

COMMUNITY

We take on responsibility for the community, focusing our resources primarily on those areas where we can leverage our expertise to achieve the most.



We are part of the community, which makes corporate responsibility an integral pillar of our culture. Our efforts focus primarily on health, culture and education. We provide disaster relief in emergency situations, especially in those regions in which we operate.

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COMMUNITY involvement

We take on responsibility for the community in those areas where we can leverage our expertise to achieve the most. In particular, we support health, culture and education projects in the vicinity of our sites and in the countries where we operate. Moreover, we provide disaster relief in emergency situations.

Our principles

Organization and management

Our Group function Public Affairs and Corporate Responsibility coordinates our Group-wide community involvement and manages global projects, reporting directly to the Executive Board. In addition, our business sectors and subsidiaries initiate their own projects, choosing for themselves the spheres of activity within our CR strategy that they would like to support.

The Merck family, too, has long been committed to addressing social issues. Their activities fall under the umbrella of the Merck KGaA, Darmstadt, Germany Family Foundation.

Framework for our projects

Our individual business sectors and subsidiaries align their projects with our Group-wide Responsibility for the Community Policy, which emphasizes that our activities should have a positive effect on the community. That is why we mainly promote long-term initiatives through which we seek to strengthen our relationship with our stakeholders and reinforce our social license to operate.

Our community involvement in numbers

In 2016, our subsidiaries were involved in 197 projects, while in 2015 they were involved in 138. In 2016, we spent a total of around € 43 million (€ 100 million in 2015). This figure does not include initiatives that primarily serve to market our products.

Progress

Partnership with the German Red Cross

In April 2015, we entered into a three-year partnership with the German Red Cross (DRK) that aims to provide quick and straightforward assistance in the event of a catastrophe. In December 2015, for instance, we donated € 50,000 to run medical emergency stations in refugee camps in Lebanon in an effort to fight local causes for fleeing and support the people in these regions.

Supporting refugees

In response to the rapidly increasing numbers of refugees, we rendered aid at various sites in 2015. Our subsidiary in Austria, for example, donated € 19,000 in medicines and medical equipment to relief organizations and emergency accommodation for refugees. Moreover, we also supported causes such as hospitals in Lebanon by providing medical expertise, and Iraqi cancer patients by sending free medicines.

In October 2016 – based on our “Start in die Ausbildung” program – we launched the “Integrating refugees through training” program in Darmstadt to support people forced to flee their home countries. This initiative is preparing 12 young people for vocational training and thus for the German labor market. The project comprises linguistic, technical, cultural, and career-related training.

Our apprentices, too, have helped out. In November 2015, for instance, 88 of them renovated refugee accommodations in Darmstadt. As part of our Merck KGaA, Darmstadt, Germany Rest Cents campaign, we also donated € 20,000 to build a playground in front of the housing facility, along with € 3,500 to create a mobile studio that will be used for art therapy. Moreover, we offered the use of our gym for the activities of clubs and schools in Darmstadt that have made their own gymnasiums available to accommodate refugees. Employees at our various sites have also organized their own initiatives and in the last two years have continually been collecting donations of supplies and cash for refugees.

FAST FACT

MERCK KGAA, DARMSTADT, GERMANY REST CENTS PROGRAM

For 28 years, many of our employees in Germany have been donating the cents or euros from their pay slips. We double the total amount at the end of the year and give the money to charitable organizations in the region. In 2016, we raised more than € 90,000 together with our employees.

FAST FACT

RAKS THAI FOUNDATION

A local branch of the global humanitarian organization CARE International, the Raks Thai Foundation deploys development programs in the most impoverished regions of northern and southern Thailand. The aim of these programs is to empower people to earn their own income while still safeguarding their natural resources.

Award-winning efforts in Thailand

Our site in Thailand is a shining example of how our subsidiaries take on corporate responsibility in their communities. For ten years, our employees there have been supporting the reforestation of rain forests through the "Together we Grow" project. In 2015, for instance, 300 employees planted around 10,000 trees in just one day. Moreover, we have been partnering with the Raks Thai Foundation since 2002. We support several of the foundation's projects, such as an initiative to teach sustainable rice farming methods. In 2015, we received the Asia Corporate Excellence and Sustainability Award (ACES Award) in the sustainability category, in honor of our many years of purposeful commitment in Thailand.

