Merck KGaA, Darmstadt, Germany

Annual Report 2025

DISCLAIMER

Publication of Merck KGaA, Darmstadt, Germany

In the United States and Canada the subsidiaries of Merck KGaA, Darmstadt, Germany, operate as MilliporeSigma in life science, EMD Serono in healthcare and EMD Electronics in the electronics business. To reflect such fact and to avoid any confusion, certain logos, terms and business description of the publication have been substituted or additional descriptions have been added.

This version of the publication, therefore, slightly deviates from the otherwise identical versions provided outside the United States and Canada.

KEY FIGURES 2025

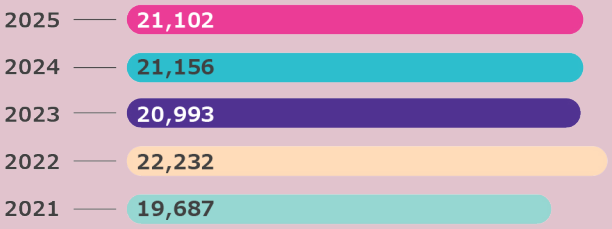
Group

€ million	2025	2024	Change € million	Change %
Net sales	21,102	21,156	-54	-0.3%
Operating result (EBIT)[1]	3,601	3,645	-44	-1.2%
Margin (% of net sales)[1]	17.1%	17.2%		
EBITDA[2]	5,899	5,779	120	2.1%
Margin (% of net sales)[1]	28.0%	27.3%		
EBITDA pre[1]	6,109	6,072	37	0.6%
Margin (% of net sales)[1]	28.9%	28.7%		
Profit after tax	2,615	2,786	-171	-6.1%
Earnings per share (in €)	6.00	6.39	-0.39	-6.1%
Earnings per share pre (€)[1]	8.34	8.63	-0.29	-3.4%
Operating cash flow	3,932	4,586	-654	-14.3%

[1] Not defined by IFRS® Accounting Standards.
[2] Not defined by IFRS® Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

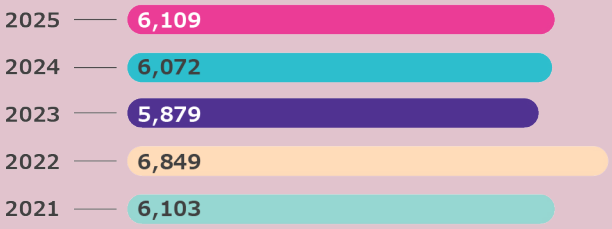
Group

Net sales
€ million



Group

EBITDA pre[1]
€ million



[1] Not defined by IFRS® Accounting Standards (IFRS).

AT A GLANCE

A strong team

62,461
employees

65
countries

Life Science

Together, we impact life and health with science.

Share of net sales
42%

Share of EBITDA pre
40%

Healthcare

We help to create, improve and prolong lives.

Share of net sales
41%

Share of EBITDA pre
47%

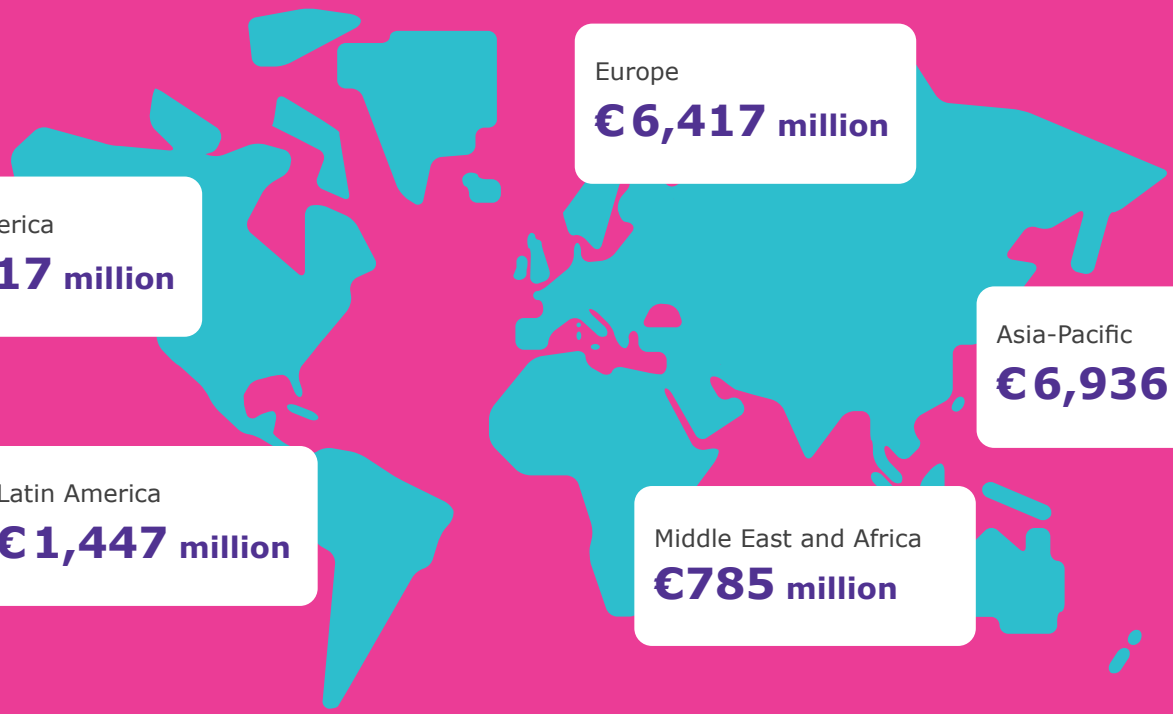
Electronics

We are advancing digital living.

Share of net sales
17%

Share of EBITDA pre
13%

Net sales per region



Europe
€6,417 million

North America
€5,517 million

Asia-Pacific
€6,936 million

Latin America
€1,447 million

Middle East and Africa
€785 million

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To our shareholders

Dear Shareholders,
Dear Friends,

When my tenure as CEO began in 2021, the world had recently entered a historic period of volatility and risk. Since the Covid-19 pandemic, change has accelerated due to artificial intelligence (AI) and growing geopolitical and social fragmentation.

As an enterprise that has evolved constantly over more than 350 years, we knew inaction was the greatest risk of all. Over the last five years, we have acted decisively to transform our business in order to reduce risk and accelerate long-term growth and impact. As a result, our strategic focus is sharper, our digital leadership more advanced and our global footprint and teams even more resilient.

Since 2021, we have invested over € 7 billion in over 30 new or expanded sites worldwide under our region-for-region strategy, completed over € 4 billion in acquisitions and divestments and entered multiple collaborations across attractive innovation growth fields.

At the same time, we have built a skills-powered workforce with a High-Impact Culture and programs that attract and retain talent. Data, digital and AI have been firmly embedded across our organization to unlock creativity and increase operational speed and efficiency from discovery to supply.

The initial financial outcomes generated by this five-year transformation journey reflect our operational discipline and long-term ambition. During this five-year period, net sales increased by 20%, EBITDA pre by 17%, operating cash flow by 13%, and earnings per share by 31%. Dividends per share increased by 57%. We have kept net financial debt to EBITDA pre well below 1.5x while sustaining high levels of research and development (R&D) intensity.

Our 2025 results demonstrate our ability to deliver organic growth and solid profitability despite uncertainty. Net sales reached € 21.1 billion, representing organic growth of around 3.1%. EBITDA pre was € 6.1 billion, corresponding to a margin of 28.9% of net sales. This came despite significant foreign exchange headwinds and earnings dilution from strategic portfolio moves. All business sectors contributed in complementary ways.

In Life Science, we strengthened our position as a leading provider, supporting customers across research, diagnostics, pharma, and beyond, helping ensure that therapies and vaccines meet patients sooner. The sector delivered organic sales growth of 4.0% during 2025, with Process Solutions achieving organic sales growth of around 10.7% and a strong order intake. We opened our € 150 million facility in Blarney, Ireland, to increase our manufacturing capacity for critical filtration devices used in life-changing therapies. Further to our acquisition of HUB Organoids Holding B.V., Netherlands, which was completed in fiscal 2024, we announced our intention to acquire the chromatography business of JSR Corporation, Japan, a leader in contract development and manufacturing alongside bioprocessing solutions. Building on these developments, we initiated a new customer-centric operating model, effective January 2026, organized around Process Solutions, Discovery Solutions and Advanced Solutions.

