

**CORPORATE  
RESPONSIBILITY  
HIGHLIGHTS  
2012**



3.3

BILLION GALLONS OF WATER RECYCLED OR REUSED

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20%

REDUCTION IN LOST-TIME INJURY RATE

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\$1.7

BILLION IN TOTAL GIVING

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444,000

PATIENTS UTILIZING MERCK'S U.S. PATIENT ASSISTANCE PROGRAMS

# CORPORATE RESPONSIBILITY

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## ABOUT MERCK

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Merck\* is an innovative, global healthcare leader that is committed to improving health and well-being around the world.

The categories in which we have products include heart and respiratory health, diabetes, infectious diseases, animal health, consumer care and women's health. We continue to focus our research on conditions that affect millions of people around the world — diseases like Alzheimer's and cancer — while expanding our strengths in areas like vaccines and biologics.

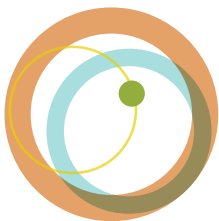
We also devote extensive time and energy to increasing access to medicines and vaccines through far-reaching programs that donate and deliver our products to the people who need them.



access to health



environmental  
sustainability



employees



ethics and  
transparency

At Merck, we're applying our global reach, financial strength and scientific excellence to do more of what we're passionate about: improving health and improving lives.

## CORPORATE RESPONSIBILITY AT MERCK

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At Merck, corporate responsibility is our daily commitment to discovering innovative solutions to the world's biggest health challenges. It is this simple promise that informs all of our actions as we apply our global resources, our talents, and our scientific and operational expertise to some of the most significant health, social, environmental and economic challenges in the world today. This commitment helps us to discover better ways to deliver greater value to both shareholders and society. Through innovative research, ground-breaking partnerships and smarter processes, we are focusing on four priority areas: Access to Health, Environmental Sustainability, Employees, and Ethics & Transparency.

## ABOUT OUR REPORTING

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As part of our commitment to be open and transparent about our business activities, we report on our corporate responsibility performance annually. This brochure contains highlights from our complete 2012 online responsibility report, [merckresponsibility.com](http://merckresponsibility.com), in which you can find detailed performance data and key performance indicators from our worldwide operations. We continue to use several external guidelines and measurement frameworks to guide our reporting, including the Global Reporting Initiative, the 10 principles of the UN Global Compact, the UN Millennium Development Goals and the Access to Medicine Index.

*\*Merck is known as MSD outside of the United States and Canada.*

# MESSAGE FROM THE CEO

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**KENNETH C. FRAZIER**  
CHAIRMAN, PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

## AT MERCK, CORPORATE RESPONSIBILITY UNDERScores OUR STEADFAST COMMITMENT TO HELP THE WORLD BE WELL.

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Merck people share an unwavering commitment to our mission to save and improve lives around the world, and to uphold the highest standards of ethics and integrity.

We believe that innovative and productive research and development is the only sustainable way to create true and enduring value for all of our stakeholders, and we are focused on tackling some of healthcare's most daunting challenges. By continuing to invest in the discovery and development of medicines and vaccines, we believe Merck can have a profound impact on people's lives for years to come.

In addition, we are resolute in our promise to develop and reward our employees, protect the environment and support the communities in which we work and live. Furthermore, we are operating ethically and transparently in order to earn and retain the trust and confidence of our

stakeholders. This report, which also serves as our annual Communication on Progress Report to the UN Global Compact, is one of the ways in which we increase our transparency.

We continue to deliver long-term returns by pursuing opportunities where the need is great and where we have unique capabilities to make a real difference in people's lives.

But the challenges, too, are great. Of the 7 billion people alive today, 6 billion live in emerging and developing markets. We believe we have an obligation, as well as an opportunity, to help meet their unmet health needs by advancing effective and safe medicines at affordable and sustainable prices.

In the developed world, the costs to treat chronic diseases are large and increasing. Today these costs represent approximately three-quarters of all healthcare expenses, and two-thirds of the increase in healthcare spending is due to the increased prevalence of treated chronic disease.

The global economy continues to be uncertain, an ongoing challenge to pharmaceutical companies that can invest a billion dollars or more over the 10 to 20 years it takes to bring a new drug to market.

