

Strategy and management



Corporate responsibility has always been an integral part of our corporate culture. It is reflected in both our Mission Statement and our Values. Our corporate responsibility strategy allows us to systematically address the key issues impacting our business and stakeholders, with whom we maintain a close dialogue at all times. We have specified our requirements for the responsible conduct of all employees in numerous guidelines. With the help of management systems, we set and steer goals, actions and responsibilities in key action areas.

Letter from Karl-Ludwig Kley

Ladies and gentlemen,

The term "responsibility" originates from the Latin word "respondere", which means to respond or reply. Today, companies are required more than ever to respond to certain questions: How are they contributing to society and the environment? How do they treat the people who work for and with them?

"Taking responsibility means responding to questions."

We are deeply engaged in these questions. To us, they have always been part of our entrepreneurial approach. Responsibility is one of our six Values that guide our actions each and every day. We have thus been supporting the United Nations Global Compact and its principles since 2005, which cover human rights, labor standards, the environment, and anti-corruption.

In 2011, we refined our corporate responsibility strategy, which comprises three spheres of activity: people, products and the environment. Here are some select examples of our engagement:

1. With our innovative **products**, we are helping to resolve global challenges such as climate change and a energy scarcity. For instance, the innovative liquid crystals from Merck KGaA, Darmstadt, Germany enable computer displays and televisions to consume significantly less electricity. In addition to this, we are bolstering the health care systems in developing countries and emerging markets through a multitude of activities. As an example, we have developed a mini-laboratory to detect counterfeit medicines, thus facilitating access to health.
2. Our engagement in climate protection represents one expression of our responsibility for the **environment**. We aim to reduce our direct and indirect greenhouse gas emissions by 20% by 2020, measured against the 2006 baseline. In order to reach this goal, we are instituting Group-wide measures through our EDISON program, such as the construction of a biomass power plant at our Goa, India site. Through the EDISON projects, we aim to prevent 64,000 metric tons of CO₂ emissions per year.
3. One way in which we take on responsibility for people is as an employer. One of our primary focuses over the last several years has been to continually improve occupational safety through targeted programs. We promote workforce diversity and are aiming for a 25%-30% increase in the percentage of management positions held by women by 2016. We also demonstrate our social engagement through **our fight against the neglected tropical disease schistosomiasis** in Africa, which we are combating in collaboration with the World Health Organization (WHO). Since starting our Praziquantel Donation Program in 2007, we have donated over 100 million praziquantel tablets to treat more than 28 million children. In 2012, we decided to increase the number of tablets donated tenfold in the medium term.

Merck KGaA, Darmstadt, Germany has been listed in the FTSE4Good sustainability index since 2008. In the 2012 Access to Medicine Index, we went up nine places to eighth place. As in the previous years, we have received various awards for both our innovative products as well as for our performance as an employer.

Corporate responsibility is part of our daily conduct and thus a fundamental prerequisite for our business success. Only a healthy company that operates sustainably can contribute as an employer, taxpayer and corporate citizen to a functioning society. Through our "**Fit for 2018**" efficiency and growth program, which we announced at the end of 2011, we are ensuring that we can continue to do so also in the future.

In 2018, we want to be a company that is synonymous with innovation, quality and sustainability. A company that continues to be recognized for performance, efficiency and the career opportunities that it offers around the world. A company that is respected for its values, its culture, and for its constantly responsible conduct.



→ Company values and external initiatives

Since the company was founded nearly 350 years ago, Merck KGaA, Darmstadt, Germany has had a solid tradition of taking responsibility in the long term and supporting sustainability. We will carry this tradition on and continue to respond to questions of responsibility in the future as well.

Sincerely,



Karl-Ludwig Kley
Chairman of the Executive Board

Company values and external initiatives

Our corporate culture has always been characterized by responsible behavior – whether with respect to our products, our employees, the environment, or society. Our approach and our conduct have evolved from a history dating back nearly 350 years; they are derived from our Mission Statement and our Values, and shaped by the external initiatives that we support.

Our aim is to operate as a global company that creates added value for consumers, our market partners and the community and that helps them lead better lives. We strive to achieve positive recognition for our company in the community and are committed to operating safely and respecting the environment.