In Healthcare, we delivered organic growth of 3.7%, driven by strong performance across all major franchises. We maximized the profitability of established medicines including Mavenclad® and Erbitux®, while our Cardiovascular, Metabolism & Endocrinology and Fertility franchises provided a stable, cash-generative foundation. Excluding global health programs, our commercial portfolio of medicines reached over 100 million patients worldwide in 2025.

In July, we completed the acquisition of SpringWorks Therapeutics Inc., USA, (SpringWorks) for an enterprise value of approximately € 3 billion. Two of their innovative products for the treatment of rare tumors, Ogsiveo® and Gomekli®, are performing positively, in line with expectations. Together with pimicotinib, which recently secured an initial regulatory milestone in China and entered review in the United States for tenosynovial giant cell tumors, SpringWorks has made rare diseases a strategic growth pillar.

Electronics delivered a resilient performance in a challenging year, with only a slight decline of 0.6% in organic sales. Strong momentum in Semiconductor Materials, which grew organically by 8.2%, continued to energize the business sector, supported by rising demand for AI-driven semiconductor applications. This solid performance helped to balance softer trends in other areas, keeping the overall business on a stable trajectory.

To strengthen our position in this strategic growth area, we have invested strongly across our global footprint in recent years. Most recently, we inaugurated our € 500 million Semiconductor Solutions megasite in Taiwan, creating 150 new jobs and strengthening global semiconductor supply chain resilience. Our Optronics business remained stable, supported by the acquisition of Unity-SC SAS, France, in 2024. In addition, the divestment of Surface Solutions sharpened the focus of our Electronics business on semiconductors to further capitalize on AI-driven computing demand.

As CEO, making sustainability integral to our growth strategy has been a key goal. We've made remarkable progress toward climate neutrality, cutting Scope 1 and 2 emissions by half since 2020. In addition, we have reached 64% purchased, renewable electricity, advancing toward our 80% goal by 2030. Sustainability scorecards used to assess and improve our R&D portfolio from day one now cover 95% of all relevant projects.

Across the Group, we continued to strengthen our innovation engine and scale our data and AI capabilities to improve speed, quality and foresight.

Today, we are in a strong position with a clear focus on three growth drivers: Process Solutions in Life Science, Rare Diseases in Healthcare and Semiconductor Solutions in Electronics. These businesses, operating in attractive markets shaped by secular tailwinds, such as novel modalities and AI-driven computing, are positioned to generate up to 80% of growth in the medium term. Our balance sheet remains healthy with net financial debt of around € 8.6 billion and a net debt to EBITDA pre ratio below two, giving us capacity for organic investment and disciplined mergers and acquisitions.

None of this would have been possible without our people. I would like to express my deepest gratitude to our recently expanded Executive Board and more than 62,000 colleagues worldwide who have demonstrated exceptional dedication, creativity and agility. I am equally grateful to our partners, suppliers, owners, and shareholders for your trust and long-term perspective.

Looking ahead, we are cautiously optimistic about continuing our organic net sales growth with EBITDA pre margins of around 28%.

In Life Science, Process Solutions should remain our primary growth engine, supported by demand for bioprocessing solutions and novel modalities such as antibody-drug conjugates. In Healthcare, we will prioritize the profitability of established medicines and our Fertility franchise including Pergoveris®, while scaling our Rare Diseases business and advancing key launch and clinical programs. In Electronics, we expect the semiconductor market to continue its recovery, driven by strong AI demand.

We will remain vigilant given geopolitical tensions, regulatory complexity, currency volatility, and supply chain risks. Nonetheless, our synergistic, specialized portfolio and strong customer relationships position us well to navigate these challenges.

Over the medium term, we remain committed to mid-single-digit organic sales growth, supported by our three key growth drivers, as well as disciplined portfolio management and strict capital allocation. Following our intensive investment period over the last five years, we expect our capital expenditure-to-sales ratio to normalize gradually, with continued focus on free cash flow generation. This positions us to perform well in the next growth cycle while preparing for future growth waves.

My time here ends in April 2026. When I first took this role, no one could have predicted the external challenges that followed. What makes me proudest is the strength of the people, culture and values at the company and how we rose to meet adversity and deliver for patients, customers and colleagues. Together, we built a stronger, more focused, future-ready company.

Over the last 15 years, I have seen the company translate scientific ambition into tangible progress for patients, customers and society. What has remained constant is our long-term perspective, standards and accountability.

I am confident that the company will continue along this path under Kai Beckmann’s leadership. We have worked together closely for many years, and I have full confidence in him and the broader strength of our Executive Board and senior leaders. The CEO transition has been carefully prepared, and the Group is ready to build on the foundation we have laid together.

Our company is ready for its next growth cycle. I look forward to watching the Group continue to push the boundaries of science and technology, expand patient access to life-changing therapies, serve biopharma and electronics customers, and create sustainable value for shareholders.

On behalf of the Executive Board, I humbly thank our employees, owners, shareholders, Supervisory Board, customers, patients, and partners for their trust.

Sincerely,

Belén Garijo
Chair of the Executive Board and CEO

EXECUTIVE BOARD

BELÉN GARIJO

Chair of the Executive Board and CEO

KAI BECKMANN

Deputy Chair of the Executive Board and CEO Electronics

DAN PINHAS
BAR ZOHAR

Member of the Executive Board, CEO Healthcare

KHADIJA
BEN HAMMADA

Member of the Executive Board, Chief People Officer

HELENE VON ROEDER

Member of the Executive Board, Chief Financial Officer

JEAN-CHARLES WIRTH

Member of the Executive Board, CEO Life Science

our shares

At a Glance

Global equity markets posted another year of solid gains in fiscal 2025, led by strong performance in artificial intelligence (AI)- and technology-related stocks. Markets were supported by resilient corporate earnings and stabilizing monetary policy expectations, allowing equities to advance despite ongoing geopolitical uncertainty.

Sector performance diverged sharply during the year. Healthcare and life science stocks delivered more moderate returns amid policy-related headwinds and cautious investor sentiment. By contrast, semiconductor stocks rose strongly, supported by improving pricing, a richer technology mix and AI-driven demand, with higher average selling prices outweighing volume effects. Against this backdrop, the performance of our share price reflected the resilience of the company's diversified portfolio and solid operational execution amid mixed sector dynamics.

The Group delivered moderate organic sales growth in fiscal 2025 in line with its full-year guidance, with operating momentum strengthening over the course of the year. Life Science was the main contributor to organic growth, returning to growth as bioprocessing destocking subsided. Organic sales growth in Healthcare settled at a moderate level, while Electronics experienced a digestion phase with customer fab construction spending, temporarily moderating the otherwise strong underlying demand. Earnings per share pre declined primarily due to an adverse operating result following the acquisition of SpringWorks Therapeutics, Inc., USA.

