

EFPIA Patient Organization Reporting

Methodological Note

Merck KGaA, Darmstadt, Germany, and its Healthcare business

Introduction

This document summarizes the methodology used in preparing the company's disclosure report on transfers of value to Patient Organizations, in accordance with the EFPIA Code of Practice.

Definitions

Recipient: Any Patient Organization, whose primary practice, principal professional address or place of incorporation is in Europe.

Patient Organization (PO): Non-for-profit legal person/entity (including the umbrella organization to which it belongs), mainly composed of patients and/or caregivers, that represents and/or supports the needs of patients and/or caregivers and which business address, place of incorporation or primary place of operation is in Europe¹.

Europe: Includes those countries in which the EFPIA Member Associations' National Codes apply.

EFPIA Code: Refers to the EFPIA Code of Practice, including those Annexes which are expressly mentioned as binding and which form part of this Code.

Reporting Period: Refers to the annual disclosure cycle and covers a full calendar year.

Transfer of Value (ToV): Financial support and/or significant indirect/non-financial support provided by Merck to a Patient Organization.

- the monetary value of financial support and of invoiced costs.
- the non-monetary benefit that the PO receives when the non-financial support cannot be assigned to a meaningful monetary value.

¹ As of June 2019, these countries include: Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom.

Scope of Disclosure

Transfer of value date: the date of the effective payment to the recipient.

Direct transfer of value: Transfers of value are represented as the cost amount for the company and not the recipient's revenue.

Non-financial transfers of value are disclosed based on the financial valuation of the non-financial spend (goods / service time spend etc.).

Indirect transfer of value: Transfers of value provided to a PO by a third-party company, e.g. through an event organizer are reported under the name of the PO.

Cross-border ToV: Cross-border transfers of value to a PO, falling in the scope of the EFPIA Code, are disclosed in accordance with the recipient's place of incorporation/primary place of operation.

Specific considerations

Multiyear agreements and ToV in different calendar years: In case of multiyear agreements where ToV are provided over a span of several years, these partial payments will be disclosed that have an effective payment date in the given reporting year.

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

Disclosure Form

Date of publication: Disclosure will be made within six months after the end of the reporting period.

Disclosure platform: Disclosure report will be published on the Company's own website.

Disclosure of financial data and calculation rules

Currency: Total value of the ToV is disclosed in local currency after conversion from foreign currencies per the exchange rates adopted on the day of documenting the effective payments in the electronic system.

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

VAT included: Transfers of value are disclosed with VAT included.

Calculation rules: Transfers of value are reported per interaction per recipient. No aggregation of payments per recipient.