



Taking Action on the Sustainable Development Goals



“WE ARE HONORED TO PLAY A ROLE IN THE GLOBAL EFFORTS TO ACHIEVE THE SDGs. IN DOING SO, WE ARE DELIVERING ON OUR COMMITMENTS TO IMPROVE ACCESS TO HEALTH CARE, PROTECT THE ENVIRONMENT, AND ENGAGE OUR EMPLOYEES, ALL WHILE OPERATING WITH THE HIGHEST ETHICAL STANDARDS.”

Kenneth C. Frazier, Chairman and CEO

In 2015, the 193 member states of the United Nations unanimously adopted the Sustainable Development Goals (SDGs). These goals—17 in total, with 169 specific targets—are as ambitious as they are inspiring. Building on the Millennium Development Goals, the SDGs represent the international community’s aspirations for improving the lives of all of the world’s population—especially the poor—by 2030. The SDGs represent the greatest global effort to improve the economic, social, environmental state of the world.

While all of the SDGs are essential to foster sustainable development, and are being addressed by our company, we have prioritized seven global goals as being the most connected to our work. As a health care company, our efforts are most aligned with SDG 3—Good Health & Well-Being—with six other SDGs having significant relevance to areas in which our company can make an impact. Addressing the SDGs is both a responsibility and an opportunity, a lens through which we can identify ways to contribute to societal needs while strengthening our business.

To learn more about how our work addresses all of the SDGs, please visit MSDresponsibility.com/SDG.

MSD is known in the U.S. and Canada as Merck & Co., Inc., Kenilworth, NJ, U.S.A.



88%

Top 20 global burdens of disease addressed by our products and pipeline



“We are on a mission to ensure that more people can access our medicines and vaccines, regardless of where they live or their financial circumstances.”

Julie L. Gerberding, M.D., M.P.H.

Executive Vice President and Chief Patient Officer, Strategic Communications, Global Public Policy, and Population Health



SDG 3: Good Health and Well-Being

ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

As a global health care company, we believe we have an important role and responsibility in improving access to medicines and vaccines, and in helping to reduce the burden of disease around the world. It is unacceptable that the vast majority of people around the world are still unable to benefit from recent advances in medicines and growing health care infrastructure. Our Access to Health Statement of Guiding Principles articulates our approach to expand and enhance access through efforts covering research and development, manufacturing and supply, registration, commercialization, and community investment.

We apply our research and development resources to identify potential products to address significant unmet medical needs. For infectious diseases, our pipeline and portfolio addresses challenges such as HIV, hepatitis C, drug-resistant bacteria, cancer and diabetes. We are also involved in a number of product-development partnerships and research collaborations to further develop treatments to address neglected tropical diseases (NTDs) and tuberculosis (TB). Our efforts also address two main causes of death from preventable or treatable disease in children under five years of age in the developing world—diarrheal and pneumococcal diseases—as well as measles, mumps and rubella. Working in collaboration with external stakeholders, we are developing vaccines that target other diseases of global significance, such as Ebola.

In addition, we have a significant focus on non-communicable diseases such as cancer and diabetes, and we engage in efforts to expand the reach of our products to patients who need them.

Barriers to quality care and medical treatment—including a lack of trained health care professionals, weak infrastructure, civil strife, and a shortage of safe water in many parts of the world—are challenges that go well beyond what we can directly address alone. Our role is to work in partnership with others in order to contribute our resources, expertise and knowledge.

Our commitment to women and mothers includes providing access to reproductive health products. We offer a diverse portfolio of contraceptive products, enabling couples to determine whether, when and how often to have children. In 2015, we worked in more than 42 countries in sub-Saharan Africa, Asia and Central America through numerous partnerships with governments, donors and NGOs to expand access to contraceptives and strengthen health systems providing services to women.

To address the challenge of reducing premature mortality from non-communicable diseases (NCDs), our company is proud to be a part of Access Accelerated. This is a first-of-its-kind, multi-stakeholder collaboration focused on improving NCD care. Involving more than 20 biopharmaceutical companies, the initiative includes partners such as the World Bank and the Union of International Cancer Control (UICC) to help address the full spectrum of access barriers to NCD medicines in low- and lower-middle-income countries. Access Accelerated will support multi-stakeholder dialogue and begin on-the-ground work to improve NCD prevention, diagnostics and treatment.