Our conduct is founded on our **Values** : courage, achievement, responsibility, respect, integrity, and transparency. They underpin our daily work and our interactions with our customers and business partners. We view open, honest communication internally and externally as an essential trust-building element.



Furthermore, Merck KGaA, Darmstadt, Germany supports relevant initiatives by other organizations concerning for responsible corporate governance:

- Merck KGaA, Darmstadt, Germany has been participating in the United Nations Global Compact since 2005 and has expressed its commitment to comply with the compact's ten principles regarding human rights, labor standards, environmental protection, and anti-corruption. In our annual Global Compact Communication on Progress, we explain how we incorporate the ten principles into our business processes.
- In 2006, Merck KGaA, Darmstadt, Germany signed the Responsible Care Global Charter adopted by the International Council of Chemical Associations (ICCA). Within the scope of this voluntary initiative and of the resulting guidelines of the German **Responsible Care® program** , we have committed ourselves to defining standards in the areas of product responsibility, environmental protection, health, plant safety, and security that go beyond legal obligations. In particular, Merck KGaA, Darmstadt, Germany is currently focusing on product safety, environmental protection and occupational safety.
- Merck KGaA, Darmstadt, Germany signed the **Code of Responsible Conduct for Business**  in 2010. This code is the result of an initiative of German companies with the aim of firmly establishing measurable standards with respect to fair competition, social partnership, merit and sustainability at the involved companies.

→ Human rights

In 2012, we contributed to the policy paper "Das Nachhaltigkeitsverständnis der deutschen Chemie-Branche" ("The Understanding of Sustainability within the German Chemical Industry"), in which three partners formulated their common understanding of sustainability: the German Chemical Industry Association (VCI), the German Employers' Federation of the Chemical Industry (BAVC) and the German Mining, Chemical and Energy Industrial Union (IBBCE). The aim of this special sustainability initiative is to:

1. Expand the position of the chemical industry as a key industry of the German economy for sustainable development
2. Continue to create attractive working conditions in the chemical industry
3. Create a climate of transparency and trust through active, open dialogue with government, business and society

Our corporate Mission Statement, our Values and these external initiatives result in requirements for responsible corporate governance that we incorporate into both our Corporate Responsibility strategy and our Group-wide guidelines. These guidelines include the Merck KGaA, Darmstadt, Germany [Social Charter](#) and the [Code of Conduct](#) as well as other topic-specific corporate principles, policies and standards. In this way, we provide our employees with the support they need to implement the above-stated requirements in their daily work and thus put them to practice within the company.

Human rights

Merck KGaA, Darmstadt, Germany's corporate culture has always been characterized by responsible behavior – whether with respect to products, employees, the environment, or society. Consequently, Merck KGaA, Darmstadt, Germany is committed to upholding human rights within its sphere of influence and welcomes the [Guiding Principles for Business and Human Rights](#) adopted by the UN Human Rights Council in 2011. This set of principles created a global framework for countries to protect human rights, and for companies to respect these rights, by setting forth key principles in their business practices.

Countries are obliged to establish a regulatory framework for protecting human rights. For global companies, it is important that this be implemented in the various countries in order to create uniform competitive conditions for all companies.

The duty of companies is to uphold and respect human rights; they must not violate any human rights in the course of their activities. Furthermore, companies must fulfill their responsibility by acting with the necessary due diligence, which includes identifying and managing risks.

Human rights risk assessment

In exercising this due diligence, we conducted a human rights risk assessment in 2012 with the support of external specialists. The goal was to identify the risks to human rights resulting from our activities as a global pharmaceutical, chemical and life science company. In the process, we identified a number of areas where Merck KGaA, Darmstadt, Germany has made significant progress with regard to respecting and complying with human rights (for example, in the prevention of product misuse as well as the associated health hazards). On the other hand, we also determined areas where we can further improve the existing regulations and processes with regard to human rights. As a result, we defined three high-priority action areas:

1. Merck KGaA, Darmstadt, Germany places high demands on its suppliers with regard to compliance with social and ecological standards. We refine and enhance our supplier management process in order to adhere more closely to environmental, compliance and social standards in our supply chain worldwide and to prevent violations. This is particularly a challenge beyond the first supplier.
2. Merck KGaA, Darmstadt, Germany always abides by the highest legal, ethical and scientific standards in all clinical trials, whether in industrialized or developing countries, whether multinational or multicentric. However, we held a discussion with independent experts on our Bioethics Advisory Board concerning the topic of clinical trials in resource-poor countries. This revealed that, regardless of our high standards, additional aspects must be addressed in developing countries. For example, one aspect is an effective risk analysis conducted with due diligence of the contract parties participating in the trials.
3. Merck KGaA, Darmstadt, Germany would like to make further progress in the area of access to health. For example, we are expanding our research program within the scope of our Praziquantel Donation Program, a partnership with the World Health Organization (WHO) to combat the worm disease schistosomiasis. We are now working to develop a pediatric tablet formulation for preschool children, a previously untreated age group. Furthermore, we plan to establish an overall management process for access to health.

→ Responsible care

The Corporate Responsibility Committee has decided to develop a comprehensive human rights policy. The aim is to increase awareness of the topic within Merck KGaA, Darmstadt, Germany and to identify company-specific risks more accurately.

Merck KGaA, Darmstadt, Germany is a member of the Human Rights Peer Learning Group within the German Global Compact Network. The purpose of this working group is the mutual exchange of experiences and best practices related to the topic of business and human rights.

Responsible care

The Responsible Care® principles of the chemical industry constitute an important external guideline for our sector of industry. The Responsible Care Global Charter was adopted by the International Council of Chemical Associations (ICCA) in 2006 and was used as a basis for the principles of the German Responsible Care program. The charter and the Responsible Care program both aim to continually improve performance by the chemical industry with regard to product safety, environmental protection, health, plant safety, and security. Responsible Care® focuses on voluntary cooperation with government bodies and other stakeholders that goes far beyond complying with statutory regulations.



All of our Responsible Care® activities are founded on internal guidelines such as the "Corporate EHS Policy" and our EHS, Security and Quality Manual. In implementing the Responsible Care Global Charter, we are currently focusing in particular on the topics of product safety, environmental protection and occupational safety.

Our activities in the area of product safety cover a range of measures, including the implementation of regulatory requirements such as REACH and GHS, voluntary initiatives such as our [Global Product Strategy](#), and sustainable product development. One example of this is the Green³ concept for liquid crystal products.

Within the scope of our broad-based company environmental protection activities, we are currently focusing on climate protection. We want to reduce our greenhouse gas emissions by 20% by 2020, measured against the 2006 baseline. Other core topics are water and wastewater, material consumption and recycling as well as biodiversity. Process safety has traditionally had high priority at Merck KGaA, Darmstadt, Germany – both in economic and ecological terms as well as to protect our employees. It comprises the planning, construction, normal operation, modification, and shutdown of production facilities and warehouses.

Integrated occupational safety encompasses the prevention of workplace accidents, workplace-related illnesses and workplace-related health hazards. Our goal, redefined in 2010, is to reduce the Lost Time Injury Rate (LTIR – the number of workplace accidents resulting in lost time per one million working hours) to 2.5 by 2015.

Corporate Security is an integral element of our daily work that serves to protect intellectual and material assets as well as our reputation with respect to external threats. In addition to handling security-related incidents, Corporate Security also works to establish preventive mechanisms in relevant units. The "Merck KGaA, Darmstadt, Germany Corporate Security Policy" defines the responsibilities and objectives of Corporate Security for the company. Corporate Security audits our legal entities regularly in order to identify optimization potential. Corporate Security focuses on areas such as product-related crime, cyber crime, and intellectual property protection.

Corporate responsibility strategy and organization



Mankind is confronted with major global issues, such as climate change, the increasing demand for affordable, renewable energy, and a growing need for access to health – especially in emerging and developing countries – and the prevention of greenhouse gas emissions. We are aware that our business operations impact our environment and the people around us. However, we also believe that responsible company management makes a contribution toward resolving global challenges, helps ensure viability and increases our acceptance in society.

But what does responsible company management mean for us? What topics are especially relevant to us locally and globally? What impact do our business operations have on people and the environment? What solutions to social challenges do our stakeholders expect? What risks do these solutions entail – and what opportunities? What goals should we achieve in the coming months and years?