China: Award for school water project

As part of the School Water Project, our employees in China teach children at six primary schools about the environment and clean water, educating around 400 school children per year. At the same time, we support the schools by providing drinking water purification systems. In 2016, this project won the More than a Market Award from the German Chamber of Commerce and Industry in Shanghai, China. In recognition of our efforts, we also received the EU Chamber CSR Award in 2015.

Health

We support health initiatives around the world. While our efforts are particularly focused on eliminating the neglected tropical disease schistosomiasis, we are also involved in the fight against counterfeit medicines in developing countries.

Our principles

Fighting schistosomiasis

More than 200 million people in Africa suffer from the tropical worm disease schistosomiasis. It is estimated that more than 280,000 people die per year as a result of this parasitic infection.

In the 1970s, we developed the active ingredient praziquantel as part of a joint research partnership. It is the only active ingredient with which all forms of schistosomiasis can be treated. Since 2007, we have been donating praziquantel tablets to the World Health Organization (WHO), up to 250 million per year depending on need.

We realize that we're not going to eliminate this insidious disease with tablets alone. That is why we launched the Global Schistosomiasis Alliance (GSA) at the end of 2014, to address the remaining gaps in the fight against schistosomiasis. Its founding members include the Bill & Melinda Gates Foundation, the Schistosomiasis Control Initiative, the United States Agency for International Development (USAID), and World Vision International.

Within the Pediatric Praziquantel Consortium, a partnership we initiated, we are currently working on the development of a pediatric formulation of praziquantel for children under six (p. 37). Moreover, we are supporting educational campaigns at schools in Africa. Using comic booklets and posters, we teach children about the causes of schistosomiasis along with ways to prevent the disease.

Fighting counterfeit medicines

Interpol estimates that up to 30% of all medicines in developing countries are illegal, counterfeit or substandard – and thus pose a deadly hazard.

The Global Pharma Health Fund (GPHF), a non-profit initiative funded by our company, is dedicated to fighting counterfeit medicines. As part of its efforts, the GPHF has developed the Minilab, a portable, compact laboratory in a tropics-resistant suitcase. This kit can detect counterfeit medicines quickly, easily and inexpensively, and enables trained personnel to check medicines for external abnormalities, identity and contents. There is currently no other product like it. The GPHF provides the Minilabs at cost.

The majority of Minilabs are deployed in countries in Africa and Asia. These test kits are primarily utilized by national health agencies – often in partnership with the labs of governmental drug inspection centers or within multilateral health initiatives led by various UN organizations (including WHO, UNOPS, UNICEF), U.S. and German aid organizations (for example USAID, PQM/USP, PFSCM, GIZ), the Global Fund (GFATM), and faith-based networks (EPN, Difäm).

Alone or in collaboration with international partners, the Global Pharma Health Fund also trains local health workers to correctly perform the tests using the Minilabs.

Health projects worldwide

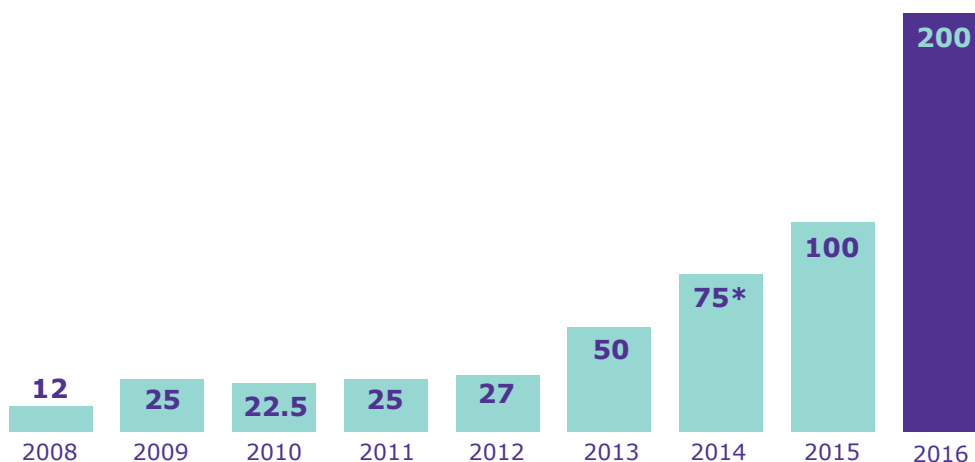
Our subsidiaries also support health efforts around the world. These projects primarily focus on supporting the development of local healthcare systems, providing vocational training and continuing education for medical professionals, and raising public health awareness.