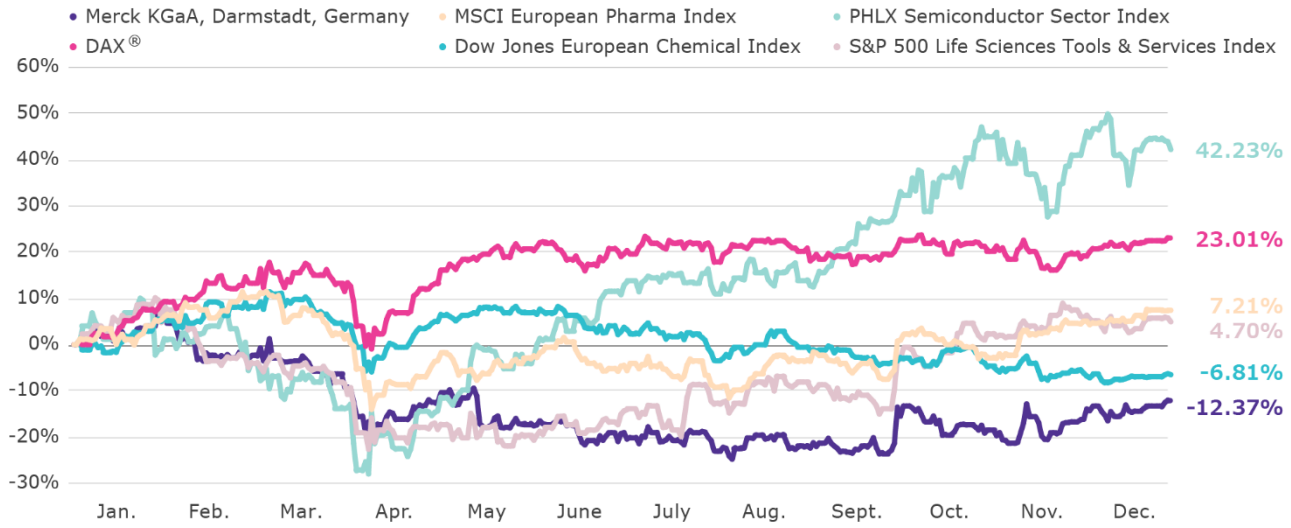
Our share price fell by about 12.4% over the year, underperforming the DAX® index of German blue-chip companies, which rose by around 23%. Despite the short-term divergence in performance, the share price continued to track the life science sector, which gained about 4.7%, while the pharmaceutical sector rose about 7.2%. By contrast, the semiconductor industry index advanced by around 42.2%, as participation in artificial intelligence trends broadened. Our shares closed at € 122.60 on December 30, 2025, compared with € 139.90 at the end of 2024.

The average daily trading volume in our shares rose to about 331,000 in fiscal 2025, up roughly 20% from the previous year. Institutional ownership within the free float continued to evolve. Under Nasdaq's methodology, institutional investors accounted for about 76.9% of the free float. Within this institutional ownership, the share of value-oriented investors rose from 18% to 31%, while the combined share of GARP (growth at a reasonable price) investors and growth-oriented investors declined from 55% to 43%. Europe remained the largest regional source of institutional ownership at 39%, followed by the United States at around 34%. The five largest institutional investors accounted for roughly 28% of institutional free-float ownership, up about three percentage points from the previous year.

In fiscal 2025, our Executive Board and the Investor Relations team held more than 1,000 meetings and discussions with investors through conferences, roadshows and conference calls, covering strategy, business performance, corporate governance, and sustainability.

Our Shares

Share price development from January 1, 2025, to December 31, 2025, in %



Our Shares

Key share price data[1]

		2025	2024
Dividend[2]	€	2.20	2.20
Share price high	€	151.50	175.85
Share price low	€	104.60	137.85
Year-end share price	€	122.60	139.90
Daily average number of our shares traded[3]	Number	331,338	276,337
Market capitalization[4] (at year-end)	€ million	53,304	60,825
Market value of authorized shares[5] (at year-end)	€ million	15,845	18,081

[1] Share price-relevant figures relate to the closing price in Xetra® trading on the Frankfurt Stock Exchange.

[2] 2025 dividend subject to approval by the Annual General Meeting.

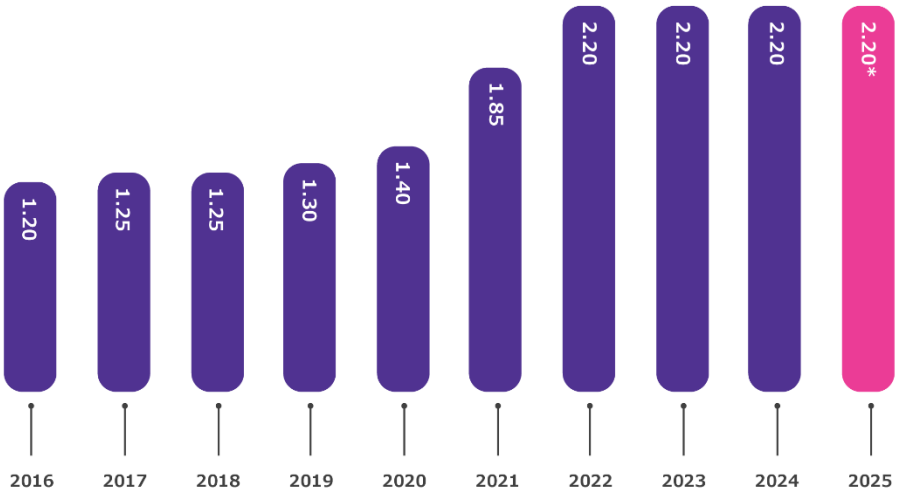
[3] Based on the floor trading systems of all German exchanges and the regulated market on Xetra®.

[4] Based on the theoretical number of shares (434.8 million).

[5] Based on the number of shares in free float (129.2 million). Source: Bloomberg, Thomson Reuters.

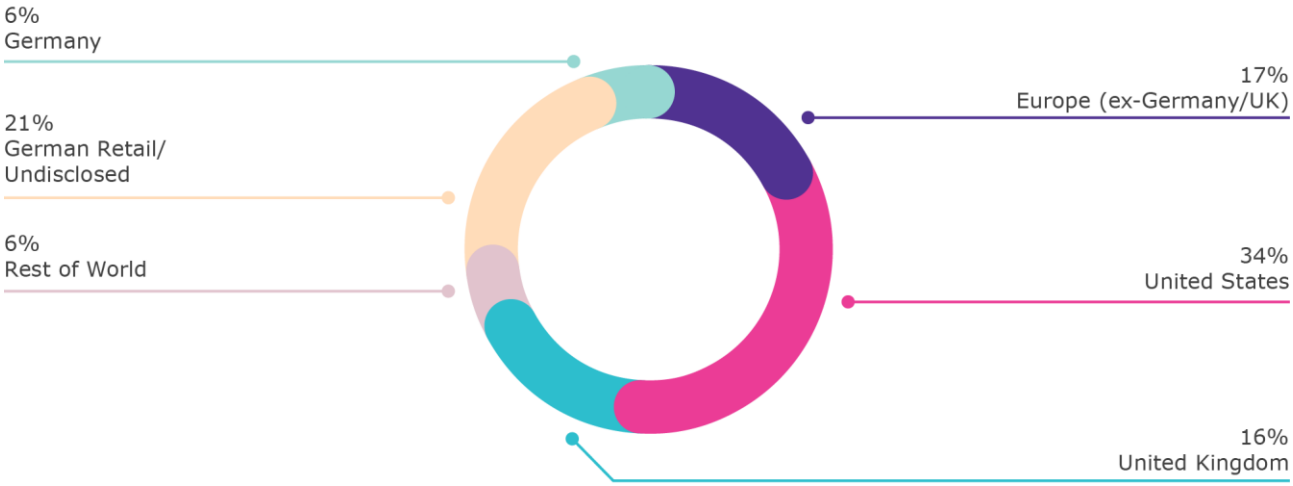
Our Shares

Dividend development since 2016



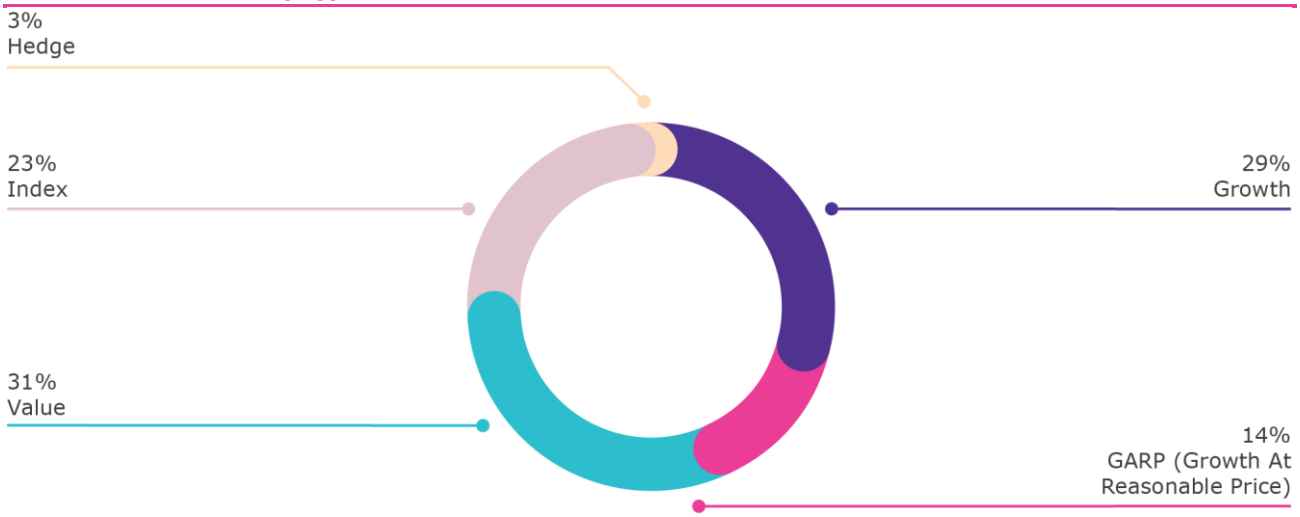
* 2025 dividend subject to approval by the Annual General Meeting.