To answer these questions, in 2011 we revised our Corporate Responsibility (CR) strategy based on our corporate strategy. Our CR strategy covers the three action areas products, the environment, and people. Important main topics are innovations and global trends, energy and climate, ethics (e.g. human rights and animal welfare) and our social engagement. The diagram above provides an overview of the strategic approaches and relevant topics, which are explained in detail in other sections of this report.

CR organization

Implementation and review of the CR strategy are steered by the Group-wide CR Committee, which consists of representatives from divisions as well as from relevant Group functions, such as Environment Health Safety Security Quality, Human Resources, and Procurement. Karl-Ludwig Kley, Chairman of the Executive Board, is a member of the CR Committee, which was established in 2011. Prior to that, the Executive Board regularly handled topics related to corporate responsibility. Kley became chairman of the CR Committee in March 2013.

The committee's tasks include setting and regularly reviewing the goals and measures that pertain to our CR strategy. In addition, the committee ensures that initiatives of the Group functions, divisions and legal entities are in line with the Group-wide CR strategy. It is also responsible for developing suggestions for better aligning CR goals and actions with the corporate strategy. Measures adopted by the Committee are embedded in the operative business by experts in the specific topic and by interdisciplinary project teams.

→ Compliance

The CR Committee normally meets two to three times per year. The main focus in 2011 and 2012 was on the topics of access to health, animal welfare, human rights, and environmental and social standards in the supply chain.

The CR Committee reviews the CR strategy with regard to coverage of the topics relevant to Merck KGaA, Darmstadt, Germany and the need for action. We aim to identify challenges early on in order to minimize risks, but also to seize the opportunities that arise for our business from societal changes. In this context, a mega trend analysis and a human rights risk assessment were conducted during the 2011–2012 period. We also use the results from the materiality analyses conducted regularly during the preparation of our CR reports in order to ensure that all the relevant topics are addressed.

Goals: CR strategy and management

Strategic goal	Action	By?	Status in 2011 and 2012	Status
Improve management of CR topics	Establish a CR Committee	End of 2011	The CR Committee was founded in 2011. It convened four times in 2011 and 2012.	■

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

Compliance

First and foremost, responsible entrepreneurial conduct means legally compliant conduct. All activities of Merck KGaA, Darmstadt, Germany must comply with statutory rules and regulations worldwide. Violations might not only entail legal prosecution, but could also seriously harm our corporate reputation, meaning its standing as a business partner or employer. Therefore, compliance with statutory rules and regulations has top priority for us. Compliance for us also means acting in accordance with the ethical principles defined in our Values. Merck KGaA, Darmstadt, Germany wants to do "good" business, that is, operate profitably, but at the same time also meet high ethical standards.



Globally binding rules of conduct

Our **Code of Conduct** is a compulsory set of rules for all employees. It explains the principles for interacting with business associates, general partners, colleagues, and employees, as well as with the communities in which we operate. Thus, it supports all employees in acting ethically – not only in their interactions with one another, but also outside the company.

Our **Social Charter** supplements the Code of Conduct with globally valid principles regarding human rights as well as the core labor standards of the International Labour Organization (ILO). The managing directors of our legal entities are responsible for ensuring that these principles are adhered to. We also expect our business partners worldwide to follow these principles.

Compliance organization

We support compliance with statutory and company-internal rules and regulations through our compliance organization. The central Group function Compliance, with the Group Compliance Officer (GCO) and other specialists, is responsible for maintaining and further developing the compliance program.

In the legal entities abroad, local compliance officers are responsible for implementing the compliance measures. They are advised by the Merck KGaA, Darmstadt, Germany Group function and provided with training documentation, among other forms of support. The approximately 80 local compliance officers at this time report to the GCO at regular intervals. The GCO in turn reports at least once a year to the Executive Board, with a focus on the status of compliance activities, compliance risks, and serious compliance violations. The Executive Board informs the supervisory bodies at least once a year about the key compliance issues.

→ Compliance

Central SpeakUp Line

All employees are called upon to report compliance violations to their supervisor, Legal, HR or other relevant departments. Employees can report violations by telephone or via a web-based application in their respective national language, free of charge and anonymously, via the SpeakUp Line, a central reporting system.