Progress

Schistosomiasis: 100 million children treated

In 2016, we donated more than 200 million praziquantel tablets to WHO for distribution across 33 African countries. Since starting the program, we have supplied WHO with more than 500 million tablets free of charge. In total, this has enabled the treatment of over 100 million patients, primarily school children.

Number of praziquantel tablets donated to WHO (millions)



* In 2014, Merck KGaA, Darmstadt, Germany produced around 75 million tablets, 72.2 million of which were supplied to 20 African countries by the year's end, a collaborative effort with the World Health Organization.

Beyond donating medicine, we are also working on the development of a new formulation of praziquantel (p. 37) so that children under the age of six can also receive treatment, a currently unmet need. To this end, we launched a Phase II study in Ivory Coast in 2016.

Global effort to fight schistosomiasis

Since its establishment in 2014, the Global Schistosomiasis Alliance (GSA) has become the central platform in the fight against this parasitic infection. In various working groups, the members of the alliance are developing projects to eliminate the disease in Sub-Saharan Africa. In October 2015, for instance, the GSA held a conference in Cotonou, Benin to step up the dialogue between NTD (neglected tropical

diseases) project managers in endemic countries. Moreover, in collaboration with China's National Institute of Parasitic Diseases, the GSA Research Group hosted a meeting of international schistosomiasis experts in June 2016.

With its website and social media presence, the GSA has also developed a successful communication platform. In 2015, for instance, the digital campaign Something in the Water managed to create greater awareness for schistosomiasis and went on to win six prizes, namely the German Digital Award, the German Brand Award, the Econ Special Award, all of which are Germany-based, the European silver People's Lovie Award, the U.S.-based Annual Multimedia Award, and the U.S.-based W3 Award.

Schistosomiasis education program expanded

In partnership with WHO, we are providing posters and booklets to African schools that are available in English, French, Arabic, Portuguese, and Swahili. In 2016, we expanded our education program and donated a total of 340,000 booklets to WHO for distribution in ten countries (Ivory Coast, Mali, Burundi, Congo, Nigeria, Rwanda, Ghana, Sudan, Guinea Bissau, and Tanzania).

Strong partners

In 2015, the team responsible for our Praziquantel Donation Program received an internal Merck KGaA, Darmstadt, Germany Award of € 10,000. These employees chose to donate the funds to the NALA Foundation to support a WASH (water, sanitation, hygiene) project in Ethiopia that is working to improve the water supply in schools so as to ensure proper sanitation there. The WASH project is an example of how the NALA Foundation is working to combat the root causes of schistosomiasis.

FAST FACT

NALA FOUNDATION

The NALA Foundation works toward eliminating the root causes of neglected tropical diseases and other diseases that are often related to poverty. Through health education and community engagement, the aim is to facilitate behavioral change.

In addition to supporting this initiative, in 2015 we also helped the Uraha Foundation Germany set up a local radio station in the north of Malawi. Called Radio Dinosaur, the station reports on politics, environmental issues, history, culture, and health in the local languages of Kyangonde and ChiTumbuka. It also broadcasts awareness pieces on schistosomiasis.

Counterfeit medicines: Expanding Minilab use

In 2016, the Global Pharma Health Fund (GPHF), a non-profit initiative funded by our company, developed testing methods for five additional active ingredients. As of 2017, the Minilab can now test 85 active ingredients, ranging from antimalarials and antibiotics, to analgesics and antipyretics.

Since 1998, the GPHF has supplied 795 Minilabs to 95 countries at cost, 109 of which were provided in 2015 and 2016 alone. 80% went to nations in Sub-Saharan Africa. Of the 109 test kits, the GPHF donated seven and our company nine Minilabs to African pharmaceutical regulatory agencies and health projects in Ghana, Tanzania, Mozambique, Botswana, the Democratic Republic of Congo, and Ivory Coast.

In the 2015-2016 period, we also hosted six Minilab seminars in Tanzania, Angola, Kenya, Zambia, Rwanda, and Mozambique, with well over 100 participants. In 2016, a one-day Minilab workshop was also held in Germany as part of the "Pharmacology in international development and disaster relief" course, which was offered by the Pharmaceutical Institute of the University of Tübingen.