Identified investors by region as of November 2025



Source: Nasdaq Shareholder Identification; Total Shares Outstanding: 129.2 million.

Identified investors by type as of November 2025



Source: Nasdaq Shareholder Identification.

Combined Management Report[a]

[a] The Management Report of Merck KGaA, Darmstadt, Germany, has been combined with the Group Management Report and published in the 2025 Annual Report of Merck KGaA, Darmstadt, Germany, as well as in the annual financial statements of Merck KGaA, Darmstadt, Germany. The Management Report also contains the combined (Group-) Sustainability Statement of Merck KGaA, Darmstadt, Germany, which we issue pursuant to sections 289b – 289e and 315b – 315c HGB. The 2025 Annual Report is an additional, non-official publication, which does not comply with the requirements of the European Single Electronic Format (ESEF). The official annual financial report for fiscal 2025, prepared in accordance with the ESEF format, has been filed with the electronic German Federal Gazette (elektronischer Bundesanzeiger) and is available on the website of the German company register.
This Combined Management Report contains certain financial indicators such as operating result (EBIT), EBITDA, EBITDA pre, net financial debt and earnings per share pre, which are not defined by IFRS® Accounting Standards (IFRS Accounting Standards). These financial indicators should not be taken into account in order to assess the performance of the company in isolation or used as an alternative to the financial indicators presented in the consolidated financial statements and determined in accordance with IFRS Accounting Standards.
The figures presented in this Combined Management Report have been rounded. This may lead to individual values not adding up to the totals presented.
The Statement of Corporate Governance according to section 15d HGB in conjunction with section 289f (1) sentence 2 HGB is available at **https://www.emdgroup.com/en/investors/corporate-governance/reports.html**.
It is our aim to ensure that our communication is inclusive and so we strive to use language that is both non-discriminatory and easy to read. This report attempts to use gender-neutral language, which may not yet be consistent in all instances. Even if masculine forms are used, all genders are explicitly meant.
This annual report is made available to all shareholders of Merck KGaA, Darmstadt, Germany, in accordance with the principles of fair disclosure as outlined in § 53a German Stock Corporation Act. We comply with local laws in all markets where we operate, including Germany and the United States, as well as US Executive Orders on diversity.

[1] German Commercial Code.

Fundamental information about the Group

Company Profile and Structure

We are a science and technology company dedicated to our vision “Sparking Discovery, Elevating Humanity”. In our three business sectors Life Science, Healthcare and Electronics, we work together to create value on behalf of customers and patients.

Ever since we were established in 1668, we have continuously reinvented ourselves and adopted a long-term mindset. This approach is rooted in responsibility, care and respect: for our work, our employees, our customers, patients, society, and our planet. We are committed to working toward a better future and delivering sustainable progress for humankind.

The founding family, now in its 13th generation, is still the majority owner. This is made possible by the structure of our company as a corporation with general partners (Kommanditgesellschaft auf Aktien – KGaA). In a KGaA, the total capital is divided between general partners and limited partners; the general partners are personally liable with their assets, while the limited partners are liable with their contributions. The founding family holds a 70.274% stake in the listed MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany (Merck KGaA, Darmstadt, Germany), as a general partner via the Group’s ultimate parent company, E. Merck Kommanditgesellschaft, Darmstadt, Germany. The remaining 29.726% of the share capital of Merck KGaA, Darmstadt, Germany, is traded on the regulated market of the Frankfurt Stock Exchange and other stock exchanges.

The assessment of business development and the allocation of financial resources are carried out by the entire management of the company for the Life Science, Healthcare and Electronics business sectors as well as the supporting Group functions. In addition to the Chair of the Executive Board and CEO Belén Garijo, the Members of the Executive Board are Kai Beckmann, Deputy Chair of the Executive Board and CEO Electronics, Dan Pinhas Bar Zohar, CEO Healthcare, Khadija Ben Hammada, Chief People Officer (CPO), Helene von Roeder, Chief Financial Officer, and Jean-Charles Wirth, CEO Life Science. Khadija Ben Hammada was named CPO and appointed to the Executive Board of the Group on March 1, 2025. Jean-Charles Wirth and Dan Pinhas Bar Zohar were appointed as CEO Life Science and CEO Healthcare respectively on June 1, 2025, succeeding Matthias Heinzel and Peter Guenter on the Executive Board of the Group. On September 25, 2025, we announced that Kai Beckmann will take over the role of Belén Garijo as Chair of the Executive Board and CEO effective May 1, 2026; Belén Garijo will retain her role until the planned end of her term of office at the end of April 2026.

We hold the global rights to the company name and brand. The only exceptions are Canada and the United States. In these countries, we operate as MilliporeSigma in the Life Science business, as EMD Serono in the Healthcare business and as EMD Electronics in the Electronics business.

Apart from our three business sectors, our financial reporting presents five regions: Europe, North America, Asia-Pacific, Latin America, and the Middle East and Africa. As of December 31, 2025, we had 62,461 employees[1] worldwide. The figure on December 31, 2024, was 62,557 employees[1].

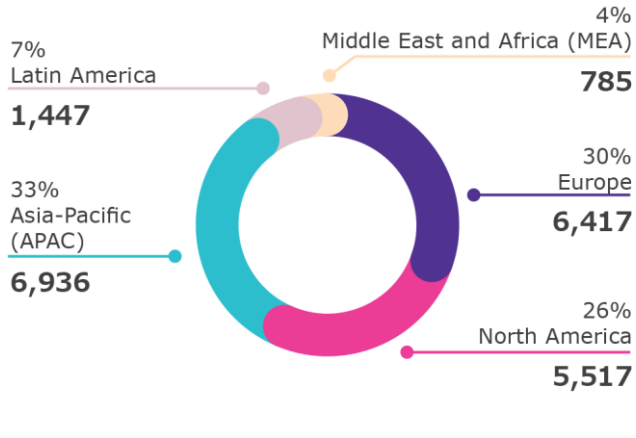
[1] Our company also employs people at sites of subsidiaries that are not fully consolidated. These numbers refer to people employed in fully consolidated subsidiaries.

We have summarized further details on our employees and important sustainability topics, as well as the key indicators used to monitor sustainability and the degree to which we have achieved our strategic goals, in the **(Group) Sustainability Statement**. The description of our business model and the value chain according to the requirements of the European Sustainability Reporting Standards (ESRS 2 SBM-1) can be found here in the "Company Profile and Structure" chapter.

For fiscal 2025, we exercise the option of publishing the Statement on Corporate Governance on the Group's **website** in accordance with section 315d of the German Commercial Code (HGB) in conjunction with section 289f (1) sentence 2 HGB.