The received reports are reviewed by the GCO and submitted to the Compliance committee for coordinating the necessary investigation of the facts. The Compliance committee consists of senior representatives of the Internal Auditing, Compliance, Group Security and Human Resources departments. It monitors the processing of reported incidents and initiates, if necessary, corresponding corrective measures. Disciplinary actions are also taken, where needed, against the employee who has violated a compliance rule. These actions may range from a simple warning up to dismissal of the employee, depending on the severity of the violation.

Altogether 29 compliance-related reports were received via the SpeakUp Line in 2011, and 20 in 2012. In five cases each in 2011 and 2012, the alleged violation of our rules of conduct was confirmed. Most cases were undisclosed conflicts of interest between employees and third parties; this led to disciplinary actions. In two cases, the behavior of our business partners did not meet our expectations with respect to compliant and responsible business conduct. For this reason, we terminated the business relationship in both cases.

Compliance audits

The Group Compliance function conducts audits in cooperation with Internal Auditing. The audits focus on the existence and quality of compliance guidelines, processes and structures. In addition, our sites are reviewed for violations of our Code of Conduct and Social Charter. The topic of corruption and the requirements of the Social Charter are an integral part of our standard audit program and are audited within the scope of general audits at our sites. Altogether 28 audits were conducted to check for corruption in 2011, and 40 in 2012. In addition, a total of 26 sites in 26 countries were audited on Social Charter topics in 2011, and 40 sites in 35 countries were audited in 2012. During the audits, violations of working hour regulations were found in one case. Management at the site took measures to prevent such violations in the future.

Compliance training courses

Our regular compliance training provided as classroom and online courses has a high priority. Employees at all levels of the hierarchy are trained in topics related to the Code of Conduct, such as corruption, competition law and handling conflicts of interest. Employees are sensitized to the consequences of compliance violations and are shown ways to avoid them. The training plan is regularly updated and adapted in response to new developments. For example, a corresponding course was added in 2011 as a result of the UK Bribery Act. Depending on the course content, some courses on specific topics are offered only to employees above a certain global grade.

Altogether 29,597 employees participated in 82,597 online courses on various compliance topics in 2012, and 19,263 employees participated in 34,433 courses in 2011. In addition, numerous classroom courses on compliance topics were held worldwide in order to provide employees with effective training on local topics in particular.

Many of the online courses dealt with anti-corruption: We trained 22,890 employees on anti-corruption in 2012, and 13,399 employees in 2011. This included 10,164 employees with management responsibility in 2012, and 7,540 employees with management responsibility in 2011.

Guidelines and management systems

We use a structured guideline system to translate our Values and Mission Statements into concrete terms. The purpose is to ensure that all employees know the relevant rules and can apply them in the workplace. Proven management systems ensure that the processes relevant to our CR strategy are steered and monitored systematically.

Group-wide guideline system

The Group-wide guideline system contains all company guidelines and explains which guidelines apply to which parts of the company. They range from the charters and principles valid for the entire company to specific standards and procedures for divisions and legal entities of the Merck KGaA, Darmstadt, Germany, or for individual sites.

The charters and principles include, for example, our [Code of Conduct](#), our [Social Charter](#) and the Access to Health Charter.

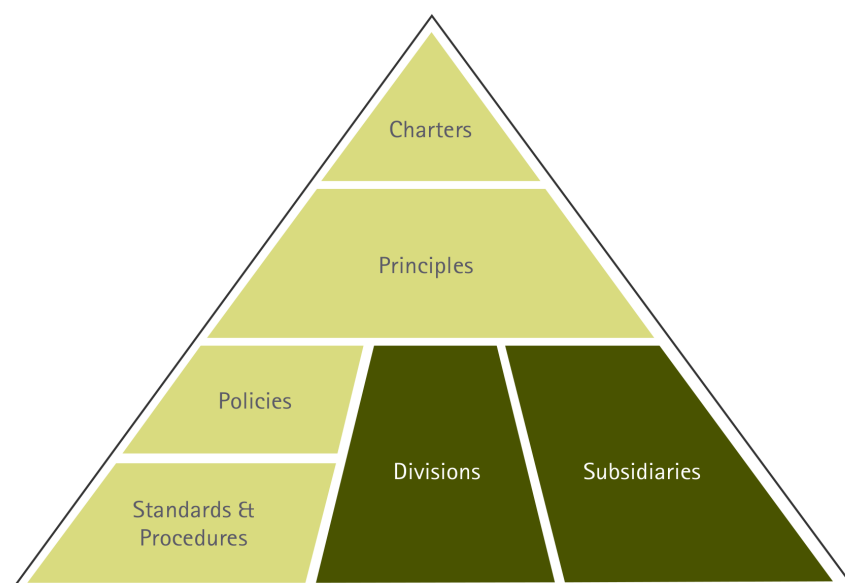
Examples of policies in the company are the "Corporate EHS Policy" valid throughout the Group, which establishes the framework for principles, strategies and organizational structures for environment, health and safety at Merck KGaA, Darmstadt, Germany; our Animal Welfare Policy, which describes the treatment of laboratory animals throughout the company; and our guidelines for stem cell and fertility research, which define the ethical framework for our research and development departments.