New partnership in fight against counterfeit medicines

In 2016, the GPHF joined forces with the German Federal Ministry for Cooperation and Development (BMZ) for the first time ever to collaborate on a project for the six member states of the East African Community (EAC). As part of this effort, the BMZ provided 20 Minilabs in total, with six sent to Rwanda, and a further six each for Burundi and Tanzania/Zanzibar. In 2016, the first-ever Central Minilab Capacity Building workshop was held in the Rwandan capital of Kigali for participants from the EAC member states of Rwanda, Burundi, Uganda, Kenya, and Tanzania/Zanzibar. This project is being spearheaded by the National Metrology Institute of Germany (PTB).

Projects across the globe

In India, we are cooperating with the non-profit organization Narmada Samagra. Their river ambulance transports health workers and provides healthcare solutions to local populations living in the remote region along the Narmada River. In early 2016, we donated a new boat to Narmada Samagra so that they can reach even more people. The river ambulance serves around 12,000 people along a 200-kilometer stretch of river.

We are working to improve medical care around the world. Every year, our Global Medical Education Department sponsors a number of continuing education initiatives for health-care professionals. In doing so, we are helping build the capacities of nurses and physicians, increasing their awareness of symptoms and familiarizing them with advanced treatment methods. This enhanced expertise ultimately

benefits patients. In 2016, we supported more than 90 different continuing education programs offered by 25 independent educational institutions in the medical sector with over € 10 million. Via e-learning platforms and continuing education courses, more than 150,000 medical professionals benefited from the courses offered by these institutions.

We also support a wide variety of other projects. An overview of our efforts is provided on our website.

culture & education

Through cultural and educational initiatives, we are striving to increase public acceptance and tolerance of new ideas as well as to bolster creativity and curiosity. We believe that music and literature in particular help build bridges between cultures. To us, education is essential to people's intellectual and professional development. We therefore support education projects at many of our sites by granting scholarships, for instance, or sponsoring specific classes.

Our principles

Promoting education worldwide

Our goal is to spark a passion for science in the next generation and pave the way for them to pursue a degree in the STEM subjects. We seek to promote school and university students with a love of the sciences, which is why we invite children and adolescents to come to our Junior Lab and explore their enthusiasm for conducting experiments. In addition to this program, we have also been supporting the "Jugend forscht" competition for more than 30 years. Since 1996, we've been organizing the state-level competition for the German Federal State of Hesse and have also hosted the nationals twice.

Music and literature as ambassadors

We founded the Deutsche Philharmonie Merck, sponsored by Merck KGaA, Darmstadt, Germany in Darmstadt in 1966. What began as a company ensemble is now a professional symphony orchestra. Our philharmonic is an integral part of cultural life in Darmstadt and also regularly goes on international concert tours. In addition to concerts, we also offer orchestra workshops where children and adolescents can experience playing in a professional orchestra.

Like music, literature is also an important ambassador between cultures. We therefore award five literary prizes worldwide that particularly recognize authors who distinguish themselves by unifying cultures as well as science and literature.

Progress

SPARK: Igniting a passion for science in the next generation

In early 2016, our Life Science business sector launched the SPARK initiative to kindle students' curiosity, ignite a passion for science, and inspire them to consider a STEM-related career. Curiosity Labs™ are at the center of SPARK. The program is designed to educate and inspire students through hands-on, interactive science lessons – from DNA and chemiluminescence, flavors and fragrances, to water filtration – typically conducted right in their own classrooms.

The SPARK initiative focuses on skills-based volunteering of our Life Science employees. In February and March 2016, 3,465 of them participated in SPARK events across 36 countries. Beyond the positive impact SPARK has had on employees, we have motivated young people around the world through our Curiosity Lab™ lessons, site tours, career discussions, and other activities. Building on the positive feedback from the students, we have begun creating our own SPARK teams at our various Life Science sites.

Second Junior Lab opened at TU Darmstadt

Since 2008, we've been partnering with the Technical University (TU) of Darmstadt to operate a junior laboratory for chemistry. In 2016, we upped our efforts by adding a second lab to the offering. In the "livfe BioLab", students can now also perform biology experiments under guidance from college students. This initiative links classroom lessons with trending topics and modern methods of biological research.

