2012 criteria

By when: Mid-2015

Status description for 2015: All pure substances, mixtures and sets were classified and labeled in alignment with HazCom 2012 by the deadline.

Status:  Goal achieved

Product-related crime

Goal: Protect customers and patients from harm by product-related crime

Measure(s): Continue to develop Group-wide product security guidelines for all relevant products

By when: End of 2016

Status description for 2015: The following internal guidelines were created in 2015 and adopted in January 2016:

- MACON Team Charter: Expands and professionalizes the Merck Anti-Counterfeiting Operational Network (MACON) by involving local experts in securing evidence, performing analyses, etc.
- Product security standard for Merck's Healthcare business sector

A product investigation standard is being created to expand knowledge and optimize processes at our subsidiaries with regard to handling product crime.

Since October 2015, we have been consolidating our Group-wide measures in order to harness synergies between our business sectors, making our battle against product-related crime even more effective.

Status:  In progress

Measure(s): Monitor the numbers for unreported cases of counterfeit medicines in select countries

By when: End of 2016

Status description for 2015: In one of our markets, we have initiated a project to gather intelligence on cases of counterfeit medicines that are not officially reported. Based on the results, we are developing a method of monitoring these dark figures and applying it to other countries.

The Dark Web is constantly under surveillance for signs of Merck products.

Status:  In progress

Measure(s): Support regional efforts against product-related crime

By when: End of 2016

Status description for 2015: In 2015, we supported investigations in India, China, the United States, and Mexico.

Status:  In progress

Measure(s): Pilot a project to improve product safety in high-risk regions of Africa using software-based solutions

By when: End of 2016

Status description for 2015: We have developed an app called Check-My-Meds™, which was piloted in the United States in 2015. It is scheduled for launch in Africa in 2016.

Status:  In progress

Measure(s): Conduct a risk assessment in our Healthcare business sector to identify strategically and commercially relevant data that have a greater need of protection

By when: End of 2016

Status:  New goal

Measure(s): Increase internet searches to hunt down trademark infringement and counterfeit products

By when: End of 2016

Status:  New goal

Goal: Increase internal awareness of strategic relevance of counterfeit pharmaceuticals

Measure(s): Expand scope of employee training and increase internal reporting

By when: End of 2015

Status description for 2015: We conducted three workshops at critical sites. Furthermore, during a meeting of the Global Security Network in Darmstadt, Germany, product crime officers gathered together to share their experience and best practices.

The reporting system for product-related crime was enhanced in order to improve the reporting process and raise awareness of the importance of reporting.

Status:  Goal achieved

Measure(s): Host a conference of the Pharmaceutical Security Institute (PSI) with industry representatives

By when: End of 2015

Status description for 2015: Merck hosted a conference of the Pharmaceutical Security Institute (PSI).

Status:  Goal achieved

Measure(s): Expand MACON network to include representatives from major sites

By when: End of 2016

Status:  New goal

Measure(s): Conduct awareness workshops for employees

By when: End of 2016

Status:  New goal

Access to health

Goal: Monitor and assess the progress and efficacy of our Access to Health programs.

Measure(s): Develop quantitative and qualitative performance indicators for the 4 A's: Availability, Accessibility, Affordability, and Awareness

By when: End of 2016

Status description for 2015: In 2015, we began defining performance indicators that are used to monitor and assess the progress as well as efficacy of our Access to Health programs.

Status:  In progress

Goal: Availability: Address unmet needs through the research, development and refinement of health solutions

Measure(s): Expand our R&D portfolio for infectious diseases within the scope of the Global Health Innovation Platform. We have created a three-year business plan for implementing this new entity within Global Health R&D, with focal areas being the development of a pediatric formulation to treat schistosomiasis in preschool-aged children, as well as the development of a new anti-malarial drug.

By when: End of 2017

Status description for 2015: Schistosomiasis: Successful completion of a Phase I trial with healthy subjects in South Africa, as well as a taste study with children in Tanzania. We are also working to identify new active ingredients.

Malaria: In March 2015, we obtained the rights to a promising new antimalarial compound that is in the preclinical phase and that we will continue to develop. In addition, our Healthcare and Life Science business sectors are currently developing a kit for malaria based on the Muse[®] Auto CD4/CD4% analysis system; the device will assess the presence and type of malaria parasite and potentially measure co-infection with HIV.

Status:  In progress

Goal: Affordability: Address inability to pay

Measure(s): Through our WIPO Re:Search membership, engage in a partnership to share our intellectual property and knowledge to catalyze the development of medical products against infectious diseases

By when: End of 2016

Status description for 2015: In 2015 we finalized a collaboration agreement with the University of Buea in Cameroon that aims to repurpose compounds from our library to develop a treatment for onchocerciasis, also known as river blindness.

