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Career with us

Our employees advance human progress by solving complex problems and promoting our culture of innovation and inclusion. We encourage them all to pursue careers that align with their individual aspirations, skills and passions. To maximize our potential throughout the Group, we aim to create an environment that inspires our current employees, attracts new talent and helps us to continue to learn and grow.

Our approach: A career with purpose

To ensure our ongoing success, we are focusing on the future by creating meaningful impacts and building needed capabilities. At the same time, we must respond to changing demographics and adapt to the behaviors and expectations of the highly competitive talent market. Therefore, in 2022, we enhanced our **talent acquisition strategy** with a more personal, employee-focused approach. Our goals include reinventing our talent sourcing approach to build targeted and integrated pipelines and effectively recruiting diverse talent to our organization.

Our trainee programs are designed to assess and hire early-career talent who show exceptional potential. We believe vocational training is an effective way to meet current and future demand for qualified professionals.

Supporting our employees' professional and personal development helps us to meet our strategic objectives, driving our success as a company. In a fast-paced environment of continuous growth and innovation, we want to cultivate and develop the capabilities of our employees. As a result, our employees benefit from a diverse learning and development portfolio. In addition, our dedicated management programs help our leaders to promote accountable and inclusive behaviors and educate them on driving sustainable business value and performance.

We have designed our compensation structure to provide **valuable benefits** to our employees and their families. Our reward system recognizes the uniqueness of our employees while providing flexibility wherever possible. Through our competitive compensation structure, we aim to be attractive to future employees in particular. Additionally, our international employee mobility programs create an environment suited to the needs of a rapidly evolving workforce.

We have revised our talent retention approach by tailoring our retention efforts more strongly to different target groups and countries as well as striving to create an inclusive environment that sparks our employees' creativity and growth.

Roles and responsibilities

Group Human Resources (HR) supports and advises all business sectors and Group functions within our organization regarding our human capital, especially topics related to recruiting, vocational training and advanced training. Across all our sites, HR employees work with leaders from various functions and business sectors to employ strategies that engage our people in line with Group-wide HR guidelines and requirements, including attractive compensation models and benefits. Every two to three years, we conduct internal audits to ensure that we implement our guidelines effectively.

The Chair of the Executive Board and CEO is responsible for Group Human Resources. Our Chief HR Officer, who leads the HR function and oversees all our HR activities, reports directly to her. Our Business Services unit

oversees the operational tasks of HR work, such as drafting contracts and payroll accounting. The Chief Financial Officer is responsible for this unit.

All employees can access their personal data via our **HR4You digital platform**, which aligns our basic HR processes globally. For instance, the platform enables employees to participate in online training courses or apply internally for vacant positions.

Our commitment: Structured development

Our High-Impact Culture, founded on **six behaviors**, is integrated into all HR processes, from recruitment and training to feedback processes. We regularly inform executives and employees about these behaviors through global campaigns.

Our People Development and Learning Policy provides a Group-wide framework that guides employees in managing their professional growth. It defines requirements for our development opportunities, roles and responsibilities. The associated processes are described in our People Development and Learning Standards.

Our **flexible work guideline** details our approach to evolving work environments and our aspiration to create a more agile organization. For example, employees can choose their desired working location (with the agreement of local guidance, teams, and managers) provided it is appropriate for their work activity. In addition, we aim to better support and recognize the well-being of carers around the world by creating a carer-friendly workplace.

Attracting and inspiring key talent

Our overarching goal is to attract qualified employees and retain them over the long term. Therefore, we continue to focus on measures that improve the way in which we introduce new employees to our company culture.

In this context, we launched a recruiting initiative for our leaders to become brand ambassadors within their professional networks. Through this program, we support our leaders in engaging in dialogue with their peers and communities about our culture and the opportunities for professional development offered by our company.

Additionally, we are continuously reviewing our application process and hiring manager enablement to maintain a fast, quality-driven process.

A competitive compensation structure

We reward the performance of our employees in order to maintain a competitive edge in attracting qualified professionals. Within our Group, we base compensation on the requirements of each position and each employee's respective performance. We make no distinctions based on gender or any other diversity criteria.

To ensure we maintain a **competitive compensation structure**, we regularly review our compensation policy based on data analyses and industry benchmarks. This enables us to compare internal factors and market requirements in equal measure. Before making changes to our compensation structure, we consult with key stakeholders such as employee representatives.

In 2022, we introduced a sustainability factor into our Long-Term Incentive Plan (LTIP). More information on the LTIP can be found in the Compensation report. Along with our competitive benefits and rewards program, we also introduced a new global car policy in 2022, aiming to reduce CO₂ emissions by encouraging the use of electric vehicles and supporting charging points.