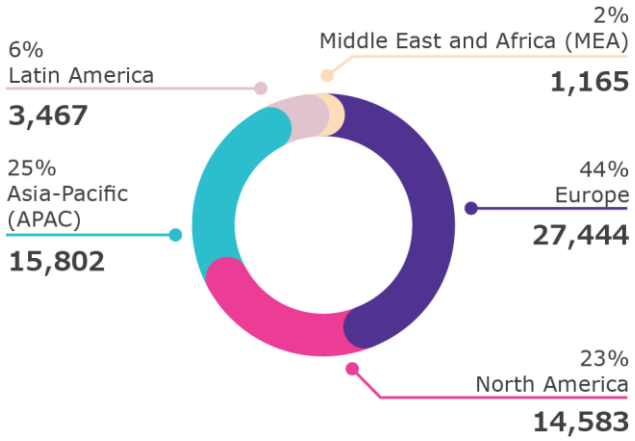
Group

Net sales by region
€ million/in % of net sales



Group

Employees by region as of December 31, 2025[1]
Number/in %



[1] Our company also employs people at sites of subsidiaries that are not fully consolidated. These numbers refer to people employed in fully consolidated subsidiaries.

Life Science

We are a leading provider of products, solutions and services for a wide range of customers, including academic, research and diagnostic labs, biotech and pharmaceutical companies, as well as the industrial sector. Together with our customers, our purpose is to impact life and health with science.

Across our Life Science business sector, we collaborate with the global scientific community to drive innovation. We remain focused on executing our strategy and reinforcing our position as a diversified life science company through our three business units. Our strategy is based on three focus areas – expanding portfolio leadership, enhancing customer experience and driving operational excellence – positioning us to be more agile in a dynamic market environment.

To strengthen customer experience, we announced an updated go-to-market strategy in October 2025, aimed at transforming our three business units to accelerate growth and better align our approach with specific customer needs. The updated model came into effect on January 1, 2026. Process Solutions continues to provide pharma and biotech manufacturers with embedded solutions that support critical biopharmaceutical processes. Our newly established Advanced Solutions business unit offers specialized products and services delivered through high-touch commercial models, such as contract testing services as well as diagnostic and

regulated materials. Our new Discovery Solutions business unit has a digital-first focus for fast, convenient access to high-quality biology and chemistry catalog products.

Our previous business unit structure – with Science & Lab Solutions, Process Solutions and Life Science Services – will continue to be reflected in this Combined Management Report.

Our progress is driven by close collaboration with customers to advance scientific discovery and get new therapies off the ground faster. From novel modalities such as antibody-drug conjugates (ADCs) and gene therapies to cutting-edge research tools and next-generation bioprocessing technologies, we enable breakthroughs through our deep technical expertise and broad capabilities. By continuously innovating across materials, tools and digital solutions, we help scientists accelerate progress from early research to large-scale manufacturing.

To accomplish this, more than 1,700 scientists in research and development within Life Science across twelve sites worldwide focus on strengthening our core portfolio and developing innovations. Their work fuels a steady new product development and innovation pipeline that supports our customers' work from early discovery to manufacturing.

We are strategically expanding partnerships with industry and academia to accelerate scientific discoveries and support the global scientific community. Building on our 90-year collaboration with Washington University in St. Louis, USA, in July 2025 we signed a memorandum of understanding to support joint research initiatives, technology scouting and research enablement, with an emphasis on sustainable and socially responsible scientific progress.

In September 2025, we deepened our strategic partnership with Siemens AG, Germany, (Siemens), through which we aim to deliver end-to-end digital workflows from drug discovery to manufacturing, combining our Life Science product portfolio and Siemens' digital ecosystem.

In fiscal 2025, Life Science generated 42% of Group sales and 40% of EBITDA pre (excluding Corporate and Other). Europe and North America generated 71% of Life Science's sales in 2025; Asia-Pacific and Latin America accounted for 28% of sales.

Science & Lab Solutions

The Science & Lab Solutions business unit serves customers across the biotechnology and pharmaceutical industries, public authorities, scientific institutions and other industrial markets. Customers can access a broad portfolio including reagents, consumables, devices, instruments, software, and services for research, production and testing in addition to lab water instruments, microbiology and biomonitoring products, test assays, analytical reagents, and flow cytometry kits and instruments.

In January 2025, we announced the closing of the acquisition of Hub Organoids Holding B.V., Netherlands, (Hub Organoids), enhancing our position in next-generation biology. Hub Organoids' proprietary technology enables physiologically relevant 3D human models that can improve drug discovery and disease modeling as well as reducing the reliance on animal testing.

Early in 2025, we entered into a multi-year partnership with Opentrons Labworks Inc., USA, (Opentrons), to bring automation to the lab bench. Together, we aim to improve reproducibility and scalability of laboratory experiments by offering validated robotic protocols across our assay portfolio. Several months after signing the agreement, we launched the first product in July 2025. The AAW™ Workstation, powered by Opentrons, automates routine laboratory experiments previously performed manually and expands our offering in lab automation.

In May 2025, we announced a strategic partnership with Interuniversity Microelectronics Centre, Belgium, (imec), a leading research and innovation hub in nanoelectronics and digital technologies, to develop an advanced microphysiological systems platform. This collaboration aims to make drug discovery and development more efficient by increasing the predictive validity of next-generation preclinical models and progressively reducing the reliance on animal testing.

To further strengthen our leadership in next-generation biology, we also announced a strategic partnership with global life science manufacturer Promega Corporation, USA, in October 2025 to co-develop novel technologies that advance drug screening and discovery.

Process Solutions

The Process Solutions business unit supports biotech and pharma customers that focus on developing and manufacturing traditional and novel therapies with its comprehensive portfolio of products and services, including filtration devices, chromatography resins, single-use systems, process chemicals, and excipients for bioprocessing.

In 2025, we received notable industry recognition for our Process Solutions products. The Mobius® ADC Reactor secured the “Best in Show Award” at INTERPHEX for its innovative design as the first scalable single-use mixer for manufacturing ADCs, a growing class of targeted cancer therapies. We also received the “Innovation Award” from The Medicine Maker for our mPredict™ Co-Crystal Prediction Service, a platform that uses predictive modeling to support faster, data-driven decisions in bioprocessing.

Within our Process Solutions business, we inaugurated our manufacturing facility in Blarney Business Park, Cork, Ireland, in September 2025. With this investment of around € 150 million, we expanded our filter manufacturing capacities. The site is part of Life Science’s larger € 440 million investment in Ireland and strengthens the company’s in-region-for-region supply resilience. It is also our first manufacturing facility designed to be Scope 1 and 2 climate neutral, marking a key milestone in our ambition to achieve climate neutrality by 2040.

In October 2025, we announced the signing of a definitive agreement to acquire the chromatography business of JSR Corporation, Japan, a leader in contract development and manufacturing alongside bioprocessing solutions. Once completed, the acquisition will expand our downstream processing portfolio with advanced protein A chromatography capabilities, supporting more efficient and scalable production of biopharmaceutical therapies, including monoclonal antibodies. The transaction is expected to close in the first half of 2026, subject to regulatory approval and the fulfillment of other customary closing conditions.

Life Science Services

The Life Science Services business unit supports customers in drug development and manufactures novel modalities for biotech and pharmaceutical customers, including high-potency active pharmaceutical ingredients, ADCs and viral and gene therapy products. With our fully integrated offering of contract development, manufacturing and testing services, we support customers from preclinical phases to commercialization. In 2025, we advanced the use of next-generation sequencing testing technologies to support viral clearance for adeno-associated gene therapy development.

Healthcare

Our Healthcare business sector helps to create, improve and prolong lives across the therapeutic areas of oncology, rare diseases, neurology & immunology, and fertility as well as cardiovascular, metabolic and endocrinological disorders. As a global specialty innovator with a strong established business, we deliver a diversified portfolio of therapies to millions of patients around the world every day.

In 2025, Healthcare generated 41% of Group sales and 47% of EBITDA pre (excluding Corporate and Other). Together, Europe and North America made up 54% of Healthcare's net sales in fiscal 2025, while Asia-Pacific and Latin America together accounted for 39%.

We strive to ensure the supply of our high-quality medicines to patients around the world, regardless of circumstances and challenges, while always observing the highest health and safety standards for our people and partners. Throughout 2025, we ensured the supply of our medicines in full alignment with anticipated market demand despite ongoing geopolitical crises.

