Methodological Note
-Merck, LLC-
an affiliate of Merck KGaA, Darmstadt, Germany

1. Introduction

This Methodology note summarizes the methodologies used in preparing the company's disclosure according to the EFPIA HCP/HCP Disclosure Code and AIPM Code of Practice identifying transfers of value, made directly or indirectly to or for the benefit of a Recipient.

2. Definitions

Recipients
Any Healthcare Professional (HCP) or Healthcare Organization (HCO), whose primary practice, principal professional address or place of incorporation is in Russia.

HCO
Any legal entity (i) that is a healthcare, medical, pharmaceutical or scientific association or organization (irrespective of the legal or organizational form) such as a hospital, clinic, foundation, university or other teaching institution (except for patient organizations) whose business address, place of incorporation or primary place of operation is in Russia or (ii) which provides services through one or more healthcare professionals.

HCPs
Doctors and other medical professionals, heads of medical organizations, pharmaceutical professionals (including pharmacists), heads of pharmacy organizations, and other specialists the professional activity of which is concerned with pharmaceutical products and who in the process of their professional activity have the right to prescribe, recommend, purchase, supply, or administer pharmaceutical products.

Kind of ToVs
Direct and indirect transfers of value, whether in cash, in kind or otherwise, made, whether for promotional purposes or otherwise, in connection with the development and sale of prescription-only Medicinal Products exclusively for human use.

- **Direct ToVs** Transfers of value made directly by the company for the benefit of a Recipient.
- **Indirect ToVs** Transfers of value made on behalf of the company for the benefit of a Recipient, or transfers of value made through an intermediate and where the company knows or can identify the HCP/HCO that will benefit from the Transfer of Value.
- **Aggregate ToVs** For Transfers of Values, which cannot be disclosed on an individual basis for legal reasons, the amounts attributable to such ToVs will be disclosed on an aggregate basis. The aggregate disclosure identifies (i) the number

of Recipients covered by such disclosure, and (ii) the aggregate amount attributable to Transfers of Value to such Recipients.

- **Research and Development Transfers of Value** Transfers of Value to HCPs or HCOs related to the planning or conduct of (i) non-clinical studies (ii) clinical trials (iii) non-interventional studies that are prospective in nature and that involve the collection of patient data from or on behalf of individual, or groups of, HCPs specifically for the study.

3. Disclosure's scope

Products concerned
Prescription-only medicine for human use.

Excluded transfers of value
Without limitation, transfers of value that (i) are solely related to over-the-counter pharmaceutical products; (ii) items of medical utility,meals and drinks, samples to the extent they are not restricted by applicable legislation and other transfers of value according to Association of International Pharmaceutical Manufacturers Code of Practice; or (iii) are part of ordinary course purchases and sales of pharmaceutical products by and between a pharmaceutical company and an healthcare professional or a healthcare organization, as relevant, do not fall within the scope of the disclosure obligation.

Transfer of value date
a. Date of Transfer of Value is the date of the effective payment to the recipient.
b. If the payment is executed at several different dates, the date of the largest amount of payment effected is taken as payment date.
c. In case of sponsorship of HCP/HCO to attend medical/scientific meetings/events managed by third party incl. payment by third
party the event date is taken as transfer of value date if the effective payment date of registration fees to event organizer, accommodation costs to hotels etc. significantly differ from the transfer of value date (receipt of the congress batch, date of accommodation etc.) of the recipient.

Direct transfer of value
a. Transfers of value are represented as the cost amount for the company and not the recipient's revenue.
b. Non-financial transfers of value are disclosed based on the financial valuation of the non-financial spend (e.g. goods).

Indirect transfer of value
a. Transfers of value provided to HCOs by a third party company, e.g. through an organizer of medical events are reported with the HCO as recipient.
b. Transfers of value to individual HCPs (e.g. invitations, covering travel or accommodation costs) executed by a HCO are reported as transfer of value to the HCO.

Transfer of value in case of partial attendances or cancellation
a. In case of partial attendance or cancellation, or services not delivered, but value was transferred anyway (e.g. according to contract clause), the transferred value is disclosed.

b. If no value was transferred, the information on the transfer of value is not part of disclosure.

Cross-border activities
a. Cases of cross-border transfers of value to HCPs/HCOs, falling in the scope of obligatory disclosure, are disclosed in accordance with the recipient's country of practice (HCP) or country of registration (HCO).
b. If one HCP/HCO has several countries of practices / registration the country in which context the assignment took place discloses the transfers of value.