In addition, we have numerous other division-specific policies, such as the Safety Policy for chemical products, with which we have established global processes for defining, steering and implementing product safety as well as the corresponding management structures.

Our standards specify in concrete terms the provisions from charters, principles and policies for the persons responsible for the operational processes. In the area of company environmental protection, for example, we have standards for protecting water, managing waste, and ensuring warehouse and transport safety. For pharmaceutical marketing, for instance, a standard exists that defines the Group-wide specifications for product advertising and sponsoring.

The rules are kept up-to-date by the relevant departments and are available on the intranet. Managers are responsible for implementation in their respective areas of responsibility. Our employees receive information and training regarding rules that apply to them. In this way, we ensure that they are familiar with both the overarching rules from the charters and principles as well as the concrete specifications that affect their individual range of activities.

Group-wide guideline system



CR management systems

The guideline system that we use to implement corporate responsibility in the Merck KGaA, Darmstadt, Germany is integrated into our management systems. With the help of these systems, we set and steer goals, actions and responsibilities in key action areas. Our management systems are based on standards such as the internationally recognized ISO 9001 and 13458 standards (for quality management, the latter specifically for medical devices), GxP (guidelines for "good working practices in the pharmaceutical industry") and ISO 14001 (environmental management). The ISO 14001 environmental management system and the ISO 9001 quality management systems are certified at regular intervals by an independent auditing firm. Merck KGaA, Darmstadt, Germany holds group certificates for the quality and environmental management systems.

Other management systems also exist, such as the Group-wide occupational health and safety management system as well as local systems at the sites. Examples of local management systems include wastewater, waste and energy management.

Program for continuous process improvement

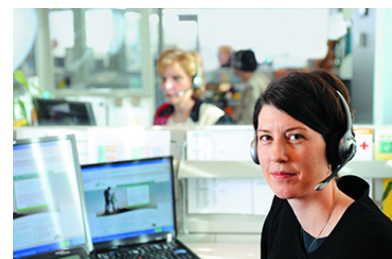
Operational Excellence is the Group-wide program Merck KGaA, Darmstadt, Germany introduced in 2006 to continuously improve entrepreneurial processes. The purpose of Operational Excellence is to achieve the most economic and efficient level of operation in all our production facilities. Operational Excellence calls for a working culture that enables continuous improvement and performance enhancement. For this purpose, we leverage the expertise and knowledge of our employees.

Operational Excellence is a continuous process, a program that consists of an annual cycle of four stages: self-assessment and analysis, goal-setting, best practice sharing and implementation of improvement measures.