Oncology

Erbitux® (cetuximab) remains our best-selling oncology drug and maintained its blockbuster status with € 1,176 million in sales in 2025. Erbitux® is a standard of care for patients with epidermal growth factor receptor (EGFR)-expressing, RAS wild-type metastatic colorectal cancer as well as both recurrent and/or metastatic and locally advanced squamous cell carcinoma of the head and neck. We hold the marketing authorization rights to Erbitux® outside of the United States and Canada. With more than 270 active external clinical trials involving Erbitux®, including more than 40 Phase III trials, we are committed to continuously advancing our broad-based lifecycle management strategy (see **Research and Development** for further details).

We have continued to make progress for patients with locally advanced or metastatic urothelial carcinoma (UC) without disease progression on first-line platinum-containing chemotherapy as we continue to obtain additional regulatory approvals and reimbursement decisions for Bavencio® (avelumab), our anti-PD-L1 antibody. Bavencio® is approved as a first-line maintenance treatment for locally advanced/metastatic UC in more than 75 countries. It has become a treatment of choice for this disease in certain markets based on the results of the JAVELIN Bladder 100 trial, the only Phase III trial of an immunotherapy to demonstrate a significant overall survival benefit versus best supportive care alone in the first-line maintenance setting (see **Research and Development** for further details).

Bavencio® is also a standard of care as a monotherapy for the treatment of metastatic Merkel cell carcinoma, a rare form of skin cancer, in more than 65 countries. Additionally, Bavencio® is approved for the first-line treatment of advanced renal cell carcinoma in combination with axitinib in more than 65 countries.

We are also continuing to expand the availability of Tepmetko® (tepotinib), our oral MET inhibitor designed to inhibit the oncogenic MET receptor signaling caused by MET (gene) alterations. Tepmetko® is authorized in approximately 50 markets globally, with regulatory submissions under review in additional markets (see **Research and Development** for further details).

Rare Diseases

On July 1, 2025, we successfully completed the acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), a commercial-stage biopharmaceutical company dedicated to improving the lives of patients with rare diseases. SpringWorks is the largest acquisition by the Healthcare business sector in nearly 20 years and marks the formation of our rare diseases business. By combining our global reach and SpringWorks' expertise in rare diseases, we are paving the way for further expansion in this area.

SpringWorks' portfolio includes two highly transformative therapies for the treatment of rare diseases in areas of high unmet need. Ogsiveo® (nirogacestat) is the first and only therapy approved by the U.S. Food and Drug Administration (FDA) and the European Commission for adults with progressing desmoid tumors who require systemic therapy. These are rare, locally aggressive soft tissue tumors, which can cause patients significant pain, functional impairment and emotional distress due to their unpredictable growth. Following its FDA approval in November 2023, Ogsiveo® rapidly became the standard of care for the systemic therapy of adults with desmoid tumors in the United States. In August 2025, Ogsiveo® became the first approved therapy for patients with desmoid tumors in the European Union, and in October 2025 we started serving patients with desmoid tumors in Germany.

We are committed to bringing the benefits of Ogsiveo® to more patients globally and are planning phased launches on a country-by-country basis across Europe. In addition, we are actively evaluating the regulatory strategy, commercial opportunity and timelines across additional markets, including key locations in Asia. We have initiated a bridging study of Ogsiveo® in Japanese patients with desmoid tumors, which we expect will support a new drug application filing in Japan, where the Ministry of Health, Labour and Welfare has previously granted orphan drug designation of nirogacestat for the treatment of desmoid tumors.

The second approved medicine in SpringWorks' portfolio is Gomekli® (mirdametinib), which was approved by the FDA in February 2025 and is the first and only medicine for both adults and children aged two years and older with NF1-associated plexiform neurofibromas (NF1-PN). These are rare tumors that grow in an infiltrative pattern along the peripheral nerve sheath and can cause severe disfigurement, pain and functional impairment. Gomekli® represents a significant advance for these patients, and we were pleased that SpringWorks received a rare pediatric disease priority review voucher from the FDA with this approval; we will be able to redeem this for a priority review of a different product by the FDA. In July 2025, the European Commission granted conditional approval of Ezmekly® (mirdametinib) for the treatment of adults and children aged two years and above with NF1-PN, making it the first approved therapy for this indication and these patient groups in Europe. In October 2025, we launched Ezmekly® in Germany and we expect to launch on a country-by-country basis across Europe in 2026, while also evaluating opportunities in additional rest-of-world markets to maximize patient access globally.

We are convinced that the differentiated product profile of Gomekli®/Ezmekly® and our established global infrastructure position us well for continued growth and, importantly, for making a meaningful impact on the lives of patients with NF1-PN.

The SpringWorks acquisition immediately adds revenue and accelerates medium-term growth for the Healthcare business sector. Net product sales for Ogsiveo® and Gomekli®/Ezmekly® between the closing of the acquisition and December 31, 2025, were € 134 million and € 55 million respectively.

Neurology & Immunology

We develop therapies for people living with neurological and immune-mediated conditions and aim to help significantly improve quality of life for them and their caregivers. Our portfolio is the result of over two decades of experience in multiple sclerosis (MS) research and currently includes two approved products for the treatment of relapsing MS (RMS): Rebif® (interferon beta-1a) and Mavenclad® (cladribine tablets).

Rebif®, a disease-modifying drug, has been a standard treatment for RMS for over 20 years with almost two million patient-years of therapy since approval.

Mavenclad®, the only short-course, oral disease-modifying therapy for the treatment of adults with various forms of highly active RMS, achieved blockbuster status in 2025 for the third consecutive year with total net sales of € 1,194 million. More than 130,000 patients have now benefited from Mavenclad® across more than 90 countries, including those of the European Union, Switzerland, Australia, Canada, and the United States. On October 30, 2025, the U.S. Court of Appeals for the Federal Circuit affirmed an earlier decision by the U.S. Patent Trial and Appeal Board finding two of our U.S. Mavenclad® dosing regimen patents invalid. On November 28, 2025, we filed a petition for rehearing which was denied on January 22, 2026. In some of the parallel District Court suits, the Court has entered judgement of invalidity of the two patents. With this, there is the potential for further generic competitors to enter the market.

Beyond MS, we are continuing to expand the disease focus of our Neurology & Immunology therapeutic area by developing potential first-in-class treatments for conditions with high unmet medical needs. We currently have an ongoing Phase III global clinical trial to evaluate the efficacy and safety of cladribine capsules as a potential treatment for patients with generalized myasthenia gravis (gMG), a rare neuromuscular disorder. In November, our cladribine capsules program for the treatment of gMG received fast-track designation by the FDA. The fast-track designation in the United States is granted for drugs that are intended, whether alone or in combination with one or multiple other drugs, for the treatment of a serious or life-threatening disease or condition; it demonstrates the potential to address unmet medical needs for such a disease or condition.

Fertility

We are a global market leader in fertility drugs and treatments. Infertility is an increasing challenge globally due to demographic change and lifestyle adjustments. Based on the latest data from the World Health Organization, one in six people worldwide is affected by infertility.

According to the latest data, more than six million babies have been born worldwide with the help of Gonal-f®, a therapeutic within our fertility portfolio. It contains the active ingredient follitropin alfa (r-hFSH alfa), which is a recombinant form of the natural follicle-stimulating hormone (FSH) and is available in a convenient and ready-to-use pre-filled injection pen.

In addition to Gonal-f®, we offer another key product called Pergoveris® to support and meet the needs of today's patients, many of whom are above 35 years of age. This product combines recombinant human follicle-stimulating hormone (r-hFSH) and recombinant human luteinizing hormone (r-hLH) and represents another treatment option for women with severe FSH and LH deficiency. Pergoveris® is also available as a ready-to-use pre-filled injection pen, eliminating the need for mixing. To complement Pergoveris® and Gonal-f®, we offer Ovidrel® rhCG, Cetrotide® GnrRH antagonist and Crinone® progesterone.

On October 16, 2025, we announced an agreement with the U.S. government to expand access to our in vitro fertilization (IVF) therapies in the country, aligning with the White House's executive order aimed at lowering costs and reducing barriers to IVF access. Starting in the first quarter of 2026, we plan to offer our complete portfolio of IVF therapies to eligible patients with prescriptions at significantly reduced prices. Additionally, to further expand therapeutic options for people with fertility issues in the United States, we will file for FDA review of Pergoveris® under the FDA Commissioner's National Priority Voucher program, which aims to expedite the drug review process for products that align with critical national health priorities in the United States.