But we are determined to advance our mission, and, in 2012, we made progress through a number of important initiatives:

- Expanding our product portfolio, as well as our local development and distribution capacity, through important joint ventures
- Developing new partnerships to reduce maternal mortality through *Merck for Mothers*, our 10-year, \$500 million initiative that is applying the company's scientific and business expertise — as well as its financial and human resources — to address this issue around the world

# 6 BILLION PEOPLE LIVE IN EMERGING AND DEVELOPING MARKETS

- Celebrating the 25th anniversary of Merck's MECTIZAN® (ivermectin) Donation Program and its success in contributing to the goals of eliminating river blindness and lymphatic filariasis
- Strengthening the impact that Merck employees have on communities throughout the world by recently increasing paid time off, from 20 to 40 hours per year, for employee volunteerism; throughout 2012, Merck employees volunteered through a variety of programs, resulting in more than 221,000 total volunteer hours
- Emphasizing the importance of raising ethical and compliance-related concerns through an updated mandatory training program, which provides additional guidance on the Merck Code of Conduct
- Identifying and implementing major projects to cut water use, protect water quality and reduce operating costs through improvements to water and wastewater infrastructure

We are proud of our progress but remain focused on the work ahead. We have made progress in meeting the objectives identified in Merck's Access to Health Guiding Principles, but we must address the ongoing challenge of creating a companywide strategy to expand access to our discoveries in both developed and developing markets while continuing to build a sustainable business.

To do this, I believe that healthcare companies, regulators, payers, governments and other stakeholders must work collaboratively to bring safe, effective, affordable medicines and vaccines to the world's people.

It is critical, therefore, that Merck continues to take a leadership role in the pharmaceutical industry, building partnerships with a wide range of stakeholders to advance R&D, enable access to medicines and vaccines, and help improve quality of life across the globe.

The world is changing, but Merck's focus on pursuing the best science and building a sustainable business is steadfast. And even more important, our people remain deeply committed to our mission and our company.

Know that we take very seriously our special responsibility to provide genuine and enduring value to customers, patients, employees, communities and shareholders for generations to come.

Be well,



**Kenneth C. Frazier**

Chairman, President and Chief Executive Officer  
July 2013



**WE FOCUS ON FOUR  
AREAS TO DELIVER  
VALUE TO OUR  
SHAREHOLDERS  
AND SOCIETY.**



access to health



environmental  
sustainability



employees



ethics and  
transparency







# ACCESS TO HEALTH



The issues that affect access to health are varied and complex. Through our business operations, public policy and outreach efforts, Merck aims to address the health needs of people in all circumstances by developing and fostering broad access to our innovative products.

KPIs / Research & Development	2012
Top 20 global burdens of illness addressed by our products and pipeline <sup>1</sup>	55%
GCP/PV audits by regulatory agencies or clinical trial investigators that led to significant fines, penalties, warning letters or product seizures	0
Initiated (new) licenses for new technologies	61
Narrative of compounds provided to Product Development Partnerships <sup>2</sup>	online

Merck's **Access to Health Statement of Guiding Principles** directs our global efforts. It defines a comprehensive approach founded on innovation, discovery and collaboration. We strive to embed these principles into our activities and strategies, and we leverage our strengths and accelerate our progress by engaging partners around the world. To learn more, visit [merck.com/Statement-of-Guiding-Principles](http://merck.com/Statement-of-Guiding-Principles).

### The Guiding Principles focus our work on:

- Research and development that reflect the needs of developing countries and emerging markets
- Expansion of local manufacturing and supply capabilities
- Expedited product registration to meet country-specific public health needs
- Implementation of differential pricing approaches
- Investment in communities, as well as partnerships, to provide direct access to our medicines and vaccines where needed and to build capacity locally

\$50.9M  
2010

\$66.0M  
2011

\$86.3M  
2012

**MERCK MEDICAL OUTREACH PROGRAM** VALUE OF MEDICINES, VACCINES AND CONSUMER CARE PRODUCT DONATIONS

KPIs / Manufacturing & Supply	2012
Product recalls in the United States	4
Countries we currently supply with our products	140
Local and regional manufacturing partnerships <sup>3</sup>	84
Products available via local and regional manufacturing partnerships	34

### FOCUSING ON UNMET NEEDS THROUGH R&D

In 2012, Merck announced a \$90 million, seven-year partnership to create the California Institute for Biomedical Research (Calibr). Calibr is an independent, not-for-profit organization created to accelerate the translation of basic biomedical research into innovative medicines. By leveraging the drug discovery expertise and resources of Calibr, academic researchers from around the world will have the opportunity to maximize and expedite the potential therapeutic value of their research. When new discoveries are advanced to the preclinical proof-of-concept stage, including those that can help meet the needs of people in least-developed countries, commercial partnerships will be sought for further development. The Calibr initiative complements our established R&D collaborations. To learn more, visit [EngageZone.merck.com](http://EngageZone.merck.com).

