

Sustainability in our value chains

Dear

Today, more than ever, acting sustainably is a crucial factor for future business success. As a responsible company, Merck has been shaped and guided by strong values across generations, which is why we consider sustainability to be so vital. We believe sustainability does not stop at company borders, we consider as well you as our suppliers and business partners as an integral part of our overall sustainability approach.

Through our close and aligned collaboration with you our Procurement organization aims to contribute to achieving two concrete and ambitious company targets:

1. Sustainable and transparent Supply Chains

By 2030, we will fully integrate sustainability in all our value chains to realize transparency in all regions we source from. To achieve this purpose, we actively engage in industry initiatives such as **Together for Sustainability (TfS)** to drive forward harmonized concepts for sustainability and supply chain transparency. **Sustainability assessments, e.g. with the support of Ecovadis templates, and audits serve as the foundation** and provide an important success factor in our relationship with you. **We expect you to comply with our standards** defined in our **Responsible Sourcing Principles**, which we will keep up to date as standards and regulations will require even higher transparency in future.



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2. Reducing our ecological footprint

By 2030 we target to reduce our Scope 3 emissions by at least 30% and in 2040 we target to achieve climate neutrality and reduce our resource consumption.

Already since 2006, Merck has successfully taken numerous actions to reduce emissions occurring at our sites or being set free by our energy consumes (Scopes 1 & 2 emissions). We have overachieved our 2020 goal to reduce our emissions by 20% compared to 2006 baseline. We have now **expanded our commitment to reduce also Scope 3 emissions, which occur upstream along our value chain, at your sites or within your supply chains.**

Let's focus today on our second target and why we heavily rely on your strong collaboration!

In order to reduce such emissions, we have launched the Procurement Supplier Decarbonization Program. Obviously, there is no one-size-fits-all solution to solve the world's most pressing ecologic topic. Carbon footprint will become one important element in our joint discussions in the future, alongside with supply security, price and other quality attributes. **We heavily rely on your innovative power in this endeavor.** Your insights and expertise will bring forth breakthrough levers to decarbonize your sites and supply chains. While this will help our planet and society, we truly believe there is value for you to embark in this journey together with us and jointly create competitive advantage in the market.

To define a common starting point and identify mutual goals for the next years, we will shortly be in touch to understand where you are on your individual climate journey. Are you monitoring your emissions already or even driving actions to reduce them? Or what would help you to become familiar with the topic?

From now on, in every decision process, let's ask ourselves which sustainability aspects we can include within the overall global value chains, what kind of sustainability impact our decision will have, and how our choices can bring the optimum for a more sustainable procurement activity in line with our climate goals.

We believe there are always options! Let's challenge ourselves and others to adopt more sustainable alternatives that will pay off in the long term.

We count on your collaboration and your willingness to engage to jointly reduce emissions in our supply chains. Thank you very much in advance for your collaboration.

Kind regards



Joachim Christ
Chief Procurement Officer Merck