Cardiovascular, Metabolism & Endocrinology

The Cardiovascular, Metabolism & Endocrinology (CM&E) franchise, which includes the medicines Glucophage®, Euthyrox®, Concor®, and Saizen®, is the largest franchise of the Healthcare business sector in terms of sales.

Glucophage®, containing the active ingredient metformin, is a drug for the first-line treatment of type 2 diabetes and is available in more than 100 countries. In recent years, Glucophage® has been approved by additional health authorities for use in prediabetes in cases where lifestyle changes failed to produce the desired outcome. In early 2025, Glucophage® extended release received a label extension in the United Kingdom for women with polycystic ovary syndrome, one of the most common hormonal conditions and the largest cause of anovulatory infertility affecting women of reproductive age; similar label extension in other countries is ongoing.

Euthyrox®, with the active ingredient levothyroxine, is a leading medicine for the treatment of hypothyroidism, a disease with high prevalence but still low diagnosis rates in most emerging markets. The new formulation of Euthyrox® obtained further regulatory approvals in 2025 and is available in more than 100 countries where this incremental innovation is registered. With its characteristics of delivering precise, fine-tuned and stable levothyroxine doses as a result of the tightened specification, Euthyrox® may help optimize disease management.

Concor®/Concor Cor®, containing bisoprolol, is a beta-blocker for treating hypertension and cardiovascular diseases such as coronary heart disease and chronic heart failure. In addition to Concor®/Concor Cor®, the Concor® family includes fixed-dose combinations such as Concor® Plus/Lodoz® (bisoprolol with hydrochlorothiazide) and Concor® AM (bisoprolol with amlodipine).

Saizen®, which contains the active ingredient somatropin, is our primary endocrinology product and is indicated for the treatment of various growth hormone disorders in both children and adults. Saizen® can be administered using the Easypod® auto-injector, the only growth hormone injection device capable of remotely transferring data such as injection times, dates and doses to the web-based software system Growzen® Connect, which healthcare professionals, patients and caregivers can access. Alternatively, Saizen® can be delivered using Aluetta®, a simple reusable pen injection device.

Electronics

We are an integral part of the semiconductor ecosystem. We enable high yields, reliability and scaling in semiconductor manufacturing by combining advanced materials with precision delivery systems and process control technologies, including metrology and inspection, that directly influence defectivity, uniformity and process stability across increasingly complex manufacturing environments. Our broad and innovative product portfolio helps solve key industry challenges. As such, we place a special focus on high-performance chips and chip systems needed for applications including artificial intelligence (AI). We provide our materials, systems and services to all major industry players. To this end, we work closely with our customers in the key regions of North America, Europe and Asia-Pacific and are a reliable and stable partner with our global network of research and development, production and distribution sites.

The Electronics business sector has been a pure-play electronics business since the divestment of the Surface Solutions business unit which was completed on July 31, 2025. It consists of the Semiconductor Solutions and Optronics business units.

Electronics accounted for 17% of Group sales in 2025 and its share of EBITDA pre (excluding Corporate and Other) was 13%. The majority of semiconductors and displays are manufactured in Asia. In 2025, Asia-Pacific generated 72% of Electronics' net sales, with Europe and North America accounting for 26% of sales.

Semiconductor Solutions

As the largest business unit in terms of sales within our Electronics business sector, Semiconductor Solutions offers products and services for the semiconductor industry. We are developing materials and solutions for the next generation of semiconductor components – helping to make microchips smaller, faster, more powerful, and more sustainable.

A microchip undergoes a large number of process steps during fabrication, and each of these steps is enabled by specialized materials that are subject to tough requirements. We supply a strong portfolio of materials for every key process step, focusing on the high-value wafer processing and advanced packaging segments. Our expertise not only covers the materials themselves, but also how they are integrated during fabrication to make the final components.

We serve manufacturers of logic, memory and analog microchips. The evolution of AI and the unabated growth of data volumes in our digital world are setting ever tougher computing requirements for microchip systems. They need to be able to process (logic chips) and retrieve (memory chips) more data faster. To increase functional density, the industry is moving from planar scaling to stacking components vertically – from transistors to full systems. Front-end advances shrink features while adopting 3D-device and memory structures to drive higher performance and lower power consumption. The same principle now applies to packaging, where heterogeneous 2.5D/3D integration combines processing and memory components vertically, resulting in higher bandwidth and improved energy efficiency throughout the system. Heterogeneous integration requires precise measurements of interconnects and components, leading to growing demand for innovative metrology and inspection tools alongside materials for front-end manufacturing. As miniaturization and vertical stacking accelerate, process flows expand and require new unit steps and material systems to sustain further 3D densification.

We continuously strengthen our comprehensive portfolio in order to play a leading role in developing ever more sophisticated technologies to meet the surging demand for AI and high-performance computing chips. Growing complexity and interdependency require systems thinking – using our broad portfolio and in-depth expertise to identify, sequence and integrate innovations that compound across the stack. To this end, we leverage our Materials Intelligence™ platform – the convergence of materials science and AI – to co-design with customers, accelerate discovery and systematically reduce complexity. As such, we are among the trailblazers when it comes to the next generation of logic and memory chips.

The global semiconductor market is projected to exceed US$ 1 trillion annually by 2030 as AI adoption accelerates, more and more autonomous systems become mainstream and AI applications move further toward the edge. This expected growth is not just driven by scale but requires the aforementioned progress in chip technologies. To meet future demand, major semiconductor manufacturers are investing in ramping up their advanced production capacities. Accordingly, we are expanding capacities at our sites all over the world in lockstep with our customers' plans. In December 2025, we inaugurated our largest Semiconductor Solutions megasite in Kaohsiung, Taiwan, strengthening our global semiconductor supply chain resilience and supporting the next generation of AI and high-performance chips.

Our Semiconductor Solutions business unit consists of the Thin Films, Formulations, Specialty Gases, and Delivery Systems & Services business fields.

- The Thin Films business field delivers advanced dielectric (organosilanes, spin-on dielectrics) and metallic (organometallic precursors, co-reactants) materials. Our technology enables the precise deposition of materials from multi-micron to ångström-level thicknesses – the latter, the uses of which include highly conformal coatings essential to 3D architectures and high-aspect-ratio features, is achieved through atomic layer deposition. With the complementary inverse process (atomic layer etching), we remove material in true atomic-layer increments. Together, these capabilities enable advanced 3D chips with higher performance and improved energy efficiency for next-generation AI chip manufacturing.
- The portfolio of the Formulations business field is divided into the areas of Patterning and Planarization. It includes lithography products such as photoresists, anti-reflective coatings and materials for directed self-assembly. Additionally, we offer a range of cleans and selective etch chemistries that help improve the patterning process. The Planarization business encompasses materials for chemical-mechanical planarization, which are essential for achieving the desired surface flatness and precision in semiconductor manufacturing.
- The Specialty Gases business field provides high-purity gases for semiconductor manufacturing. These gases are crucial for precise deposition, doping, etching, and cleaning during wafer processing. With a strong commitment to meeting the semiconductor industry's stringent requirements, our Specialty Gases business supports the industry in the development of advanced electronic devices.
- The Delivery Systems & Services (DS&S) business field, with its systems business, develops and installs reliable delivery equipment to ensure the safe and responsible handling of specialty chemicals and gases for semiconductor manufacturing. At many of the industry's sites, production facilities and delivery systems are operated and maintained by our MEGASYS® Total Gas and Chemical Services employees.

Optronics

Our Optronics business unit materializes light and delivers solutions for the optoelectronic industry through display materials and optical technologies as well as metrology and inspection. We have developed expertise in modulating, creating, engineering, and guiding light. We support our customers in developing novel technologies beyond TV monitors for IT, mobile devices, the automotive industry, gaming, and other applications. In collaboration with partners, we are advancing augmented reality, expanding the application of display materials and enhancing user experiences for future immersive devices. Furthermore, we collaborate very closely with leading panel makers to develop next-generation products with liquid crystal display technology for the electronics market. Optical components are now central to meeting computational demands: By using light for data transfer – from on-chip photonics to optical interconnects – they unlock higher bandwidth, lower latency and better energy efficiency.