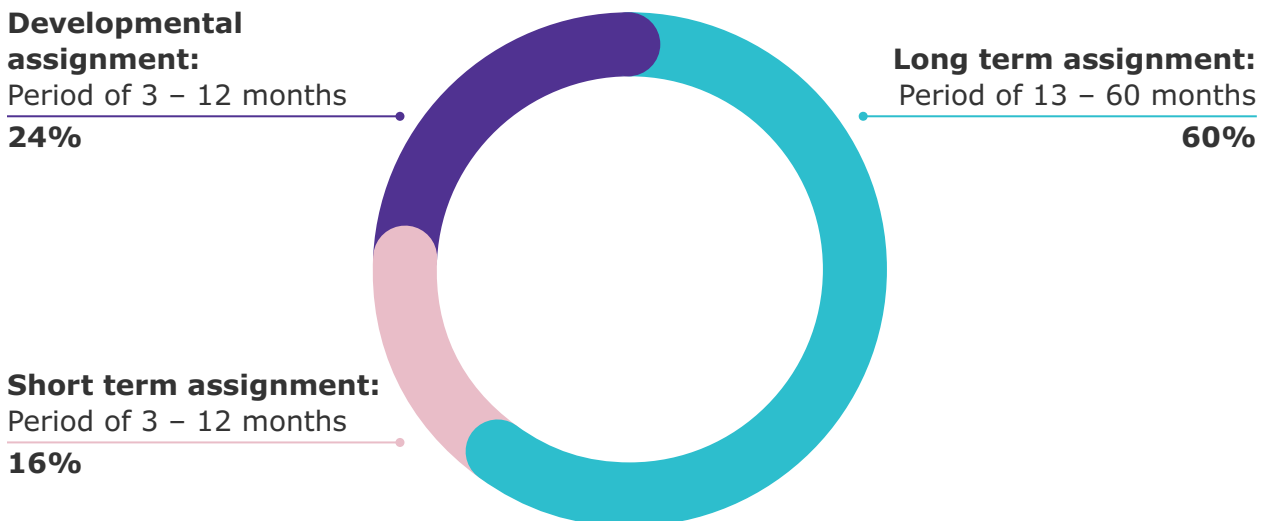
In addition to competitive pay, we also offer attractive benefits. For example, our benefits4me package contains offerings primarily funded by the company, such as company pension plans, U.S. healthcare, prevention and health-related benefits as well as other services, for instance leasing offers for bicycles or IT hardware to meet the multifaceted needs of our global workforce.

Nurturing a global mindset

To broaden the diversity of thought within our teams, we offer multiple international assignment opportunities to enable our employees to experience different cultures, mindsets and ways of working. In 2022, we intensified our focus on international assignments by launching a new policy to promote the opportunity to gain **international experience** and **increase flexibility** for employees and their managers.

Furthermore, we have established a policy that allows employees – under certain conditions and in adherence to compliance measures – to work remotely for personal reasons outside of their country of employment for up to 60 days within a 12-month period.

Mobility split by assignment type



Unlocking our potential with education and professional development

We have implemented a holistic learning and leadership portfolio, which we are continuously enhancing in accordance with the principles of our **High-Impact Culture and set of behaviors** in order to foster greater levels of accountability, inclusiveness and engagement. Our learning portfolio also helps our employees to understand and embrace the principles, values and behaviors of our corporate culture.

We endeavor to support our **employees' personal and professional development** in line with their strengths, skills and behaviors. Therefore, we provide ample opportunities for the functional and technical upskilling required in the various areas of our organization. We recognize that employees need to develop capabilities for the future and acquire skills to adapt quickly to changing markets and organizational needs. Beyond cultural and soft skill learning and development opportunities, functional training, such as digital upskilling or scientific training, provides additional opportunities for development in specific areas.

Furthermore, our Development Advisor tool provides specific learning and development resources. For example, employees can find eLearning courses, formal training offerings, self-facilitator toolkits, and text proposals, which they can use to compile their individual development plans. Different filter criteria help employees to find learning offerings based on their specific needs. It is recommended that employees shape their development plans with components covering formal training (10%), opportunities to interact and learn from others (20%) and learning by doing (70%).

Our employees can also book learning offerings, such as e-learning courses or in-person training, via our **learning management system**. In 2022, about 7 million training courses were completed. Additionally, we encourage our employees and leaders to take courses via the LinkedIn Learning platform.

We have integrated individual and team learning programs into our global learning and leadership portfolio. The **Empower Your Team program** introduces our leadership culture and the basics of leadership, such as decision-making, feedback, motivation, and emotional intelligence. Empower Your Organization is aimed at more experienced leaders and focuses on the capabilities needed to shape our culture, covering topics such as inclusiveness, psychological safety and transformation. About 1,100 of our leaders participated in these courses in 2022.

Merck University is our leadership development program for executives and collaborates with best-in-class business schools, including **Stanford GSB** in the United States and **INSEAD** in France. Established in 1999, approximately 590 of our executives worldwide have participated in the program, enhancing their skills and professional development via state-of-the-art leadership learning methods, content and tools. Senior leaders taking part in Merck University also have several touchpoints with early-career, high-potential individuals in our second flagship program, the International Management Program (IMP). The IMP identifies and nurtures talented people who show potential to become our senior leaders of the future.

Supporting the next generation

We believe in the value of investing in the next generation of talent, not just to build a diverse talent community, but also to develop the skills needed to continue to deliver our products.

As part of this aim, we use the strength of our brand to create **sustainable talent pipelines** through a diversified series of sources. Career events, university relations, social media, and other online platforms such as Candidate Relationship Management are some of the channels we use to attract, maintain and build relationships with our diverse talent community.

We also support talents in joining our organization through various internships and relationships with universities around the world. One example of this is our Healthcare business sector's Co-Op program with Northeastern University, Massachusetts, USA, where students gain first-hand experience with our manufacturing and R&D processes, readying them for a successful career.

On the global level, we run our GoGlobal and OLDP (Operations Leadership Development Program) traineeships. We build relationships with students from multiple disciplines and academic researchers who show great potential and are interested in roles within our company. Each year, we take in approximately 20-25 new trainees across functional areas such as In-house Consulting, Marketing, Commercial, Global Healthcare Operations, Quality Regulatory and Compliance, Research and Development, Procurement, Finance, and Human Resources. We offer our trainees mentoring, training and development opportunities.

Graduate hiring by gender



We have been steadily increasing our focus on vocational training. For example, in 2022, we started the construction of a new **Learning Center** at our global headquarters in Darmstadt. With a capacity for around 600 apprentices, it will enable us to house almost all our vocational training occupations under one roof. We are investing € 70 million in this new Learning Center, which is set to open in 2024.