### BUILDING LOCAL MANUFACTURING AND DISTRIBUTION CAPACITY

To build local capacity in the development, manufacturing and distribution of our medicines, Merck formalized partnerships in two fast-growing emerging markets. In Russia, we established a licensing agreement with R-Pharm to conduct clinical development and commercialization of a new hepatitis C medication. Also, through a manufacturing agreement with Russian pharmaceutical producer Akrikhin, we are expanding the availability of Merck medicines that treat conditions such as high blood pressure and high cholesterol. In Brazil, we announced a joint venture with Supera Farma Laboratorios S.A., a pharmaceutical company co-owned by two leading Brazilian healthcare companies, Cristália and Eurofarma. Supera will market, distribute and sell a portfolio of innovative pharmaceutical and branded generic products from Merck, Cristália and Eurofarma in the Brazilian retail sector.

Collaborations like these are helping Merck fulfill our commitment to broaden the availability, accessibility and affordability of our products through country-specific strategies and partnerships. And they are driving our business expansion in emerging markets, which are expected to fuel 90 percent of the world's pharmaceutical growth over the next decade.



**90%**

**OF THE WORLD'S PHARMACEUTICAL GROWTH OVER THE NEXT DECADE IS EXPECTED TO COME FROM EMERGING MARKETS.**

## ADDRESSING MATERNAL MORTALITY

**Maternal mortality remains one of the world's most pressing health challenges.** *Merck for Mothers* is our 10-year, \$500 million initiative to address one of the world's oldest and most preventable health tragedies — the death of a woman from complications during pregnancy and childbirth. Our work focuses on three key areas — product innovation, access to affordable care, and advocacy and awareness. Since its launch in September 2011, we have pledged more than \$105 million to initiate over 30 projects in more than 20 countries, collaborating with more than 75 implementing partners and advocacy organizations.

In June 2012, we joined with the U.S. and Norwegian governments and advocacy organizations to establish *Saving Mothers, Giving Life*, a public-private partnership designed to quickly and dramatically reduce maternal mortality in districts of Uganda and Zambia. *Merck for Mothers*, in partnership with Population Services International, also launched its first country program in Uganda to explore how private health providers and businesses can improve the delivery of affordable, quality maternal healthcare. This effort provides the foundation for additional programs in India, the United States, Zambia and Brazil in 2013. To learn more about *Merck for Mothers*, visit [merckformothers.org](http://merckformothers.org).



## WORKING IN PARTNERSHIP TO INCREASE AFFORDABLE ACCESS

Merck is committed to working with partners to make innovative vaccines available and affordable to those who need them. In 2012, we partnered with Uganda's Ministry of Health to support a new vaccination program against cervical cancer. Cervical cancer is the most frequent cancer diagnosed among women in Uganda, with incidence rates about three times the global average. In the first phase of a national rollout, Merck is donating 460,000 doses of GARDASIL® [Human Papillomavirus Quadrivalent (Types 6,11, 16,18) Vaccine, Recombinant] to 12 districts in Uganda, enough to vaccinate approximately 140,000 eligible girls over a two-year period. For additional details on Merck's partnerships and programs to expand access to GARDASIL and other vaccines, visit [merckresponsibility.com/vaccines](http://merckresponsibility.com/vaccines).