Status:  Goal achieved

Goal: Awareness: Empower health workers, communities and patients

Measure(s): Develop an integrated initiative of our Healthcare and Life Science business sectors to raise awareness and empower people to make informed decisions

By when: End of 2016

Status description for 2015: In 2015, we were in the initial stages of developing a proposal that aims to take a holistic approach to tackling access to health challenges.

Status:  In progress

Goal: Accessibility: Strengthen supply chains and provide localized solutions

Measure(s): Develop an initiative to reach patients, regardless of their geographic location, and ensure they have access to health solutions.

By when: End of 2016

Status description for 2015: In 2015, we started engaging a diverse array of stakeholders, including pharmaceutical companies, international organizations, governments, academics, and NGOs, among other private and public stakeholders, to address supply chain and delivery issues in developing countries.

Status:  In progress

Animal research

Goal: Harmonize animal welfare Group-wide

Measure(s): Develop a Group-wide audit concept for the facilities of contract animal research organizations

By when: End of 2015

Status description for 2015: Merck's audit concept is described in our Animal Safety & Welfare Manual. The processes specified were implemented in 2015.

Status:  Goal achieved

Goal: Harmonize the high quality of animal facilities used by our Biopharma business

Measure(s): Obtain AAALAC International accreditation for all Biopharma laboratory animal facilities

By when: End of 2015

Status description for 2015: In 2015, four of our five Biopharma animal facilities were (re-)accredited to AAALAC standards, while the fifth one has applied for accreditation.

Status:  Goal not Achieved

Goal: Launch a Merck 3R award

Measure(s): Participate in the 3Rs IQ/AAALAC Award Program

By when: End of 2015

Status description for 2015: Instead of initiating our own internal award, we decided to support the world-renowned 3Rs IQ/AAALAC Award.

The first award was presented in 2015.

Status:  Goal achieved

Transport and warehouse safety

Goal: Further improve warehouse and transport safety

Measure(s): Expand scope of transport safety audits to include contracted service providers

By when: End of 2016

Status description for 2015: The warehouses of all contracted service providers have been integrated into our audit process. We are currently working on a method of integrating transport companies into our audit process as well.

Status:  In progress

Measure(s): Implement improvement programs in countries and regions selected on risks specific to the products being handled

By when: End of 2016

Status description for 2015: In 2015, we piloted a project in India to increase transport and warehouse safety. The first set of improvements have already been implemented. In 2016, we plan to examine the documentation and risk assessment of participating suppliers to find areas for improvement.

Status:  In progress

Measure(s): Implement a process to further improve our management approach to transport and warehouse safety

By when: End of 2016

Status description for 2015: In the course of the assessment process, we utilized safety-relevant customer complaints to identify areas for improvement and then implemented measures such as the following:

- Improving the packaging concept for certain chemicals
- Warehouse audits of third-party companies

Status:  In progress

Suppliers

Supplier management

Goal: Ensure our suppliers adhere to ethical, social, environmental, and compliance standards (part of our risk mitigation strategic procurement objective)

Measure(s): Systematically collect supplier assessments using the Together for Sustainability (TfS) methodology

By when: End of 2015

Status description for 2015: The TfS process has been implemented. TfS has given us access to evaluations for over 300 of our most important suppliers; roughly 100 of these were initiated in 2015 at our prompting. In addition, we also conducted TfS audits on nine vendors in 2015.

Status:  Goal achieved

Measure(s): Establish a CR standard operating procedure

By when: End of 2015

Status description for 2015: A CR SOP was drafted in 2015; it will be adopted and implemented Group-wide in early 2016.

Status:  In progress

Employees

Diversity and inclusion

Goal: Increase the percentage of management positions (Global Grade 14+) held by women to at least 25%-30%

Measure(s): Increase the percentage of management positions held by women through numerous initiatives that move women into those positions

By when: End of 2016

Status description for 2015: We are utilizing targeted communication activities to raise awareness of diversity within the company. Our HR processes, such as talent management, help ensure that women are included as well as empowered.

The percentage of management positions (Global Grade 14+) held by women is currently 27% Group-wide. Certain Group functions such as IT have a lower percentage of women in management positions. However, the figures are continuously increasing across the Group as a whole. We have reached our strategic goal of raising the percentage of management positions held by women to 25%-30% and intend to further increase this figure by the end of 2016.