In 2022, a total of 205 young people in Germany started their vocational training. The overall focus was on **scientific and technical occupations**. During the same period, a total of 181 young people successfully completed their apprenticeships at our Darmstadt site. In addition, we offer programs for refugees and young people struggling to enter the labor market, preparing them for subsequent vocational training.

We also continued to engage in the “Afrika kommt!” program offered by the German Society for International Cooperation (GIZ), which trains experts and leaders from Africa. In supporting this initiative, we are helping to build a pool of regional partners that promote economic cooperation between Germany and Africa. In 2022, ten participants successfully completed the program and we have selected thirteen new candidates for the eleventh intake, starting in February 2023.

Balancing work and personal life

We recognize the importance of **work-life balance** and the need for flexible working models. Accordingly, we have seized the opportunity to rethink our working habits – including when, where and how we work – in order to create the most engaging and productive working environment. As part of this process, in 2022, we completed the rollout of our **Flexible Working policy**, with 38 countries now using a respective model tailored to their local requirements and legislation.

In 2022, we implemented several initiatives to enhance our support for carers and parents at our company. In addition, whether our employees are the primary or secondary caregivers of children, we offer them various options to plan the first years with their child. For example, we have extended paid parental leave for both primary and secondary caregivers to eight weeks in Mexico and to six weeks in Switzerland. In India, we have also implemented a leave policy for secondary caregivers. Overall, we provide support in line with local laws and regulations as well as our Global Benefits guidelines.

Corporate culture

For more than 350 years, we have worked to improve and enhance people's lives worldwide. Our High-Impact Culture enables us to continuously re-examine our way of working and challenge long-held assumptions to advance human progress. It drives us to double down on our people to recruit, develop, retain, and promote the best and most diverse talent, while cultivating and rewarding an inclusive environment.

Our approach: Unlocking our collective potential

We recognize that our daily actions ultimately impact our customers, patients and partners. This is why we have identified a standard set of behaviors that form the foundation of our High-Impact Culture such as 'raising the bar' and 'acting as the owner'. They are firmly embedded in our company culture to provide guidance to all our employees and leaders.

We believe acknowledging and rewarding individual achievements, as well as a **feedback-driven culture**, enable collective success. Accordingly, we are introducing a new approach to performance, providing our teams with a framework that values employee expectations, clarifies goals, provides feedback, and rewards performance as part of our High-Impact Culture.

A constant shift towards learning from others, delivering and receiving feedback, and acknowledging the perspectives of others in constructive ways are also crucial elements of our culture. By promoting an open mindset, we empower our employees and strengthen our organization.

We also work to increase employee engagement and promote individual accountability by creating regular opportunities for dialogue and participation within the company. For example, employee surveys with regular pulse feedback opportunities provide valuable data points for managers, employees, and Human Resources (HR) to conceive new measures and initiatives that promote a culture of dialogue and collaboration in the workplace.

Roles and responsibilities

Global Human Resources (HR) is responsible for advising all business sectors and Group functions on matters concerning human capital. HR addresses the needs of our employees, organizational topics, and company culture founded on ethics and a shared set of company values.

We expect our leaders to understand the needs of their diverse teams and provide support in the form of resources and data. In addition, the ability to access transparent feedback through specially developed tools allows our leaders to gain further insights into how their behavior impacts their teams. For this reason, we work with external providers to train our leaders in proven, science-based approaches to lead more effectively.

Our commitment: Employee representation

As set down in our [Social and Labor Standards Policy](#), we will respect our employees' legal rights to form and join worker organizations of their own choosing, including labor organizations and trade unions, and will not discriminate based on an employee's decision to join or not join a labor organization.

Within Europe, 41 of our legal entities in nine countries (Austria, Finland, France, Germany, Italy, Spain, the Netherlands, Ireland, and Switzerland) have employee representatives. Our respective site management teams cooperate with them at the local level. In addition, the Merck Euroforum represents our employees from a European perspective in all EU countries, as well as Switzerland, Norway and (post-Brexit) the United Kingdom. However, not all entitled countries send delegates to the Euroforum. The Euroforum focuses on the current global economic situation, employment rates and significant changes within our company, with regular exchanges during the year and additional meetings as required. In 2022, the regular mandate period ended in most European countries. Awareness-raising measures driven by our country speakers and local HR units supported the election process for new delegates. We now have Merck Euroforum delegates from 14 countries, which is three more than in the last mandate period. All delegates meet once a year.







In Germany, one of our largest locations worldwide, 99% of the local workforce is employed by subsidiaries subject to the German Co-Determination Act. We have a total of 20 subsidiaries in Germany. In 16 of them, our employees are represented by the Group Works Council; in nine of them by the Joint Works Council in Darmstadt; the remainder are represented by their local Works Council. The interests of our senior executives are represented by the Senior Executive Committee, which negotiates topics such as compensation, working hours and organizational changes. In addition, 57% of our employees are covered by collective agreements (12% of our global workforce).

In countries not covered by collective bargaining agreements due to different administrative, trade and judicial structures, we closely work with unions to implement operational decisions and coordinate relations between management and employees. Working conditions and terms of employment of employees in these countries are determined by legal requirements and our Global Guidelines.

Strengthening our High-Impact Culture

We aim to create a positive culture based on our strategic core elements of caring, outperforming and pioneering. By fostering our **High-Impact Culture**, we empower our people to create positive outcomes for our customers, patients and society. As part of this culture, we define a common mindset that guides how we do business and interact with colleagues and stakeholders. By embracing a standard set of behaviors, we can deliver on our purpose and create a work environment where everyone can succeed, develop and grow. These behaviors also embody our shared values and help to ensure our teams reflect different cultures, ways of thinking and life experiences.