KPIs / Registration	2012
New product and device registrations <sup>4,5</sup>	437
Local regulatory agency GCP/PV training requests fulfilled that will help strengthen agency capabilities with their GCP/PV compliance oversight role <sup>6</sup>	online
Products submitted that have achieved WHO prequalification (cumulative)	10

KPIs / Commercialization	2012
Products for which we have access pricing <sup>7</sup>	19
Countries where at least one product has intra-country pricing of public and private sectors <sup>8</sup>	49
Investment in patient- and provider-education programs	\$91.1M

KPIs / Community Investment	2012
Healthcare workers trained through major programs and partnerships <sup>9</sup>	38,166
Investment in partnerships for activities to address underlying barriers to health, such as health system strengthening and capacity building <sup>10</sup>	\$23.8M
People reached through our major programs and partnerships <sup>9,11</sup>	269M



# THE MECTIZAN<sup>®</sup> DONATION PROGRAM

**In 2012, the MECTIZAN® (ivermectin) Donation Program (MDP) celebrated 25 years of scientific discovery, visionary leadership and extraordinary commitment to advance the control of river blindness, or onchocerciasis, in sub-Saharan Africa, Latin America and Yemen.**

Merck first made its unprecedented commitment in 1987 to provide MECTIZAN for the treatment of river blindness to all who need it, for as long as needed. Since then, the MDP's success has revolutionized the program's vision: from control of the disease to global elimination.

In 1998, we expanded the MDP by integrating efforts to advance the prevention of lymphatic filariasis (LF), or elephantiasis, with established river blindness programs in African countries where the diseases co-exist.

Throughout 2012, we celebrated the MDP's 25th anniversary, acknowledging the remarkable commitments of our many partners and contributions of communities, renewing Merck's commitment to continue donating MECTIZAN as we advance toward the goal of elimination, and applauding the program's accomplishments, which include:

- Preventing an estimated 40,000 cases of blindness annually
- Interrupting transmission — meaning no new cases have been identified — in parts of Africa and Latin America
- Verifying the elimination of river blindness in Colombia early in 2013, the first country to achieve that milestone

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*The magnitude of the distribution of MECTIZAN in endemic areas, with presently more than 100 million doses approved each year, represents an achievement simply unimaginable 25 years ago.*

**Dr. Bjorn Thylefors**

Merck MECTIZAN Award winner, 2011



**BEYOND THE NUMBERS**

But the impact is more than numbers. Its heart is in the stories of individuals like Mageniano Caidedo, who lives in the village of Atahualpa in Ecuador. Now 93 years old, Mageniano explains that he was a farmer until river blindness claimed his sight. He is a survivor from what's remembered as the dark days, when too many of his family and the village suffered the intense and unrelenting agony of itchy, swollen skin and many more would die blind without knowing the cause. Those days, just a generation past, are becoming a memory — the rewarding result of the MDP's success, not only in controlling river blindness but in its approaching elimination.

**THE LONDON DECLARATION**

Building on our commitment, Merck joined 12 global pharmaceutical companies, as well as governments, leading foundations, including the Bill and Melinda Gates Foundation, and health organizations, in signing the London Declaration, a collaborative effort to accelerate progress toward controlling or eliminating 10 neglected tropical diseases (NTDs) by 2020. The World Health Organization (WHO) describes NTDs as "the ancient diseases of poverty." They affect more than one billion mostly impoverished people, including some 500 million children. To guide the effort against NTDs, WHO unveiled a "A Roadmap for Implementation" in 2012 that outlines strategies and sets clear targets to control or eliminate them.

In accordance with WHO's goals, we are working toward the elimination of river blindness by 2025 and lymphatic filariasis by 2020.

# ENVIRONMENTAL SUSTAINABILITY



The growing demand for the world's scarce resources represents a risk to the health and security of people around the world. Merck respects and cares for the environment because our mission is to help the world be well, and a healthy planet is essential to the well-being of people and the success of our business.

KPIs <sup>12</sup>	2012
Greenhouse gas emissions (million metric tons of CO <sub>2</sub> e)	1.98
Emissions of volatile organic compounds (metric tons)	807
Water usage (billion gallons)	9.1
Waste generation (metric tons)	179,000
Waste recycling rate	52%



WATER USE (GALLONS)



## **MAKING PROGRESS ON OUR SUSTAINABILITY GOALS**

Our vision for environmental sustainability focuses on innovative products and packaging, sustainable operations and a sustainable supply chain. Our road map sets out 2015 and 2020 goals to help us concentrate our efforts on the critical global challenges where we can have the greatest impact.