Status:  In progress

Attracting and retaining talent

Goal: Talent & Succession Management: Fill at least 2/3 of positions ranked Global Grade 16+ with internal candidates

Measure(s): Use the Talent Management Process to identify suitable employees with management potential and define a process to systematically develop them

By when: Ongoing

Status description for 2015: In 2013, we introduced the Talent & Succession Management Process in order to systematically foster and develop talent. In 2015, 70% of our vacant management positions were filled internally.

Status:  Goal achieved

Goal: Have at least 50% of managers rated Global Grade 14+ take part in a management program

Measure(s): Expand the geographical range of the programs to reach a broader target group. Have senior management act as the official program sponsors.

By when: End of 2018

Status description for 2015: In 2015, we rolled out the Growth Markets Management Program for local managers in India and Latin America. This initiative covers both business administration as well as Merck-specific subject matter. To date, 35 managers from India and Latin America have taken part in the program, which is being offered in China and Turkey as well. Participants come from various countries and regions such as Africa, the Middle East, Japan, and Russia. In total, 98 managers Group-wide took advantage of this initiative in 2015.

On top of this, we expanded the scope of our Advanced Management Program and offered workshops in China and Thailand. The initiative aims to empower our managers to make decisions and unleash their innovative strength.

We also rolled out "Critical Conversations" and "Leader as a Coach" workshops.

Status:  In progress

Goal: Build a talent pool that reflects the demographic structure of Merck

Measure(s): Identify talent, keep managers informed about Merck's demographic profile (e.g. age, nationality, gender)

By when: Ongoing

Status description for 2015: In 2015, we incorporated demographic information into our talent pool. Managers are now familiar with the demographic structure of the pool, and we can thus steer its development accordingly.

Status:  In progress

Goal: Competency-based interviews with 20% of the talent with potential for a GG18+ position

Measure(s): Nominate suitable talent within the scope of the Talent & Succession Management program

By when: Ongoing

Status description for 2015: Annually, interviews are conducted with around 20% of the talent with potential for a GG18+ position.

Status:  Goal achieved

Goal: Have 80% of all employees using the HR Suite IT system for their annual Performance Management Process assessment

Measure(s): Expand the HR Suite user group to new target groups

By when: Ongoing

Status description for 2015: In 2015, around 85% of our employees used the HR Suite IT system.

Status:  Goal achieved

Goal: Position Merck as an attractive employer for university graduates

Measure(s): Participate in university fairs and organize events at Merck for graduates; position Merck as an attractive employer using employer branding channels (e.g. career websites, social media, image advertising)

By when: Ongoing

Status:  New goal

Occupational health and safety

Goal: Reduce occupational accidents throughout the entire Merck Group (lost time injury rate = 2.5)

Measure(s): Implement the BeSafe! program; hold EHS forums on safety behavior change

By when: End of 2015

Status description for 2015: With a lost time injury rate of 1.5, we achieved the goal we set for 2015. The BeSafe! program was rolled out across all operational sites of the Merck Group (including warehouses) and contributed significantly to achieving our goal.

Status:  Goal achieved

Goal: Reduce occupational accidents throughout the entire Merck Group (lost time injury rate = 1.5)

Measure(s): Implement the OHSAS 18001 occupational health and safety management system within all Performance Materials production sites

By when: End of 2016

Status description for 2015: Within the framework of a group certificate, nine of our 24 Performance Materials production sites achieved OHSAS 18001 certification in 2015.

Status:  New goal

Measure(s): Roll out the BeSafe! program at all newly acquired sites and monitor the program via appropriate indicators

By when: End of 2020

Status:  New goal

Environment

Environmental impact mitigation

Goal: Audit and implement environmental management systems at acquired sites

Measure(s): Certify environmental management systems at acquired sites

By when: Ongoing

Status description for 2015: Eight out of nine production sites of AZ Electronic Materials, which was acquired in 2014, have been incorporated into our group certificate. The ninth facility is still undergoing the process.

Next year we plan to transition the Sigma-Aldrich production sites with existing ISO 14001 certifications to the Merck Group certificate (ISO 14001).

A gap analysis is planned for the remaining Sigma-Aldrich production sites.

Status:  In progress

Climate impact mitigation

Goal: Reduce the Merck Group's direct and indirect greenhouse gas emissions (Scope 1 and 2) by 20% relative to the 2006 baseline

Measure(s): Systematically examine the energy consumption at Merck's individual production sites

By when: End of 2020

Status description for 2015: We continued to systematically investigate ways to save energy at our production sites. We conducted energy audits based on the EU Energy Efficiency Directive at several facilities, including our sites in Eppenheim and Berlin (Germany), as well as Calais and Meyzeiu (France).