These behaviors are:

care	pioneer	outperform
 <p>Obsessed with customers and patients</p>	 <p>Be curious and innovate boldly</p>	 <p>Raise the bar</p>
<p>We focus on the impact we generate, we start with them in mind and work backwards.</p>	<p>We challenge our own thinking and the status quo, press for better approaches, innovative ways, and we are externally aware.</p>	<p>We set relentlessly high standards for ourselves – and for our teams. We drive to deliver the best quality products, services and processes.</p>
 <p>Act as the owner</p>	 <p>Simplify and act with urgency</p>	 <p>Disagree openly, decide, and deliver (3Ds)</p>
<p>We are owners, we make decisions and act on behalf of the company's best interest, not just our own.</p>	<p>We see beauty in simplification, we cut unnecessary processes and focus on what matters most first – and we change course quickly when necessary because speed matters in every business.</p>	<p>We think independently and deliver as a team. We make clear what matters in any decision, taking accountability and avoiding deferring difficult decisions. And when a decision is taken we all commit.</p>

In 2023, we launch a new approach to how performance is steered, managed and evaluated in our company. MyImpact will replace the existing Performance Management Process and provide a framework for our organization to improve its performance and culture by encouraging continuous feedback.

In 2022, we presented the new approach to senior leadership in all relevant sectors and functions. We also informed the Work Councils and unions, who have been involved in the necessary negotiations prior to implementation. The main features include:

- Customized elements fitting the different nature of roles and responsibilities of our employees
- Simple and flexible year-round commitment setting, adjustable at all times
- Continuous and transparent conversations about performance
- Timely and frequent feedback collected to provide a basis for unbiased dialogue between supervisors and employees
- A new and simplified way to evaluate employee impact, reflecting our High-Impact Culture
- Flexible performance-related recognition and financial award framework available throughout the year

Strengthening our sustainability culture

In addition, we launched two e-learning courses in order to strengthen the **sustainability culture** in our company. The first one is for employees and was already rolled out at the end of 2021. The second one has been available since September 2022 and is targeted to managers with personnel responsibility. The two courses are mandatory for the relevant employees and are available in nine and seven languages, respectively. As of the end of 2022, 83% of all employees had completed the training.

Embracing conversation and dialogue

In our increasingly connected world, we are convinced that feedback enhances open dialogue, builds trust and improves collaboration. Therefore, in 2022, we intensified our efforts to promote continuous feedback across our organization and hierarchies. For example, we anchored this approach into our learning and development portfolio. Our feedback programs give employees and leaders insights from various sources to support individual development.

Furthermore, we have designed a new, simplified **360-degree feedback** tool to provide valuable input to employees while encouraging our organization to promote continuous feedback based on integrity and respect. The tool also provides guidance about integrating feedback practices into daily work and structuring feedback discussions accordingly. Overall, we aim to make feedback a regular habit rather than a formal process.

In this context, we are also taking action to promote psychological safety in our teams. This practice helps employees to work efficiently while feeling safe, respected and accepted. In 2022, we introduced workshops to support teams in better understanding their current psychological safety levels. As leaders play a critical role in creating the right atmosphere within their teams, we also ensured that psychological safety is a core topic of our leadership development program **Empower**. In addition, we provide a dedicated toolkit with practical guidance and actions that leaders can implement to promote psychological safety.

Empowering our employees

We are committed to ensuring our employees and leaders are involved in our business processes and can engage in dialogue through various channels, such as internal communications platforms, anonymous surveys, and roundtables.

In 2022, we developed concrete measures to gain insights into our employees' experiences throughout their employee lifecycle, from onboarding to leaving the company. For example, we now evaluate feedback from the onboarding experience after 90 days and again after three months to understand the experiences of new employees and identify areas for improvement. Similarly, our exit surveys collect insights into their reasons for leaving the company.

In addition, we evaluate the progress made in implementing our High-Impact Culture by conducting pulse surveys on the perceived culture change and newly introduced behaviors. Other main feedback formats include a yearly global employee engagement survey that serves as the main feedback channel for all our employees. With a strong focus on diversity, equity and inclusion in 2022, we conducted an additional inclusion assessment to identify and understand areas where we can strengthen our culture of belonging. This assessment helps us to create a more **inclusive environment** for members of underrepresented groups, such as people with disabilities, people from different ethnic groups, or those identifying as members of the LGBTQI+ community.

Diversity, equity & inclusion

We believe that creating and maintaining a diverse workforce helps us drive innovation, exceed customer expectations and remain economically and socially sustainable. Diversity, Equity & Inclusion (DE&I) also supports our goals of attracting and retaining talent who enrich our culture and help us create new solutions to tomorrow's challenges.

Our approach to creating a culture of inclusion and belonging

We are committed to promoting a strong sense of inclusion among our employees. Therefore, we approach Diversity, Equity & Inclusion (DE&I) with the same purpose as our other global business objectives and aspirations. While we have always been a diverse organization – we currently span 66 countries and have over 64,000 employees from **139 nationalities** – we recognize that our success depends on our ability to foster an environment that champions equity and inclusion. In addition, our DE&I approach fuels our efforts to make positive impacts in the communities where we live and work. We expect our leaders and managers to be mindful and considerate in how they attract, hire, retain, and promote their people. We aim to help every employee maximize their potential, regardless of their gender identity, culture, ethnicity, race, religion or creed, sexual orientation, nationality, socioeconomic and family status, language, disability status, age, mindset, faiths, military service, or political conviction.

We strive to create **equitable outcomes** and identify and eliminate any barriers that may hinder our employees' contributions or their access to opportunities or career advancement. Ultimately, we believe diversity inspires progress and strengthens our ability to innovate in all areas of our business.

The uniqueness of our people that brings science, curiosity and our High-Impact Culture to life. Therefore, we nurture an environment with a **collective sense of belonging** so that all team members feel valued and appreciated. This inclusive approach improves our overall performance and leads to more positive outcomes for our customers, patients and partners.