We are already showing progress on a number of our goals. We have:

- Reduced GHG emissions by 10 percent since 2009, which meets our goal three years ahead of schedule
- Reduced water usage by 4 percent since 2009
- Reduced volatile organic compound (VOC) emissions by 26 percent since 2009
- Improved wastewater quality — specifically, chemical oxygen demand (COD) — by 57 percent, and nitrogen and phosphorus by 13 percent since 2009

Visit our website at [merckresponsibility.com/environmental-sustainability](http://merckresponsibility.com/environmental-sustainability) for full details of our progress against our goals.

## **CREATING SUSTAINABLE WATER SOLUTIONS**

As a signatory to the **UN Global Compact's CEO Water Mandate**, Merck is committed to achieving sustainable water management within our operations and supply chain, and to helping reduce the impact of waterborne illness as part of our efforts to improve health globally. Our water policy and strategy, introduced in 2011, underpin our efforts. Our commitment to water is increasingly important because Merck's business and manufacturing networks are expanding into regions of the world where many people do not have access to clean water and sanitation.

### **SAVING WATER IN OUR OPERATIONS**

Water is critical to making our products. We have identified and are implementing major projects to cut water use, protect water quality and reduce operating costs through improvements to water and wastewater infrastructure. For example, at our facility in Brinny, Ireland, we upgraded our wastewater treatment system, a \$4.3 million investment that saves 30 million liters (7.9 million gallons) of water per year and reduces our annual operating costs by \$635,000.

# A RECENT WORLD ECONOMIC FORUM REPORT IDENTIFIED THE WATER SUPPLY CRISIS AS THE #1 SOCIETAL RISK.

*The water supply crisis is the decline in the quality and quantity of fresh water combined with increased competition among resource-intensive systems, such as food and energy production.*

**WEF's Global Risks 2013 Report**



## SAFE WATER AROUND THE WORLD

In partnership with the **Safe Water Network**, we launched a three-year, \$1.5 million initiative in 2012 to increase access to safe water and reduce the impact of waterborne disease among impoverished communities in Andhra Pradesh, India. The Safe Water Network is a not-for-profit organization committed to developing locally owned and operated water-purification systems that achieve lasting health impacts. This initiative addresses a critical need in India, where an estimated 70 to 80 percent of the total burden of disease is related to water contamination and poor sanitation.

**\$1.5** MILLION

INITIATIVE TO INCREASE  
ACCESS TO SAFE WATER



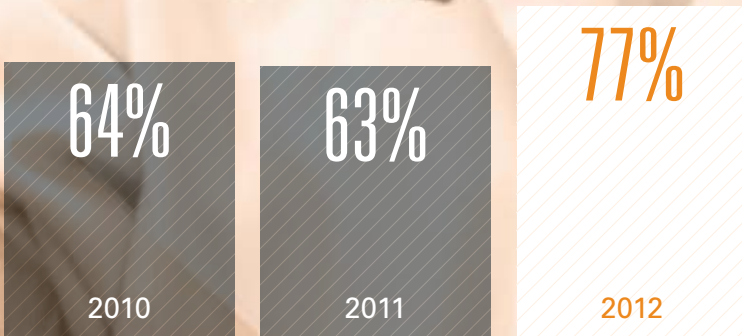
# EMPLOYEES



At Merck, we all share an extraordinary sense of purpose: to help improve health and well-being around the world. We seek to foster our employees' passion by providing rewarding opportunities, diverse experiences, and a steadfast commitment to ethics and integrity.

KPIs / Diversity & Inclusion	2012
Executive roles held by women <sup>13,14</sup>	31%
Women on the Board	17%
Underrepresented ethnic groups on the Board	25%
Underrepresented ethnic groups in the workforce (U.S.)	24%

KPIs / Well-Being	2012
Response rate to Merck and MSD Voice Survey	77%
Employees who completed the health assessment (U.S.)	58%
Overall turnover rate <sup>15</sup>	11%
Lost-Time Injury Rate (LTIR) <sup>16</sup>	0.24
Recordable Injury Rate (RIR) <sup>16</sup>	0.59



**EMPLOYEE ENGAGEMENT** RESPONSE RATE TO MERCK AND MSD VOICE SURVEY





**FOSTERING A CULTURE OF  
PROFESSIONAL DEVELOPMENT**

Our aim is to promote a culture of professional development that will support our employees' growth while aligning their career aspirations with Merck's strategic priorities. **Career Maps**, our new professional development tool, was designed for this purpose. With this new tool, employees have increased visibility into the key competencies and skills for roles across the company. The competencies within Career Maps are linked to learning resources, empowering employees to focus their professional development on building and enhancing skills and helping them develop a plan to achieve their personal career goals.