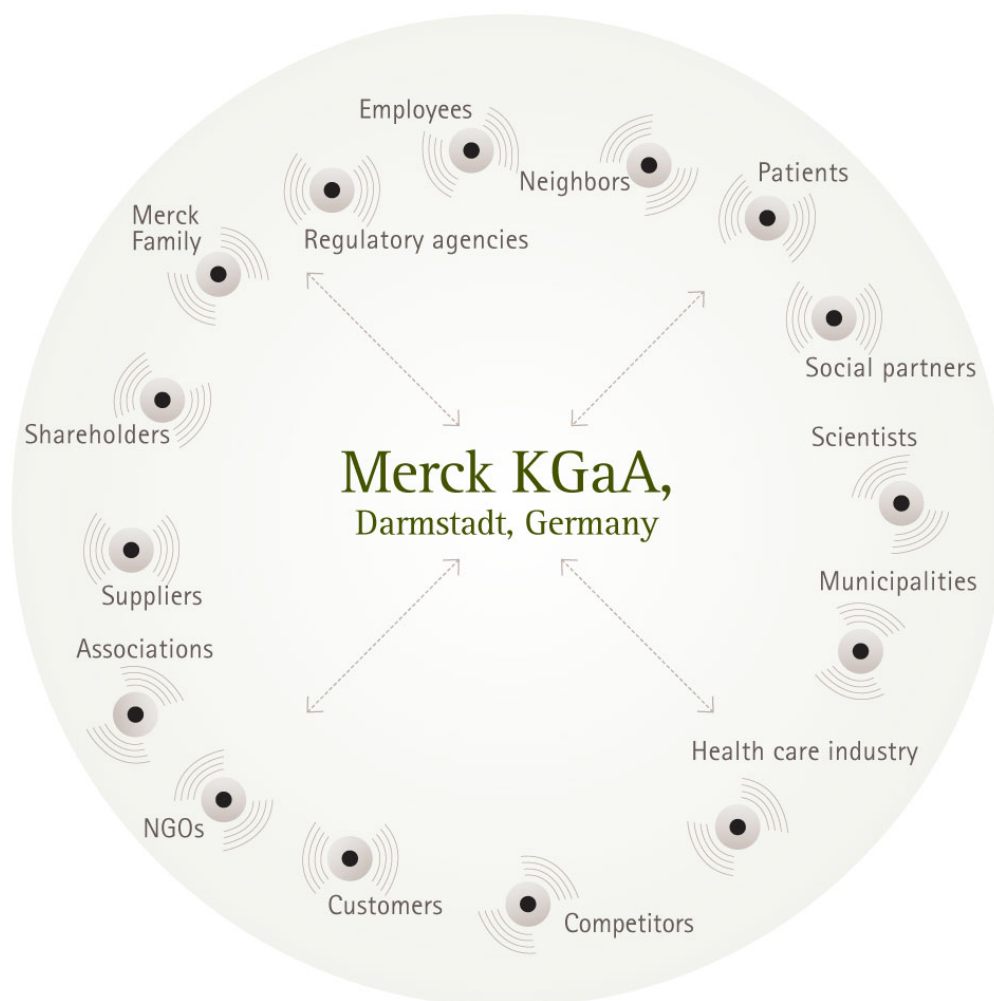
The program is divided into six management fields: goals, change management, production, logistics, innovation/technology, and employees. These fields in turn contain different bricks, including our Values, employee development, safety culture and EHS, that can be supplemented as needed. Each year, top management defines Group-wide priorities for implementing the bricks. In recent years, the program has focused primarily on the globalization of structures and processes and efficiency improvements. For instance, during the 2011-2012 period, the topic of utility management (with emphasis on energy management) became mandatory to support achievement of our climate protection target. Our individual sites can additionally define their own priorities.

Stakeholder dialogue

Our business operations intersect the interests of many people. The dialogue with relevant stakeholder groups is therefore of fundamental importance to us. These stakeholders include our employees, our business partners, the owner family, investors, regulatory agencies, associations, neighbors in the vicinity of our sites, and non-governmental organizations (NGOs). This continuous exchange enables us to demonstrate how we live our Values and to show the CR strategy we have chosen to pursue. This dialogue should also convey our esteem for our stakeholders. We strive to sustain and build trust and – wherever possible – harmonize divergent interests. Our primary goal is for Merck KGaA, Darmstadt, Germany to ensure public acceptance.



Our stakeholders



Topic-specific dialogues

We have contact with many groups in society through our daily work. The dialogues are mostly organized and held directly by the specialist departments at Merck KGaA, Darmstadt, Germany. Merck KGaA, Darmstadt, Germany also becomes involved by collaborating in industry-specific networks and participating in relevant specialist conventions.

During the 2011–2012 period, dialogues were held especially on the topics of access to health in developing health care systems and bioethics; the latter subject was primarily discussed by our Bioethics Advisory Panel (MBAP), which was founded in 2011. Moreover, we also initiated exchange with the relevant players in the public and private sectors. For example, in 2011 and 2012, Merck KGaA, Darmstadt, Germany invited internationally renowned experts from science and NGOs to debate on the global challenges facing access to health. The dialogues focused on initiatives of the legal entities of the Merck KGaA, Darmstadt, Germany that aim to improve access to health in developing health care systems; the dialogues also addressed the role of pricing in access to health in developing health care systems, the increasingly stricter requirements of government and society on pharmaceutical companies, and possible alliances and partnerships.