PRIORITIZING MATERNAL HEALTH

MSD for Mothers is our company's 10-year, \$500 million initiative to apply our scientific and business expertise to help reduce preventable maternal mortality worldwide. With more than 75 partners in more than 30 countries, we are applying private-sector approaches to improve access to quality maternal health care. To date, we have provided 6.1 million women with reliable access to affordable, quality care and modern contraceptives.

We are focused on:

- Equipping health care providers with the skills, tools and technologies they need to deliver high-quality services wherever women seek care
- Placing life-saving maternal health products in the hands of women and their providers
- Empowering women to make informed choices about contraception and get the care they need for a healthy pregnancy and childbirth



SDG 5: Gender Equality

ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Women’s rights are human rights, and our company promotes and values global diversity and inclusion at every level of the organization.

We recognize that developing the leadership potential of women and positioning them for success delivers a tangible competitive advantage. With that in mind we are committed to developing, promoting and retaining female executives. Commitment to diversity and inclusion at our company resides at the very top with our CEO, Kenneth C. Frazier, who personally approves metrics and reviews progress against our goals.



38%

Management roles held by women globally

A COMMITMENT FROM THE TOP

Our CEO publicly drives our commitment to diversity throughout all ranks of the global enterprise by:

- Signing off on executive compensation tied to recognition of diversity, in the form of bonuses, raises, stock, and options
- Personally approving diversity metrics and reviewing progress against aspirational talent goals for women and underrepresented ethnic groups
- Meeting with the company’s key line leaders on a quarterly basis to review strategic initiatives centered on global diversity
- Meeting with the company’s diversity leader to discuss strategic diversity and inclusion solutions and innovation opportunities
- Approving goals and reviewing achievements for supplier diversity



SDG 6: Clean Water and Sanitation

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

Our business, suppliers, communities and customers all need access to clean water, yet we are increasingly operating in regions of the world where clean water and sanitation are under great strain. Our global water strategy aims to achieve sustainable water management within our operations and our supply chain. Our endorsement of the UN CEO Water Mandate reflects our public commitment to adopt and implement a comprehensive approach to water management, and we have begun to disclose our exposure to water risk around the world.

We are committed to managing the environmental impacts of our products throughout their life cycles—from discovery through manufacturing, use and disposal. That is why we carefully monitor the scientific research on the issue of pharmaceuticals in the environment and, in particular, studies that evaluate the potential effects pharmaceutical products may have on the aquatic environment and human health.



6.3^B

Gallons water usage in 2015 (decrease from 2009: 29%)

ASSESSING WATER RISK IN OUR SUPPLY CHAIN

We use the World Resources Institute’s (WRI’s) water-risk-assessment tool called “Aqeduct” to measure and map our water risks. The overall risk score relies on 12 different measures grouped into three categories: physical risk quantity (seven measures), physical risk quality (two measures) and regulatory and reputational risk (three measures), which are combined to generate an overall water-risk score.

In 2015, we operated six manufacturing and/or research facilities in areas of “high” overall water risk, representing approximately 4 percent of our total use. These facilities are located in Indonesia, Puerto Rico and Singapore. Our manufacturing facilities that use the most water (77 percent of our total use) are located in areas of medium to high overall water risk and are located in the U.S.





SDG 8: Decent Work and Economic Growth

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

How we operate is as important as what we do.

We strive to build a diverse and inclusive workforce and executive population. Actively promoting opportunities for people regardless of race, gender, ethnicity, culture, age, disability, religion, gender identity, gender expression and veteran status, is indispensable to our company.

Our commitment to human rights is manifested through our own Code of Conduct for employees, as well as through our Business Partner Code of Conduct for suppliers. These include the right of employees to associate freely, and to form, join, or not join, a labor union; and the prohibition of the use of child, forced or involuntary labor, including bonded labor, prison labor, slave labor or indentured labor, and any form of human trafficking in our supply chain.

CREATING A DIVERSE SUPPLY CHAIN

We aspire to create strategic, sustainable relationships and achieve \$1B of tier-one spend with diverse suppliers, inclusive of minority-owned, women-owned, veteran-owned, LGBT-owned and disability-owned business enterprises. We are also devoted to growing small businesses through subcontracting opportunities.

In our supplier relationships, we look to go beyond just providing opportunity, and try to prepare, counsel and contribute to capacity building within diverse-owned business enterprises with a goal of leveling the playing field for fair competition. Our Supplier Development & Performance Management team performs supplier technical capabilities assessments and creates development plans to improve suppliers' performance in quality and operations.



33%

New hires that were members of underrepresented ethnic groups (U.S.)