**SUPPORTING THE NEEDS  
OF THE UNDERSERVED**

**The Richard T. Clark (RTC) Fellowship for World Health** provides selected employees a unique career opportunity to support humanitarian organizations while expanding their understanding of the critical needs of underserved populations. Throughout 2012, 15 Merck employees completed three-month field placements with one of our partner organizations, including The Centre for Development and Population Activities; International Centre for Diarrhoeal Disease Research, Bangladesh; Population Services International; and Safe Water Network. RTC Fellows served in Africa, India and Bangladesh to improve health literacy, increase access to health services and education, and improve health outcomes.



*"I will cherish my [RTC] Fellowship experience for a lifetime. I am proud of the work we did to further Safe Water Network's mission and support Merck's purpose of improving and saving lives."*

**Swapna Purani** Associate Director, Marketing

*Pictured below: An Accredited Social Health Activist (ASHA) teaching the importance of iJal safe water to children at the local Angadwadi centre in Gorikothapally Village, in Warangal district, in Andhra Pradesh, India.*



# 24,000

## EMPLOYEES JOINED OUR ONLINE BRAINSTORM

KPIs / Volunteerism 2012

Employees who took release time according to the global policy on employee volunteerism<sup>17</sup> 15%

Volunteer hours<sup>17</sup> 221,000



### **STRENGTHENING MERCK THROUGH EMPLOYEE ENGAGEMENT**

Knowing that our employees have a wealth of ideas that can help transform Merck into a stronger, more innovative company, we created an opportunity for collaboration among thousands of global colleagues. Over three days, employees engaged in an online brainstorming forum to tackle some of our company's greatest transformational challenges, including improving global health, meeting customer needs, and advancing scientific innovation. The round-the-clock format was designed to break down traditional divisional and geographic barriers and engage and inspire participants from all levels of the organization.

Some 24,000 employees from around the globe contributed more than 16,000 comments and ideas. These were sorted into eight themes, ranging from operational improvements in everyday productivity and enhanced employee collaboration, to patient initiatives meant to create opportunities in healthcare access and innovation. Action items are being developed and will be rolled out during 2013. For example, one involved implementing a new platform for virtual meetings, addressing the themes of improved productivity and collaboration.

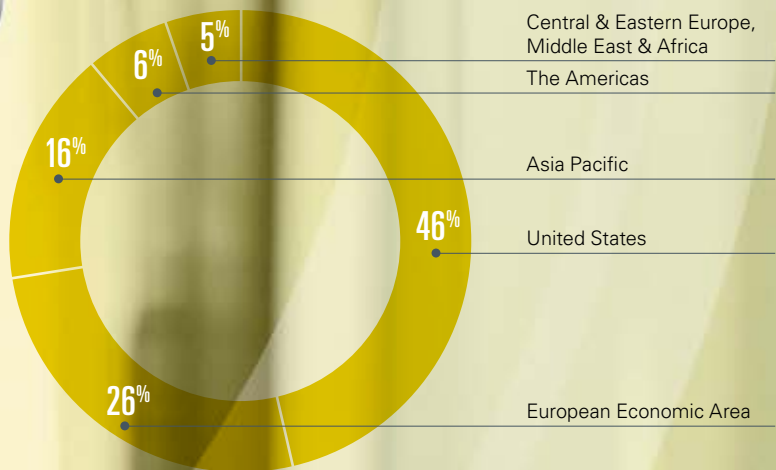


# ETHICS & TRANSPARENCY



Merck aspires to be the most trusted healthcare company in the world. Our business is sustained by our unwavering commitment to values and integrity. Through this promise, we gain the confidence of customers, partners, employees, the public and other stakeholders.