Roles and responsibilities

The Chief Diversity, Equity and Inclusion Officer is responsible for our global DE&I strategy and steering its related activities. In this role, she reports directly to the Chair of the Executive Board, whose Board responsibilities include Group Human Resources.

In addition, we have established a centralized **Diversity Council** consisting of high-ranking executives from all our business sectors and selected Group functions. The Diversity Council's responsibilities include:

- Supporting equity and inclusion across our organization and its activities.
- Serving as ambassadors and advisors to the Executive Board and managing directors in country organizations.
- Proposing strategic goals, initiating measures and ensuring managers meet their responsibilities in their respective units.
- Exchanging information, sharing best practices and aligning on next steps.
- Working across businesses, functions and countries to integrate DE&I within our daily work to benefit our employees and customers.

Our commitment: International policies and principles

Our **Social and Labor Standards Policy** categorically states that our company does not tolerate any form of discrimination, physical or verbal harassment, or intolerance. To underscore our commitment to equality, fairness, inclusion, and tolerance in the workplace, we also participate in industry-wide initiatives:

- The **Women's Empowerment Principles**, an initiative of UN Women and the UN Global Compact network, help to promote gender equality and women's empowerment in the workplace. In addition, we also participated in the UN Target Gender Equality Programme in 2021/22, which supports companies in achieving gender balance in business.
- The Inclusion Action Plan of the German Mining, Chemical and Energy Industrial Union (IG BCE) defines concrete measures to create a more inclusive workforce for employees with disabilities. In endorsing this plan, we meet the standards of the United Nations Convention on the Rights of Persons with Disabilities.
- The **Equal Opportunity Charter**, through which we pledge to do everything in our power to achieve gender equality within our company.
- We are one of over 4,500 signatories of the **German Diversity Charter**, Charta der Vielfalt e. V., a corporate initiative that promotes diversity in companies and institutions.

In addition, we are a signatory to the **Business Coalition** for the Equality Act, an alliance of leading companies in the United States. We are also active in a number of external associations and public-private partnerships supporting equality, such as Healthy Women, Healthy Economies, ClostinGap (Spain), Women Empowerment Council (China), SEMI industry association (dedicated DE&I initiative), Embracing Carers™, and **Disability:IN** promoting the complete inclusion of people with disabilities.

Meeting statutory requirements

The German Law for the Equal Participation of Women and Men in Leadership Positions in the Public and Private Sector has been in effect in Germany since 2015. Due to our legal status as a KGaA (a corporation with general partners), this law also partly applies to us.

With a 37.5% share of women (6 out of 16 members), our Supervisory Board already meets the requirements of German gender quota legislation. As a KGaA, we are not required to set targets for our Executive Board, which currently has a 20% share of women (1 out of 5). Detailed information can be found in the [Statement on Corporate Governance](#) in our Annual Report.

Strategy rollout and new structure introduction

In 2022, we rolled out our DE&I strategy globally. We created a network comprising our 18 major countries, nominated dedicated representatives and developed tailored roadmaps for each country. We also streamlined the councils and working groups in the business sectors and major Group functions, renaming them Diversity, Inclusion, Community & Equity Councils.

Progress on our 2030 aspirations

In 2021, we pledged to our people, partners, patients, and industry to intensify our DE&I efforts and set robust aspirations to hold ourselves accountable. In 2022, we continued this strong focus and demonstrated that we are on track to advance toward our 2030 goals.

Gender equity: We developed measures to achieve a more balanced gender structure at various hierarchical levels of our business. We are steadily making progress and have increased the share of women in leadership (roles 4+) to 38% (2021: 36%) while maintaining a stable 43% proportion of women in our global workforce. Building on this effort, we are aiming for gender parity in leadership positions by 2030. Moreover, we are committed to fair and equitable pay for all employees.

Women in leadership roles



Culture and ethnicity: With 24% of our employees based in the United States, it is crucial that we become an employer of choice among underrepresented racial and ethnic groups in this market. Therefore, we plan to increase the share of employees in U.S. leadership (roles 4+) who are members of underrepresented racial and ethnic groups from 21% to 30% by 2030.

Share of underrepresented racial and ethnical groups in US leadership



Additionally, due to our current performance and future growth in Asia, Latin America and the Middle East and Africa (MEA), accounting for 40% of our Group sales, we aim to increase the global share of nationals from Asia, Latin America, and MEA in leadership positions (roles 4+) from 16% to 30% by 2030.

Global share of nationals from Asia, Latin America, Middle East & Africa in leadership



Inclusion: Beyond our aspiration to foster specific types of diversity and equity, we are accelerating our efforts to create a genuinely inclusive culture for all employees. To achieve this, we rolled out training courses to help leaders reflect on how they can lead more inclusively. All leaders will be encouraged to complete these courses over the coming years. At the end of 2022, 64% (2021: 37%) of our leaders had participated in this training program.

Participants in Inclusive Leadership Workshop



Diversity figures are part of our compensation-related corporate goals. We use a prediction algorithm developed in-house to support the modeling and tracking of our key performance indicators for DE&I.

Committed to fair and equitable pay

Our **commitment to pay equity** is a critical aspect of our DE&I strategy. To create transparency around unexplained pay gaps and identify their underlying root causes, we conducted a pay equity analysis in 2021

with a focus on gender-based discrepancies. In this first step, we analyzed ten of our largest countries, covering approximately 80% of our total employees. Based on this analysis, we continued to improve our transparency by releasing pay data publicly for the first time: The identified adjusted (unexplained) gender pay gap is less than 1.5% in favor of men. While this is a good starting point and below the existing benchmark, we will continue to monitor pay data and take measured actions as needed. These include enabling our leaders to ensure we continue making equitable and unbiased pay decisions.