Disclosure Type

a. Disclosure of individual data:
- If the signed Informed Consent to Disclosure of Information on Payments with disclosure explicitly consented in a given validity period, the data processing consent and the data dissemination consent are obtained the individual data and transfer of value in the reporting period are disclosed as required by the AIPM disclosure template.

- Informed Consent to Disclosure of Information on Payments may be revoked by sending a special notification. Such a request should include the last name, first name, patronymic (if any), contact information (phone number, email address or postal address) of Recipient, as well as a list of personal data, that must be deleted. The request can be sent to the email address in free form or to the postal address in the form of a hard copy written notice by registered mail or courier service.

b. Disclosure of aggregated data:
- Signed Informed Consent to Disclosure of Information on Payments obtained from HCPs with disclosure explicitly non-consented in the given validity period leads to disclosure of aggregated data of transfer of value in the reporting period as required by the AIPM disclosure template.
- Transfers of value to HCPs from which consent could not be obtained are disclosed on an aggregated basis.

4. Specific considerations

Country unique identifier
In accordance with AIPM regulations, the unique identifiers include - the Full Name - for a HCP: inhabited localities of Principle Practice for a HCO: inhabited localities where Registered - the Country of Principal Practice - Principal Practice Address.

Whether such full details can be publicly disclosed depends on personal data protection laws.

Self-incorporated HCP
A self-incorporate HCP constitutes a HCO.

Multiannual agreements and transfers of value in different calendar years
In case of multiannual agreements or other agreements based on which the transfers of value are provided in different calendar years, the information is included in the report about those which were effectively paid to the recipient in a given calendar year / reporting period.

Methodology for R&D spend documentation
Research and Development Transfers of Value will be disclosed in aggregate. In scope are ToVs to HCPs/HCOs related to the planning and conduct of:
a. Non-clinical studies

b. Clinical trials

c. Non-interventional studies that are prospective in nature and that involve the collection of patient data from or on behalf of individual, or groups of, HCPs specifically for the study

Investigator sponsored trials that come within the definition of Research & Development will be disclosed in aggregate.

Non-interventional studies that are retrospective in nature will be disclosed under the individual HCO spend category.

The determination of R&D spend according to EFPIA regulations is based on the company Healthcare's regular internal expense reporting and allocations derived from Clinical Operations Statistic.

Costs related to events that are clearly related to activities covered in this section can be included in the aggregate amount under the "Research and Development Transfers of Value" category.

5. Informed Consent to Disclosure of Information on Payments

Consent collection
Informed Consent to Disclosure of Information on Payments (consent) is obtained for 5 years, starting 1st of January of the calendar year of signing the declaration.

Consequences of consent withdrawal
a. If the consent to disclose personal data and/or the Consent to Disclosure of Information on Payments are withdrawn the personal data are to be removed from the disclosed form.
b. Withdrawal of the Consent to Disclosure of Information on Payments for selected assignments (contracts or events) leads to revocation of disclosing any personal data in the reporting period.

Management of recipient's request
Requests and/or complaints by Recipients may be lodged with the company and the company's contact person named in the contract.

Partial consent
Partial consent will be assessed as a refusal if the consent. If the Recipient stipulated any limitations in the consent, the information will be published in aggregated form.

6. Disclosure Form

Date of publication
Disclosure will be made within six months after the end of the reporting period (by the 30th of June).

Disclosure platform
Disclosure reports will be published on the Company's own local website.

Disclosure language
Reports will be disclosed in English and Russian language, using a bilingual disclosure template.

7. Disclosure of financial data and calculation rules

Currency
a. Total value of the transfers of value is disclosed in Rubles after conversion from foreign currencies per the exchange rates adopted on the day of documenting the effective payments in the electronic system.

b. Reference point of conversion is EUR.

c. Basis of the calculation of transfer rates is the company-internal exchange rate table which is updated monthly.

d. Basis of the calculation of transfer rate for R&D costs is the official local exchange rate (RUB) of the last day of the year (31st of December).

VAT included or excluded
Transfers of value are disclosed with VAT included.

Calculation rules
a. Transfers of value effected in the reporting period are summed up (for individuals or aggregated) according to the segmentation of the AIPM disclosure template requirements.

b. Only amounts of payments effected within the given calendar year (= reporting period) are considered with the calculation (see also note to ToV date and ToV in different calendar years).

c. Calculation is executed with amounts of harmonized (same) currency (see also note to Currency).