Scholarships for students in India

In India, many young people cannot attend university as they do not have the means to finance a degree. The Merck India (Mumbai) a subsidiary of Merck KGaA, Darmstadt, Germany Charitable Trust (MICT) is therefore supporting students from underprivileged families in Mumbai. In 2016, 89 students received a scholarship that covers five to seven years of tuition fees as well as study materials.

Helping medical and pharmacology students in China

Since 2011, we've been awarding two-year scholarships to talented students in China who come from an economically disadvantaged background. We are focusing our support particularly on medical and pharmacology students at Fudan University in Shanghai, which is one of the most renowned academic institutions in China and ranks among the top 100 universities worldwide. To date, 600 students have benefited from our scholarships, with 120 in 2016 alone. Recipients have included PhD fellows and graduates working towards an advanced degree.

Moreover, since 2016, our Healthcare business sector has been providing scholarships for MBA students of the National School of Development (NSD) at the University of Beijing.

India: Making an art of learning

In 2016, we took part in Art By Children, an event held in India that motivated 5,000 children across 100 schools to explore their artistic side. This initiative is part of the Kochi Muziris Biennale, the largest public art event in southern Asia. Art By Children seeks to link learning with arts education to develop their inherent capacity for creativity.

50 years of the Deutsche Philharmonie Merck, sponsored by Merck KGaA, Darmstadt, Germany

During its second season of 2016, the Deutsche Philharmonie Merck, sponsored by Merck KGaA, Darmstadt, Germany celebrated its 50th anniversary, and the festivities are continuing in the first season of 2017. The first highlight was the opening concert of the anniversary season, which was held in September 2016 in the basilica of Eberbach Abbey in Eltville am Rhein, Germany. Moreover, with its "HipHop trifft Klassik" concert in the same month, the Deutsche Philharmonie Merck (sponsored by Merck KGaA, Darmstadt, Germany) performed its first-ever crossover project. This joint effort with the Munich-based hip hop group Einshoch6 was held in the Frankfurter Jahrhunderthalle.

In 2016, approximately 23,000 people attended the concerts of the Deutsche Philharmonie Merck, sponsored by Merck KGaA, Darmstadt, Germany. In May 2016, our symphony orchestra played a concert at an internal Merck KGaA, Darmstadt, Germany event in Madrid (Spain).

Literary awards for bridge builders

In Germany, we've been presenting the Johann Heinrich Merck Award of Merck KGaA, Darmstadt, Germany for literary criticism and essays since 1964. Worth € 20,000, this prize went to the author Kathrin Passig in 2016. According to the German Academy for Language and Poetry, she was chosen for "her highly original texts, which address a broad spectrum of topics and expertly span the blog, book and essay formats." The journalist and writer Gabriele Goettle won this award in 2015.

The Kakehashi Literature Prize of Merck KGaA, Darmstadt, Germany in Japan was presented in partnership with the Goethe-Institut Tokyo for the first time in 2014. Every two years, it recognizes works by German authors made accessible for a Japanese readership and comes with prize money totaling € 10,000, split evenly between the author and their translator. In 2016, writer Ilma Rakusa and her translator Fuminari Niimoto received the award.

The 2016 Tagore Award of Merck KGaA, Darmstadt, Germany went to Sudhir Kakar, an Indian psychoanalyst and writer. In numerous landmark works, Kakar has analyzed the society of the subcontinent from a psychoanalytical perspective, thereby reflecting upon the spiritual soul of India. We present the award every two years in partnership with the Goethe-Institut Kolkata. Worth 500,000 Indian rupees (approx. € 7,200), this literary prize is granted to authors who have made a significant contribution to cultural exchange between Germany and India.

We have been awarding the Premio Letterario of Merck KGaA, Darmstadt, Germany since 2003 in recognition of authors who make science accessible to a broad audience. The prize is worth € 10,000. In 2016, the Premio Letterario went to Italian physician Alberto Mantovani and British historian Helen Macdonald, who have a special understanding of how to build bridges between literature and science. In 2015, the award went to American science author and writer David Quammen and French writer Maylis de Kerangal.

In 2016, we expanded our efforts by launching the Translation Award of Merck KGaA, Darmstadt, Germany in Russia. With € 4,000 in prize money, this partnership with the Goethe-Institut Russia recognizes the crucial role that translations play in intercultural exchange. Presented for the first time in September 2016, the award went to Vladislava Agafonova, Kirill Levinson and Alexandra Gorbova for their German-Russian translations.