Cultivating inclusion every day

We provide a framework for education in the areas of diversity, equity and inclusion, combined with empowerment to support inclusive leadership strategies. To maximize our leaders' effectiveness in building diverse and inclusive teams, we rolled out the **Inclusive Leadership Workshop** as part of our global inclusion key performance indicators. It corresponds to the Leadership Program of 2021 and was renamed. The workshop combines global leadership interactions, peer coaching, continuous self-reflection, and leadership accountability. It is mandatory for all our leaders.

We also provide many learning opportunities with training and listening sessions on how to be a more inclusive colleague such as our unconscious bias training sessions. With the introduction of the psychological safety module, we help employees understand how important it is to create a safe environment in teams and ensure everyone's voice is heard. In addition, we conducted a global inclusion assessment to better understand specific areas of opportunity and gain employee insights in order to create a more **inclusive workplace**. More information on how we approach employee engagement can be found under [Corporate culture](#).

Since we work in an international environment, we support our employees with intercultural training and digital tools such as our **Cultural Navigator**. Furthermore, we offer language training and international networks to assist employees in international assignments and projects. For example, more than 1,000 expatriate employees are members of the International Community, which meets regularly at our global headquarters in Darmstadt.

Helping diverse talent flourish

To broaden diversity within our organization, we have continued to create a strong internal female talent pipeline, promote more women into leadership positions, and actively source external female talent. Additionally, we focus on internal development and external sourcing of international and underrepresented ethnic talent. We have also identified opportunities in each business sector to provide extra recruiting support and leverage existing and new talent to reach more diverse audiences. In addition, we have piloted software to evaluate the inclusivity of our job descriptions and provide recommendations to make them more inclusive. In 2022, we also conducted self-identification campaigns in specific regions in order to better understand our internal demographics. These campaigns encouraged employees to voluntarily provide information about their ethnicity, disability status, sexual orientation, gender identity, or veteran status.

To promote diversity in our hiring for internal roles, we continued our various **mentoring, sponsorship and talent programs**. We are also exploring new partnership opportunities to reach more diverse STEM candidates. These include [HerHackathon](#) (women in IT), GEM (underrepresented ethnical candidates in science, engineering and technology), and LOC M Scholars (underrepresented ethnic candidate tuition support for family members of existing employees). Furthermore, we have added information about our Employee Resource Group community to our new employee onboarding process, which raises awareness about our employee groups and networks worldwide to new employees in the early stages of their roles.

A sense of belonging: our employee networks

In our internal DE&I employee groups and networks there are over 7,500 members (since a person can be active in more than one group, the number of people may differ from the number of members). These members have created a strong base that fosters a sense of belonging for community members and their allies. Our more than 60 groups and networks include **Women in Leadership, our Black Leaders Network, Rainbow, and I'M Able**. We are also strongly represented at our local sites in a number of women-oriented organizations operating globally.

Our networks drive inclusion



Well-Being Communities

Focus on improving carers' health and wellbeing, while increasing awareness and support for them within healthcare systems around the globe.



Disability Communities

A community for people with disabilities, and their allies and help break the stigma surrounding disabilities topics and instead, provide resources and support.



Culture & Ethnicity Networks

Help propose solutions to support the attraction, retention, and development of our employees of color as well as other cultural and ethnic minorities.



Women Networks

Create an inclusive workplace that recognizes, develops, and advocates for the promotion of qualified women to achieve gender balance and thus long-term business success.



Generational Networks

Raise awareness, drive development, and encourage a culture where everyone has the same career opportunities regardless of their age and stage of life.



International Community

A community of open-minded individuals who connect and exchange resources & information to support a soft landing at our local sites in Darmstadt, Germany, and Switzerland.



Rainbow Networks

Promote a safe and inclusive environment and foster a community where LGBTQI+ employees and their allies are recognized and valued.



Veterans Networks

To support strategic diversity and inclusion efforts to attract, retain and develop military veterans.



Inclusion Networks

Flexibility and Responsibility with the Community are ERGs that focus on local specific needs for the respective target groups.

Supporting DE&I in the communities around us

In 2022, we announced a partnership with **CNote**, a women-led impact investment platform, to improve economic growth and opportunities in U.S. communities in which we operate. We will provide US\$ 20 million, which can be used to fund BIPOC-owned small businesses in those communities via microfinance loans. CNote provides a diversified and scalable way to support job creation, small business growth, affordable housing development, and sustainable economic growth in underserved communities. This novel approach utilizes cash on hand that is held in our traditional bank accounts and instead deploys the cash to Community Development Financial Institutions.

In our Healthcare business sector in the United States, we have enacted a **supplier diversity** program to comply with local legislation. We are focusing our U.S. efforts on enhancing our current supplier locator tool by broadening the rollout among sourcing managers so as to improve our ability to connect with and potentially award business to a broad range of vendors. Additionally, we are continuing to expand the program to other business sectors in the United States that have pilot planning in place.

I'M IN is our external-facing DE&I initiative to amplify the voices of underrepresented populations and improve the healthcare ecosystem. Since 2019, we have partnered with healthcare practitioners through educational events, allowing them to explore untapped topics of health inequity in multiple sclerosis (MS) care and learn how inclusion positively impacts the patient experience. We are the first company to fund fellowships dedicated to reducing disparities in neurological care for MS patients.

Additionally, we have established a **diversity in clinical trials** project, as we understand the need for a diverse patient population in **clinical trials** and throughout the drug development life cycle. To maintain inclusivity, we focus on four key pillars that identify key tactical and targeted efforts. We have collated these and other examples in an internal DE&I in the business playbook, encouraging our teams to consider inclusive approaches in R&D, product development, procurement, marketing, sales, and partnerships.