39%

Facilities that send zero operational waste to landfills

 **SDG 12: Responsible Consumption and Production**

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Our company has a long history of environmental stewardship, and we continually evolve our strategy and efforts to sustain our operations in a resource-constrained world. Over the next few decades, the demand for energy, clean water and natural resources will increase substantially due to population growth and economic development. We have a responsibility to use resources wisely, and drive innovations that will enable sustainable global development.

Our product stewardship programs focus on identifying, and either preventing or minimizing, potential safety and environmental hazards throughout a product's life cycle. The amount of waste we generate reflects the efficiency of our manufacturing processes, and its reduction helps to lower our manufacturing costs and shrink our environmental footprint.



GREEN AND SUSTAINABLE SCIENCE

We see science and innovation as critical enablers to developing sustainable, low-cost manufacturing processes, which provide both environmental and economic benefits over the lifetime of our products.

As part of our Green and Sustainable Science program, we calculate the Process Mass Intensity (PMI) of our human health products. PMI reflects the number of kilograms of raw materials (including water) used to produce one kilogram of an active pharmaceutical ingredient (API) or biologic. PMI is a good indicator of how efficiently we convert raw materials into final products. We use this metric internally to compare different manufacturing methods, identify process improvement opportunities, and track our progress.

22%

Decrease in total GHG emissions (Scope 1 & 2) from 2012 to 2015



SDG 13: Climate Action

TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

As a health care company, we have an important role to play in identifying and responding to the public health risks associated with climate change. Certain disease patterns can be associated with changing climate conditions, which disproportionately impact marginalized populations. We support science-based, international and national actions to address the challenges presented by climate change, including economic incentives for researching, developing and deploying low-carbon and renewable-energy technologies.

We have established an Energy Capital Fund of up to \$10 million per year in order to transition to more energy-efficient technology and to better position the company to respond to energy demands in the future.

WORKING WITH THE U.S. EPA

We have a long-standing partnership with the U.S. Environmental Protection Agency's (EPA) ENERGY STAR program. This partnership provides a broad energy-management strategy that serves as a useful framework for measuring our current energy performance, setting goals, tracking savings and rewarding improvements.

In April 2016, U.S. EPA again recognized our company with the Sustained Excellence Award. This is the 11th consecutive year in which we have been recognized by ENERGY STAR for excellence in energy management.



SDG 17: Partnerships for the Goals

STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

179

Number of local and regional manufacturing partnerships to enable access

EBOLA VACCINE

To respond to the Ebola crisis that started in 2014, we joined with the international health community in efforts to eliminate the outbreak and put necessary steps in place to help prevent another.

The development of our company's investigational Ebola vaccine candidate would not have been possible without the extraordinary collaborative efforts from leading global and national health organizations. These included the World Health Organization (WHO), the U.S. Centers for Disease Control and Prevention (CDC), the National Institute of Allergy and Infectious Diseases, the Walter Reed Army Institute of Research, the Canadian Immunization Research Network, and the U.S. Army Medical Research Institute of Infectious Diseases.

We are committed to discovering smart, sustainable ways to expand access to health care, especially in areas with limited infrastructure and resources. Given the immensity of this challenge, it is only by working in partnership with others—governments, donors, patient organizations, health care professionals, NGOs, academic institutions, multilateral organizations and the private sector—that we can make the strongest contribution.

For example, along with 12 pharmaceutical companies, and other stakeholders who signed on to the London Declaration, we are committed to continuing or increasing donations of medicines to treat or prevent neglected tropical diseases (NTDs). Together, with our research and development

activities for schistosomiasis, visceral leishmaniasis and Chagas disease, we are supporting the London Declaration goals for five NTDs.

One of the many partnerships we are most proud of is our program for the elimination of river blindness and lymphatic filariasis (LF). This program, which we initiated in 1987, is a multi-sectoral partnership including the WHO, ministries of health, NGOs and local communities, and is the longest-running, disease-specific public-private partnership of its kind. Our company, and the many partners in this program, are now working toward the goals established through the WHO Roadmap for Neglected Tropical Diseases, including the elimination of river blindness and LF by 2020 and 2025, respectively.



Forward-Looking Statement

This communication of Merck & Co., Inc., Kenilworth, NJ, USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline products that the products will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include, but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company’s 2015 Annual Report on Form 10-K and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).



MSD is known in the U.S. and Canada as Merck & Co., Inc., Kenilworth, NJ, U.S.A.

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To learn more about how our work addresses all of the SDGs, please visit MSDresponsibility.com/SDG.

All data is taken from our 2015/2016 Corporate Responsibility Report.