

Position Statement – U.S. DISCLOSE Act

Executive Summary

Our company's U.S. employees value the opportunity to exercise their rights as American citizens to participate in the political process. However, the "Democracy Is Strengthened by Casting Light On Spending in Elections Act," known as the DISCLOSE Act, would prevent our U.S. employees from fully exercising these rights. We believe they should have the same rights as other Americans to fully engage in the political process and not be singled out or prevented from doing so based on the company for which they work.

Why It Matters

Companies operating in the United States have long played a critical role in encouraging employees to participate in the political process. When political officeholders or candidates for office pass through a community, they frequently visit local workplaces to learn about the work constituents are doing and to get their thoughts on key policy issues. Companies, including ours, routinely hold non-partisan "get out the vote" and voter registration drives before federal, state, and local elections. Companies often join trade associations and industry groups that present industry or business community concerns to policymakers. And while U.S. law forbids corporations from directly contributing to political campaigns or national political committees, corporations routinely establish and sponsor political action committee (PACs) that pool and donate voluntary employee contributions to political campaigns. These are all critical tools for allowing a company's employees to interact and develop relationships with legislators who work on issues directly affecting their company's operations, workers, communities, and customers.

Americans working for U.S. subsidiaries of foreign companies have traditionally enjoyed the same rights of political expression as Americans working for U.S. companies, as long as the foreign-owned subsidiary follows all applicable laws and regulations. For example, the Federal Election Campaign Act (FECA) prohibits organizations from knowingly soliciting, accepting, or receiving political contributions or donations from any foreign citizen or foreign organization ("foreign national"). However, U.S. law permits U.S. subsidiaries of foreign corporations to form PACs as long as the foreign parent corporation does not finance the PAC and foreign nationals do not serve in any decision-making or operational role.

If passed by Congress and signed into law, the DISCLOSE Act would largely prevent employees of U.S. subsidiaries of foreign companies from participating in the political process. The legislation would redefine the term "foreign national" for purposes of FECA's prohibitions against political involvement by foreigners in U.S. elections. Specifically, the DISCLOSE Act would impose a 20 percent foreign shareholder threshold, thereby sweeping most domestic subsidiaries of foreign companies into the "foreign national" category. Any company designated a "foreign national" would be prohibited from a broad range of political activities in which we and other multinational companies have engaged without controversy for decades. These time-honored activities would include hosting political candidate appearances, conducting non-partisan "get out the vote" and voter registration drives, making voluntary dues payments to certain trade associations, and sponsoring and operating a company PAC, which our company does through our EMD Serono business.

Our Position

As a company that employs more than 15,000 people across 22 states, we believe that our eligible employees should continue to be able to exercise their constitutional rights of citizenship and participate in the political process.

- We strongly believe that U.S. subsidiaries of foreign companies should not be classified as foreign nationals.
- U.S. subsidiaries of foreign companies collectively employ more than 7.9 million Americans across the country.¹ They routinely invest in the United States by building facilities,

¹ Foreign Direct Investment. (2023). Global Business Alliance. Retrieved from <https://globalbusiness.org/about-us/foreign-direct-investment>



purchasing equipment, hiring workers, and developing products and services sold to U.S. consumers and exported internationally.

- Americans who work at foreign-owned domestic subsidiaries should not be deprived of their political influence and voices compared to their friends and neighbors.
- Our company has complied and will continue to comply with FECA and all other applicable laws and regulations that prohibit foreign employee involvement or influence in the sponsoring or dictating of any of our U.S. political activities.

Our employees value the ability to bring their voices along with those of the patients, communities, and customers we serve to the forefront of policy discussions with our nation's leaders. Our employees should not be prevented from continuing to have a voice in the political arena.

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.