Ensuring fair treatment for all

We do not tolerate any form of discrimination in our company, as stipulated with binding effect in our **Code of Conduct** and **Social and Labor Standards Policy**. In 2022, we published two new position papers on **non-discrimination** and **non-harassment**, complementing our position paper on **DE&I**. In addition, we have established various reporting channels to ensure employees have a clear point of contact should they experience harassment or discrimination in the workplace, or any other violations of our standards. Their first points of contact are their supervisors, HR or compliance teams. Alternatively, employees can also make anonymous calls to our compliance hotline. In 2022, 20 alleged cases of discrimination were reported via the compliance hotline and other channels, seven incidents were confirmed.

Solid ranking in diversity, equity and inclusion indices

We continue to make progress on integrating diversity, equity and inclusion within our business:

- We ranked ninth in the **World's Top Female Friendly Companies 22** list by Forbes, which identifies the companies leading the way in supporting women inside and outside their workforces.
- In the Financial Times ranking, we were selected as one of the leading 100 (out of over 15,000) companies on diversity.
- We scored eighth in the **German Diversity Index** published by BeyondGenderAgenda. The index reflects the transparency of the diversity commitments of the DAX 40 German blue-chip companies in their annual and sustainability reports for 2021.
- Our CEO Belén Garijo was presented with the BeyondGenderAgenda **2022 Honorary Award "Business"** for her and the company's outstanding commitment to diversity and inclusion.
- We were selected as one of the top 11 large companies in the **LGBTIQ+ Diversity Performance Index** by Uhlala Group
- We ranked seventeenth out of 100 in the 2022 **BCG Gender Diversity Study** by the Boston Consulting Group and the Technical University of Munich. This study rated management board and supervisory board gender diversity among Germany's largest publicly listed companies.

Health & safety

We take responsibility for the health and safety of our employees every single day and do everything we can to protect them against accidents and work-related illnesses. To this end, we take measures to prevent health issues from arising in the first place.

Our approach to preventing accidents and promoting health

We seek to promote the health and well-being of our employees and sustain their long-term performance ability, which in turn necessitates a safe workplace. We are therefore constantly working to further strengthen our **health and safety culture**.

The lost time injury rate (LTIR) is the indicator used to gauge the success of our occupational safety efforts. It is a global measure of the number of accidents resulting in at least one day of missed work per one million hours worked. We determine the Group-wide LTIR both for our employees and supervised temporary staff. Our objective is to lower LTIR to below 1.0 by 2025.

Generally, before starting an activity anywhere in the world, we perform a hazard assessment to identify risks and do everything possible to eliminate them before commencing the activity or commissioning a plant. If this is not feasible, we put measures in place to minimize the likelihood of risks and their potential impacts. Hazard assessments are the responsibility of our individual sites and are therefore conducted by them.

Since the start of 2022, we have been developing a Group-wide health strategy for our employees to enable them to maintain and promote their health.

Through the efforts of our **Health Management unit**, we are bolstering our company and health culture at our global headquarters in Darmstadt, Germany. We examine the effectiveness of Health Management using a **performance indicator system**, based on the employees' health-related responses in our annual anonymous **Employee Engagement Survey**. We use this survey to calculate our Healthiness Index, which aims to reflect the general state of health of our employees Group-wide. The index enables us to assess the data at team level (groups of at least ten), a minimum threshold that enables us to protect the anonymity of individuals.

Moreover, Health Management at our Darmstadt site also makes use of the findings from our company insurance fund's health report, along with evaluations from our Site Medical Center. We use all of this input both to create target group-specific or unit-specific **prevention programs** as well as to advise the local management. When specific indicators such as workplace stress start rising, additional consultation meetings take place between Health Management and the respective units.

Roles and responsibilities

Our EHS (Environment, Health and Safety) management system is the responsibility of Corporate Sustainability, Quality and Trade Compliance, which in turn reports to the Chair of the Executive Board. This Group function sets objectives, oversees the respective initiatives globally and conducts internal EHS audits. **Local EHS managers** and their teams ensure that our individual sites comply with all occupational health and safety laws and regulations. They are also responsible for local projects, campaigns and programs.

Employees concerned about their health or safety are permitted to temporarily step back from their work until the issue has been resolved. Globally, across the Group, they are encouraged to report such concerns via our [compliance hotline](#).

At our Darmstadt site, we also have safety councils and committees that convene to address health and safety issues, coordinating strategies and focus areas with site senior leaders, health and safety experts, and employees. Moreover, Health Management at the Darmstadt site contributes to embedding the topic of health into our company culture. After implementing each measure, the Health Management team asks all participants for their anonymous feedback on their experience and suggestions for improvement, which help shape the development of further initiatives.

At the Darmstadt site, our **interdisciplinary Mental Health Team** is working to tackle the growing challenges surrounding mental health in an effort to protect our workforce against psychological stress. The team provides our employees with support from a single source.

In addition to this service, we offer a telephone hotline in all 66 countries in which we operate, giving our employees and their relatives access to confidential mental health and social counseling services around the clock.

Safety delegates and health partners

At our sites globally, we have **safety delegates** who, in addition to their usual duties, help their supervisors ensure compliance with safety regulations and requirements. At the same time, they act as points of contact for their colleagues regarding safety-related matters.

At our Darmstadt site as well as other German sites, **health partners** also act as the interface between our employees and Health Management. They function as a health-related liaison for colleagues while also informing their teams about the health programs and services on offer. At the same time, they make recommendations to Health Management regarding employee needs. Our employees undergo training before taking up their role as a safety delegate or health partner.

Our commitment: Policies and company agreements

Our Corporate **EHS Policy** (Corporate Environment, Health and Safety Policy) describes our fundamental approach to occupational health and safety. It is an integral part of our EHS management system and undergoes an external ISO 45001 audit every year.