KPIs	2012
Employees trained on our Code of Conduct	92%
Substantiated allegations to concerns/issues raised	60%
Reported concerns regarding privacy practices, breaches of privacy, and losses of personal data and devices that were substantiated <sup>18</sup>	23%



**WHERE WE CONDUCT CLINICAL TRIALS**  
(PERCENTAGE OF PATIENTS)

## PROMOTING ETHICAL BEHAVIOR

**The Merck Code of Conduct, *Our Values and Standards***, is the foundation of our company's success. Available in 26 languages, our Code applies one standard of conduct to all employees worldwide, with ethical business practices serving as a key measure in all annual performance evaluations. In 2012, we introduced an updated, mandatory training program to provide additional guidance, emphasizing the importance of raising ethical and compliance-related concerns.

Merck's Office of Ethics is a conduit for employees who want to discuss work-related issues confidentially and without fear of retaliation. When Merck substantiates allegations of ethical misconduct, it imposes disciplinary actions on those responsible that may include dismissal, written warnings or financial penalties. We also take appropriate steps to address any needed improvements in organizational and process controls.

To support our commitment to transparency, we are reporting on two new metrics for 2012: the number of employees separated related to substantiated corporate policy violations, and the number of employees who received written warnings as disciplinary actions resulting from a substantiated concern. To learn more, visit [merckresponsibility.com/office-of-ethics](http://merckresponsibility.com/office-of-ethics).

## ENHANCING CLINICAL TRIAL

### TRANSPARENCY AND EFFECTIVENESS

People count on us to make medicines and vaccines that have well-documented safety and effectiveness profiles and offer meaningful value to patients. Clinical trials (also known as clinical studies) are a critical step in this process.

Consistent with the trend in the pharmaceutical industry, more than half of the patients participating in our clinical trials are enrolled outside the United States, in more than 70 countries. As a result, we strive to obtain information in diverse populations, which ensures a thorough evaluation of the safety and efficacy of our medicines and vaccines. We have a commitment to the study of diverse patient populations, including minorities, women and children, in all regions of the world. These efforts allow us to seek regulatory approvals throughout the world and thereby offer our medicines globally to patients who need them.

WE INTRODUCED UPDATED TRAINING ON THE IMPORTANCE OF RAISING ETHICAL AND COMPLIANCE-RELATED CONCERNS.



Our clinical trials are designed, conducted and monitored according to the same standards, whether they take place in the United States or elsewhere around the world. In conducting clinical trials, we also adhere to the guidelines of The International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use.

We are also committed to the timely registration of clinical trials in patients and disclosure of those clinical trial results regardless of their outcome. To learn more, visit [merckresponsibility.com/clinical-trials](http://merckresponsibility.com/clinical-trials).

## **MERCK RANKS #1 FOR POLITICAL ACCOUNTABILITY AND DISCLOSURE**

The Center for Political Accountability (CPA) and the Zicklin Center for Business Ethics Research at the Wharton School provide a comprehensive portrait of how the top 200 public companies in the S&P 500 are disclosing political spending.

For the second consecutive year, **Merck ranked #1 in the 2012 CPA-Zicklin Index of Corporate Political Disclosure and Accountability** with a score of 97 (out of 100). Among our transparency initiatives, we improved access to information by disclosing the costs and key issues associated with our lobbying activities in the EU and the U.S. We also post online semiannually Merck's U.S. corporate and political action contributions, categorized by state, candidate and amount.

# #1

## RANKING ON THE CPA-ZICKLIN INDEX



# AWARDS & INDICES

Merck has been recognized for our commitment and performance worldwide on various aspects of our corporate responsibilities. Please visit [merckresponsibility.com/awards](http://merckresponsibility.com/awards) for the full listing of our awards.

## access to medicine index



Merck ranked No. 4 on the 2012 Access to Medicine Index, which assesses and ranks pharmaceutical companies on various criteria related to global access to medicines.



For the fourth year in a row, Merck has placed on the Dow Jones Sustainability North America Index, which is based on a thorough analysis of corporate economic, environmental and social performance.



## FTSE4Good

Merck is a FTSE4Good constituent member. The FTSE4Good Index Series measures the performance of companies that meet globally recognized corporate responsibility standards.



For the second consecutive year, Merck has placed on the STOXX® Global ESG Leaders Indices — an innovative series of environmental, social and governance (ESG) equity indices that are based on a transparent selection process.