Status:  In progress

Measure(s): Identify and implement ways to save energy

By when: End of 2020

Status description for 2015: In 2015, we lowered our greenhouse gas emissions by around 8% relative to the 2006 baseline, despite growth in our operating business. Around two-thirds of the EDISON projects planned Group-wide have already been or are being rolled out. In 2016, we intend to initiate 57 new projects.

Status:  In progress

Measure(s): Reduce process-related emissions

By when: End of 2020

Status description for 2015: Our Life Science business sector plays an important role in helping reduce process-related emissions. In 2014 at our site in Jaffrey, New Hampshire (USA), we optimized processes and thereby achieved a two-thirds reduction in our process-related emissions per production unit. In 2015, we initiated a project to realize additional savings.

Status:  In progress

Measure(s): Reduce greenhouse gas emissions of our Life Science business sector (includes only former Merck Millipore business - excludes Sigma-Aldrich, which was acquired in November 2015) by 10% by 2015 (2006 baseline)

By when: End of 2015

Status description for 2015: In 2015, our Life Science business sector (only includes former Merck Millipore business - excludes Sigma-Aldrich, which was acquired in November 2015) reduced greenhouse gas emissions by approx. 11% relative to the 2006 baseline.

Status:  Goal achieved

Waste management

Goal: Improve waste and recycling management processes

Measure(s): Perform waste audits to identify ways to reduce waste or increase recycling efficiency

By when: End of 2015

Status description for 2015: Waste reduction and recycling activities continued through 2015. We have begun to investigate options to recycle production scrap that requires custom recycling techniques.

Status:  Goal achieved

Water

Goal: 10% reduction (2006 baseline) in the water use of our Life Science business sector (only includes former Merck Millipore business - excludes Sigma-Aldrich, which was acquired in November 2015)

Measure(s): Implement water reuse and reduction initiatives

By when: End of 2015

Status description for 2015: Despite significant increases in production volume, our Life Science business sector (only includes former Merck Millipore business - excludes Sigma-Aldrich, which was acquired in November 2015) reduced water consumption by approx. 5% between 2006 and 2015.

Status:  Goal not Achieved

Goal: 10% reduction (2014 baseline) in water use at sites with relevant levels of water consumption in water-scarce regions (i.e. areas of high water stress)

Measure(s): Implement sustainable water management processes at production facilities with high levels of water consumption, as well as those sites located in water-scarce regions.

By when: End of 2020

Status:  New goal

Community

Merck Praziquantel Donation Program

Goal: Eliminate schistosomiasis in African school children

Measure(s): Provide praziquantel tablets free of charge to treat school children in Africa

By when: Ongoing

Status description for 2015: In 2015, we provided WHO with more than 100 million praziquantel tablets.

Status:  In progress

Measure(s): Incrementally increase annual tablet donation by a factor of ten, from 25 million in 2012 to up to 250 million

By when: End of 2016

Status description for 2015: We increased the number of tablets donated annually to WHO to more than 100 million.

Status:  In progress

Measure(s): Optimize the praziquantel formulation

By when: End of 2019

Status description for 2015: We have finished developing the formulation, which we plan to submit to regulatory authorities in 2017.

Status:  In progress

Measure(s): Research a new praziquantel formulation for children under the age of six

By when: End of 2019

Status description for 2015: In 2015, we completed the Phase I bioavailability trials with healthy subjects in South Africa, as well as the taste study with children in Tanzania.

For 2016, we are planning to conduct a Phase 2 trial with children under six in the Ivory Coast.

Status:  In progress

Combating counterfeit medicines

Goal: Fight counterfeit medicines by providing and optimizing the GPHF Minilab™

Measure(s): Develop new test methods for five active ingredients and expand manuals to describe the new testing methods

By when: End of 2015

Status description for 2015: In 2015, five new test methods were developed, which means that 80 test methods total are now available. Instruction manuals have been updated accordingly.

Status:  Goal achieved

Measure(s): Conduct three seminars on how to use the GPHF Minilab™; sell 25-30 Minilabs™

By when: End of 2015

Status description for 2015: In 2015, we held two seminars to teach people how to use the GPHF Minilab™; one workshop was postponed to the beginning of 2016. On top of this, we sold 45 Minilabs™.

Status:  Goal achieved

Measure(s): Develop new test methods for five active ingredients and expand manuals to describe the new testing methods

By when: End of 2016

Status:  New goal

Measure(s): Conduct two seminars on how to use the GPHF Minilab™; sell 40 Minilabs™

By when: End of 2016

Status:  New goal