Discussion and information forums

We have set up discussion and information forums for local residents at our large sites. For example, with the public planning forum that we have held annually at our company headquarters in Darmstadt since 1994, we aim to provide residents with the opportunity to obtain information and discuss our development at the site. The “Fit for 2018” efficiency program was the focus of the discussions in 2011 and 2012. In addition, we discussed the dismantling, construction and renovation of buildings, participation in a city anniversary, sponsoring in the neighborhood, and vocational training at Merck KGaA, Darmstadt, Germany.

→ Stakeholder dialogue

In the context of expanding our biotech production facilities in Corsier-sur-Vevey, Switzerland, discussions were started with NGOs and the local authorities to ensure the greatest possible transparency during the entire planning, construction and completion stages. For construction, Merck KGaA, Darmstadt, Germany committed to implementing high environmental and safety standards going beyond the statutory requirements. The annual forum was also continued after the construction project was completed. It provides an opportunity for regular discussions and reviews of the implementation of agreed measures and is scheduled to be held again in 2013. Because Merck KGaA, Darmstadt, Germany presents the plans transparently and implements the agreed measures on schedule, trust was established, and the discussions were therefore positive. In 2012, we completed the agreed landscape design, which an independent expert rated as positive.

Stakeholder surveys

We survey our employees, customers and other relevant stakeholder groups regularly on how they view our performance with regard to corporate responsibility, and what expectations they have for systematic dialogue on the CR topics in focus. In total, 85 stakeholders participated in our online survey in summer 2012. In addition, 14 select experts were surveyed by phone. Besides our performance in terms of CR, the current relevance of CR topics and our last CR report were evaluated. The feedback was highly positive. The respondents gave Merck KGaA, Darmstadt, Germany a rating of good or very good for CR performance in the area of product responsibility. The main areas of focus for this CR report were also derived from the survey results.

At our life science tools division, questions on the strategic direction of the division with regard to sustainability are also discussed with customers and representatives from NGOs and from science in the Sustainability Stakeholder Advisory Group (SSAG).

Lobbying and working with associations

Part of our stakeholder dialogue is also to participate actively in the political process, where we become involved and present our positions and viewpoints – either in direct dialogue with politicians or via our work with associations. Examples of important national and international industry associations in which we hold positions include:

- The German Chemical Industry Association (Verband der Chemischen Industrie – VCI)
- The European Chemical Industry Council (Conseil Européen des Fédérations de l'Industrie Chimique – CEFIC [↗](#))
- The German Association of Research-based Pharmaceutical Manufacturers (Verband Forschender Arzneimittelhersteller – VFA [↗](#))
- The European Federation of Pharmaceutical Industries and Associations (EFPIA [↗](#))
- The International Federation of Pharmaceutical Manufacturers Et Associations (IFPMA [↗](#))

Examples of **positions** [↗](#) accepted by members of our Executive Board:

- In October 2012, Karl-Ludwig Kley, Chairman of the Executive Board, was elected as President of the VCI. He is also the Vice President of the Federation of German Industry (Bundesverband der Deutschen Industrie e.V. – BDI [↗](#)).
- Stefan Oschmann, Executive Board Member responsible for the prescription medicines and Consumer Health divisions, is Vice President of the IFPMA and a Board Member of the VFA.
- Bernd Reckmann, Executive Board Member responsible for the Performance Materials and life science tools divisions, is Chairman of the Hessian Chapter of the VCI.

Furthermore, Merck KGaA, Darmstadt, Germany is active in numerous charitable organizations, such as the Goethe Institute, the Remembrance, Responsibility and Future Foundation, and the World Environment Center (WEC). In addition, we participate in initiatives and projects whose other participants share our standards of entrepreneurial conduct. For instance, we support the Code of Responsible Conduct for Business. During the 2011–2012 period, intensely discussed topics in the scope of our work with associations included in particular the Responsible Care® initiative, the new chemicals legislation REACH [↗](#), and counterfeit medicines.