Our Group-wide Health Policy specifies our approach to ensuring workplace safety for our employees while also promoting their health and well-being. In this policy, we set out our **Group-wide approach to health and safety management**, which is aimed at preventing workplace accidents and occupational illnesses.

It is our aim to ensure that environmental, health and safety aspects are also respected in our partnerships with contractors throughout the entire relationship, from starting a job to completion. This objective is reflected in our Contractor EHS Management Standard.

At our sites in Germany, we abide by **company agreements** on occupational health and safety that have been drawn up in partnership with employee representatives. For instance, our Occupational Integration Management company agreement, which applies to all our sites in Germany, governs the procedure for employees who have been on extended sick leave. The aim is to retain an employee's position while also helping to prevent adverse health impacts after the respective employee returns to work.

We also have occupational health and safety company agreements in place at 13 other sites in Europe. These cover all activities required to comply with national occupational safety regulations, such as workplace hazard assessments and regular occupational safety analyses. These company agreements also include on-site health offers for our employees.

Safety certification at our sites

As part of a **Group certificate**, our occupational health and safety management system was **ISO 45001-certified** at 61 sites at the end of 2022. The sites define individually the scope of their certification. For instance, at our global headquarters in Darmstadt, ISO 45001 covers around 70% of the workforce; we ensure occupational health and safety for the remaining 30% of employees who do not work in operating units as well as those working at non-certified sites through our globally integrated management system. This also covers **EHS concerns**. The certification process helps us to identify weak areas as well as opportunities for improvement. This enables us to take appropriate measures in a timely manner in order to ensure the health and safety of our employees in the future. Other sites are also urged to apply this standard.

Accident rates

Our employees are required to immediately report any relevant occupational accidents to Corporate Sustainability, Quality and Trade Compliance, where the incidents are assessed. If necessary, we then implement additional safety measures at our sites. This procedure is now practiced across all of our production facilities around the world.

We track the following occupational safety data across our sites worldwide:

- The LTIR measures the accidents resulting in at least one day of missed work per one million hours worked. In 2022, our LTIR of 1.2 remained unchanged in comparison with the previous year. The majority of incidents resulting in lost time were slips, trips and falls, along with contusions and lacerations from the operation of machinery and equipment. Once more, in 2022, we recorded no fatal accidents.
- We use our Environment, Health and Safety Incident Rate (EHS IR) to **track incidents**.
- Alongside this indicator, in the United States we also use the Occupational Illness Rate to monitor work-related illnesses and their long-term effects.

Clear rules of conduct

Experience shows that most workplace accidents can be prevented by proper conduct. For our occupational health and safety, it is therefore essential that our employees have the relevant EHS training and certification. We not only educate our employees on occupational health and safety, but actively involve them in our efforts. For instance, we ask them to participate in walkabouts and in the selection of personal protective gear. This involvement is crucial because our employees best understand what they need in specific work situations. This enables us to continuously improve our occupational health and safety practices and performance.

Group-wide, all new EHS managers must complete a three-day EHS onboarding that covers topics such as occupational health and safety as well as our **BeSafe! safety culture program**. Through this initiative, we raise

employee awareness of occupational hazards and teach them rules for safe behavior. In addition, we regularly provide occupational safety training at our sites covering both legal requirements as well as the specific local risks.

Promoting employee health

For employees at our Darmstadt site, our Health Management unit offers specific health services such as mindfulness courses and ergonomics consultation. Moreover, we continuously assess the working conditions and the respective working environment, making improvements in accordance with the latest scientific findings. We use a standardized process for this. We publish a health catalog in German and English that summarizes all the services offered by our Health Management unit. It covers various topics including **ergonomics, nutrition, stress, and mental health issues**. In 2022, the BKK umbrella association (of the German company health insurance funds) presented Health Management at the Darmstadt site with the *“Deutsches Siegel Unternehmensgesundheit”*. Its quality and effectiveness in various categories were examined as part of an external auditing process in which experts took our strategies, key figures and offers as well as analyzed results of employee surveys into account. With the support of our company health insurance fund (BKK) and additional in-house interfaces, Health Management was awarded a gold seal – the highest possible recognition, received by only five of the 40 audited companies.

Protective measures and vaccination campaigns

Our measures to protect our workforce against Covid-19 at our sites in Darmstadt and Gernsheim are based on two pillars:

- **Testing:** By the end of December 2022, we had performed approximately 73,650 antigen rapid tests at our in-house company testing centers at the two aforementioned German sites.
- **Vaccinating:** In February 2021, our Site Medical Center initiated a Covid-19 vaccination campaign at the two aforementioned German sites. By December 2022, we had administered more than 21,850 vaccine doses to our employees in Darmstadt and Gernsheim as well as their family members.

In addition to our Covid-19 vaccination campaign, we also offered flu shots to employees at our Darmstadt and Gernsheim sites in autumn 2022, vaccinating more than 2,400 employees.

Fitness initiatives

Across Germany, our employees can take advantage of offerings such as our company fitness program **Fit@Merck**, which encompasses a range of **disease prevention courses** that are subsidized by our company. Additionally, in Darmstadt and Gernsheim, we have a company sports program with 32 different athletic activities. In 2022, we were only able to offer 21 different athletic activities as a result of Covid-19 restrictions.

Physicals and support for our employees

Our Physical Ability Test and Health Preservation process allows us to ensure that all employees meet the health requirements for their particular tasks and duties. Depending on the job profile, some of our employees undergo **pre-hiring physicals and physical aptitude tests**. Our Travel Health & Medical Advisory Service assists employees who travel abroad, providing them with recommendations on necessary vaccinations and advice on hygiene risks.