

Position Statement – U.S. Sustainability

Executive Summary

Sustainability represents the ways in which we can help to solve some of the most pressing societal, economic, and environmental challenges of our time. For a global science and technology company like us, sustainability is a key area of focus for our business. Through our programs, initiatives, and actions, we seek to create value for society while remaining economically successful.

We urge policymakers and officials at the federal, state, and local levels to collaborate with the business community to craft policies that promote the achievement of meaningful sustainability goals while not inadvertently harming industry's ability to advance digital living and provide life-saving therapies to patients and life-changing technologies to customers across the country and around the world.

Why It Matters

Both the business community and society face several existential threats that must be addressed with short-, medium-, and long-term initiatives. How can economies maintain growth while also serving the needs of citizens? How can societies mitigate disparities and inequities in health, wealth, education, and nutrition? How can countries better protect natural resources and reduce pollution? Addressing these challenges will be critical in shaping the future of both the United States and the world.

We recognize the important role that businesses play in tackling these challenges, and we are committed to the cause. Our company has invested more than \$46 billion in the U.S. in the last 20 years and currently employs more than 15,000 people at 74 facilities in 22 states. We believe in a two-pronged approach to addressing these challenges: (1) establishing company-specific policies and programs, and (2) partnering with governments, NGOs, and other stakeholders. Our company is not only undertaking our own sustainability initiatives to address some of these problems, but we are also working with customers, industry innovators, and thought leaders to harness science and technology to tackle such challenges as climate change, resource scarcity, and unequal access to health.

Our Position

The U.S. businesses of Merck KGaA, Darmstadt, Germany have embedded sustainability as a key element of our corporate strategy and set ambitious goals that reflect our commitment to make an impact.

- Our company's three sustainability goals are: (1) In 2030, we will achieve human progress for more than one billion people through sustainable science and technology; (2) By 2030, we will integrate sustainability into all our value chains; and (3) By 2040, we will achieve climate neutrality and reduce our resource consumption.
- In order to reach our sustainability goals, we are concentrating on seven focus areas in which we are pursuing numerous initiatives and projects and measuring our progress along the way. This will ensure that we successfully implement our sustainability strategy, and that sustainability becomes a success factor across our company.
 - Our seven focus areas are: (1) Sustainable innovations and technology for our customers; (2) The impact of our technologies on health, well-being, and human progress; (3) Sustainable culture and values; (4) Sustainable and transparent supply chains; (5) Securing our social license to operate in all regions; (6) Climate change and emissions; and (7) Water and resource use intensity.¹
- In working towards these goals, we are supporting the United Nations' Sustainable Development Goals (SDGs). Out of 17 total SDGs, we are contributing the most to the following five SDGs through our business and our behavior: SDG 3 (Good health and well-being), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 12 (Responsible consumption and production), and SDG 17 (Partnerships for the goals). In addition, our company's management and projects support SDG 4 (Quality education), SDG 5 (Gender equality), SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), and SDG 13 (Climate action).

¹ For more information about our company's sustainability goals and focus areas, please visit our website: <https://www.emdgroup.com/en/sustainability/sustainability-strategy.html>



- In 2021, our company established an external advisory committee consisting of six independent international experts on sustainability-related topics. They advise our company on select issues and critically assess our sustainability performance as well as our company's planned activities.
- In May 2022, the Science Based Targets initiative (SBTi) confirmed that our company's targets correspond to the current status of climate science and that our actions are helping to limit global warming to 1.5°C, thus meeting the requirements of the Paris Agreement.
- To read more about these initiatives and the rest of our company's sustainability plan, please consult our company's most recent [Sustainability Report](#).

Many of the challenges that sustainable business practices seek to address require long-term commitments and actions by both public and private stakeholders.

- The achievement of climate goals in particular relies heavily on the promotion of new market-based technologies and the removal of harmful chemicals and pollutants from the environment.
- Our company supports a strong, transparent, and predictable legal framework for environmental policies and enforcement. Future legislative action should be developed with stakeholder engagement, include a thorough impact assessment, and be sustainably financed.
- It is also critical to keep in mind that not all aspects of a given issue can be resolved in one step. Therefore, legislative actions, such as bans or significant restrictions on the use of per- and polyfluoroalkyl substances (PFAS), must be implemented in coordination with industry. This coordination can help to (i) identify appropriate substitute chemicals for use in critical products, (ii) give adequate time to implement alternative solutions, and (iii) mitigate economic disruptions.

The achievement of sustainability goals also relies on a common effort from industrial sectors to integrate sustainability principles and practices into global supply chains.

- Policymakers should consider existing international rules before enacting policy measures in order to prevent inefficiency and avoid duplicate, contradictory, or counterproductive regulations.
- Compliance requirements for sustainability-focused programs, such as permit procedures, reporting, etc., should be simplified and not involve prolonged or overcomplicated processes.
- U.S. policymakers at the federal, state, and local levels must also promote and enable the expansion of renewable and affordable energy technologies. We support government incentive programs that facilitate the introduction of new technologies that address sustainability goals.

Data, artificial intelligence, and connectivity are critical components in achieving ambitious sustainability goals.

- Public investments in and the careful regulation of research, data, and digital infrastructure, including the nationwide roll-out of a secured and state-of-the-art 5G network, will be critical to achieve the highest digital standards and advance innovative and sustainable technologies.

Our company is guided by a robust set of values, and we approach all our actions and decisions with a sense of responsibility. Sustainability has therefore been vital to us for many generations. As a result, we are committed to doing our part to help ensure that the U.S. and the world will achieve our shared sustainability goals and that we tackle these common challenges together.

About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across life science, healthcare and electronics. More than 64,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to live. From providing products and services that accelerate drug development and manufacturing as well as discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2022, Merck KGaA, Darmstadt, Germany, generated sales of € 22.2 billion in 66 countries.

The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany, operate as MilliporeSigma in life science, EMD Serono in healthcare and EMD Electronics in electronics. Since its founding in 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company. For more information about Merck, KGaA, Darmstadt, Germany, visit www.emdgroup.com.