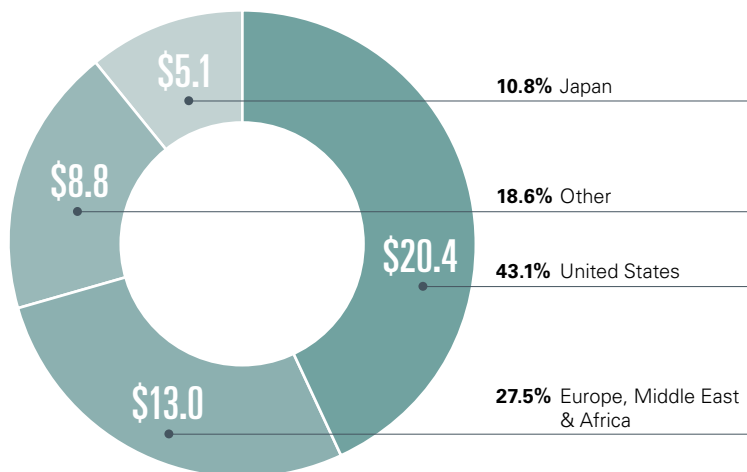
Merck ranked No. 16 on *DiversityInc's* annual list of the "Top 50 Companies for Diversity," making it the company's 10th consecutive appearance on the list. This list is the leading assessment of diversity management in corporate America as well as globally.



Merck was recognized with the 2012 ENERGY STAR Sustained Excellence Award from the U.S. Environmental Protection Agency (EPA) for its continued improvement of energy performance and leadership in energy management in both the pharmaceutical and industrial sectors. Merck has been an ENERGY STAR partner since 1996 and has been recognized by the EPA for seven consecutive years — twice as the Partner of the Year and now, for the fifth time, for Sustained Excellence.

# FINANCIAL HIGHLIGHTS

## 2012 REVENUES (IN BILLIONS)



# \$47.3

**BILLION IN  
2012 WORLDWIDE SALES**

# \$7.9

**BILLION IN  
2012 R&D EXPENSES\***

*\*Excludes restructuring and acquisition-related expenses*

## NOTES

NA: Not available.

- 1 As defined by the World Health Organization and excluding accidents, premature births and self-inflicted injuries.
- 2 For information on product-development partnerships, visit the "Partnerships" tab at: [www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/home.html](http://www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/home.html)
- 3 The number of partnerships decreased in 2012 following the evaluation of the manufacturing capabilities needed to support and sustain our Access goals.
- 4 Data includes new products and new indications.
- 5 For information on new registrations by region, visit: [www.merckresponsibility.com/focus-areas/access-to-health/product-registration/home.html](http://www.merckresponsibility.com/focus-areas/access-to-health/product-registration/home.html)
- 6 For information on local regulatory agency GCP/PV training requests, visit: [www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/clinical-research/home.html](http://www.merckresponsibility.com/focus-areas/access-to-health/research-and-development/clinical-research/home.html)
- 7 Differential pricing intended to facilitate access for the at-need population.
- 8 Countries with an MSD trading equity.
- 9 "Major" is defined as an investment by Merck's Office of Corporate Philanthropy and/or The Merck Foundation of more than \$300,000 per year and/or an engagement with a national government.
- 10 Includes investments by Merck's Office of Corporate Philanthropy and/or The Merck Foundation; also includes funding for nutrition and access to clean water.
- 11 Includes treatments approved for river blindness and lymphatic filariasis through the Merck MECTIZAN® Donation Program.
- 12 For more details on our environmental data, please download the Excel spreadsheet on our Downloads & Media page on [www.merckresponsibility.com](http://www.merckresponsibility.com).
- 13 Beginning with 2012, data reported for women are global; previously, these data were limited to the U.S.
- 14 "Executive" is defined as the Chief Executive Officer and two structural levels below.
- 15 Overall turnover incorporates all types of turnover, including restructuring.
- 16 LTIR/RIR: Calculated per OSHA methodology.
- 17 Figures are based on data collected, reported and estimated worldwide.
- 18 Privacy concerns include all concerns escalated to the Merck Privacy Office about the company's privacy practices. Substantiated concerns are those that are determined to be inconsistent with Merck privacy standards or that involve loss of, theft of or unauthorized access to personal data.



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**Forward-Looking Statement**

This communication includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of Merck’s management and are subject to significant risks and uncertainties. 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; Merck’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 Merck’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

Merck 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 Merck’s 2012 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](http://www.sec.gov)).