With our comprehensive portfolio within Display Materials, we advance display technologies by offering long-standing expertise and a wide range of solutions. We provide high-tech material solutions in liquid crystals, OLED materials (Organic Light-Emitting Diodes) and photoresists to address the demand for high-end displays in smartphones, the automotive industry and IT, among other areas. In Optical Technologies, our expertise in reactive mesogens (RM), which precisely guide light, enables the production of ultra-thin optical films. These materials can improve color accuracy, reduce reflections and enhance contrast in optical devices. We use RMs to create ultra-thin films for wave guides with increased efficiency, reduced light leakage and reduced rainbow artifacts – meeting the need for high-performance, lightweight and robust augmented reality glasses. Metrology and inspection tools enable precise semiconductor manufacturing by helping to reduce production costs and optimize yields. We enhanced our expertise in this area by acquiring Unity-SC SAS, France, in 2024 and subsequently integrating optical metrology and inspection equipment into our portfolio. As such, we can deliver process control solutions in advanced packaging and heterogeneous integration for microchips, which is essential for AI chip systems. Our metrology and inspection tools measure key parameters during wafer processing and packaging steps to obtain further insights into how our materials can increase added value for our customers.

Surface Solutions

The Surface Solutions business unit was divested to Global New Material International Holdings Ltd., Cayman Islands. The transaction closed on July 31, 2025, for a purchase price of € 669 million after purchase price adjustments for transferred cash and financial liabilities.

Strategy*

Vision and strategy fundamentals

In an ever more complex world increasingly characterized by macroeconomic and geopolitical tensions, we once again demonstrated our resilience and continued growing in fiscal 2025. Driven by factors such as an aging population, new technologies and climate change, we believe that the demand for scientific breakthroughs has never been greater.

We embrace change as a catalyst for innovation and growth. United behind our vision of “Sparking Discovery, Elevating Humanity”, we are committed to creating a brighter, healthier and more sustainable world by empowering science to achieve breakthroughs. Our history spanning 357 years, coupled with our diversified business model, puts us in an excellent position to continue to tap into attractive global markets with long-term growth potential.

By implementing our innovation-centric strategy, we will continue to strengthen our position as a leading science and technology company. Our Life Science business sector targets academic, biotechnology and pharmaceutical as well as industrial and diagnostic customers, addressing their unique needs with a broad portfolio of products, services and solutions that meet high scientific and technical standards. In Healthcare, we are committed to continuing our advancement as a global specialty innovator by driving continued profitable growth in our legacy business, leveraging our newly established Rare Diseases franchise and strategically investing in a risk-balanced pipeline portfolio. In the Electronics business sector, we have become a pure-play electronics business and are strongly positioned to benefit from AI-led semiconductor demand.

The ongoing development and integration of digital and data-based technologies will considerably increase our value creation and our capacity for innovation in all three business sectors. Our data, digital & IT strategy is anchored in a clearly defined roadmap designed to continuously enhance our digital infrastructure and elevate our digital differentiation from competitors across our businesses. A recent example of this is our expanded strategic partnership with Siemens AG, Germany, for which we signed another memorandum of understanding in fiscal 2025. Together, we have set the goal of delivering end-to-end digital workflows from drug discovery to manufacturing.

At the same time, we are committed to maintaining our positive impact on society and the planet by incorporating environmental, social and corporate governance considerations into our growth ambitions. By 2030, we will deliver more sustainable solutions through our portfolio and fully integrate sustainability into our value chains. In addition, we will achieve climate neutrality and reduce our consumption of resources by 2040.

Our strategic investments are intended to further expand our position in high-growth areas, enabling strong long-term profitable growth and attractive cash generation. In this context, active management of our business portfolio will remain a crucial element. A key recent example is our acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), which not only accelerated our medium-term growth in the Healthcare sector but also marked the formation of a rare diseases business. In addition, we completed the divestment of our Surface Solutions business unit to sharpen our focus on high-tech applications in Electronics. Merger and acquisition (M&A) measures will continue to play an essential role in optimizing our positioning for decades to come.

* The contents of this chapter or section are voluntary and therefore not audited. However, our auditor has read the text critically.

Business strategies

Life Science

Our Life Science business sector is maintaining its position as a global leader in the approximately € 220 billion life science market. Although it is navigating market headwinds, such as funding constraints, geopolitical shifts and evolving customer needs, the long-term fundamentals of the industry remain strong. Alongside these fundamentals, we anticipate a 4%–6% annual market growth rate, thereby presenting numerous opportunities for our Life Science business to deliver value to customers while enabling tomorrow's medical breakthroughs with best-in-class science, technologies and expertise.

Our strategic plan focuses on driving sustainable growth in sales and EBITDA pre through a continued focus on academic, biotech and pharmaceutical as well as industrial and diagnostic customers, and by further elevating customer experience and expanding portfolio leadership. We will continue to address the unique needs of our diverse customer base and drive continuous improvement through efficient processes and systems. This will strengthen customer relationships while accelerating innovation with empowered teams, streamlined processes and greater agility to support both organic and inorganic growth.

Recognized for our broad portfolio of products, services and solutions that meet the highest scientific and technical standards, we are aligning our offerings with the emerging needs of target customers. We will further advance our development of new products by continuing to increase our research and development (R&D) allocation, pursuing bigger and bolder innovation projects and continuing to drive partnerships in high-growth areas. This approach will strengthen our portfolio with new technology anchors and enhance our R&D returns through new products. We will continue to explore complementary inorganic opportunities through targeted partnerships as well as M&A to expand our offerings in high-potential segments.

By combining scientific expertise with cutting-edge technologies, we will remain a critical enabler of tomorrow's medical breakthroughs by offering the best products, services and solutions along the molecule and therapeutic modality journey.

Through continuous improvement initiatives, we are making business processes and integrated supply chain operations more agile, resilient and customer-centric by continuing to streamline our operating model, reinforcing our operational backbone and enhancing our global footprint through regionalization and localization.

To further drive medium-term growth, we announced a refined go-to-market approach to further enhance customer experience in October 2025. The new business unit structure, which went live in January 2026, strengthens our Life Science strategy by expanding portfolio leadership, amplifying customer experience and driving operational excellence, positioning us to be more agile in a dynamic market environment.

Process Solutions continues to provide embedded solutions for pharma and biotech manufacturers, supporting critical biopharmaceutical processes. Our newly established Advanced Solutions business unit, which combines the Life Science Services business and parts of the Science and Lab Solutions business, offers specialized products and services delivered through high-touch commercial models, such as contract testing services as well as diagnostic and regulated materials. Discovery Solutions, which comprises parts of our Science and Lab Solutions business, is our digital-first platform for fast, convenient access to high-quality biology and chemistry catalog products.

Our continued focus on the needs of our customers will unite our teams globally around our purpose to impact life and health with science.

Healthcare

The global pharmaceutical industry continues to deliver robust growth with attractive margins. While the macroeconomic and geopolitical environment has become increasingly volatile over the last few years, the impact of cyclical and crisis-related market fluctuations on the industry's underlying growth drivers – such as demographic and epidemiological shifts, increasing access to medicines and the emergence of innovative new therapeutic approaches – remains comparatively modest. This has resulted in relatively consistent demand for pharmaceutical products. At the same time, cost containment measures introduced worldwide continue to exert pressure on the growth of the global pharmaceutical market. Likewise, uncertainty surrounding tariffs and special agreements adds complexity to the market environment. Our diversified portfolio and geographical footprint have proven resilient when it comes to responding to the dynamic development of our markets and represent a solid foundation for the future success of our Healthcare business sector.

In developed and, increasingly, in emerging markets, the majority of pharmaceutical market growth and long-term profitability stems from innovation. In the same vein, we aim to secure the medium- and long-term growth of our Healthcare business sector by launching innovative products, while our mature portfolio provides us with a strong footing that enables us to continue investing in innovation. We remain steadfast in our ambition to continue growing as a global specialty innovator and aim to progress through three strategic imperatives:

The first strategic imperative is to continue optimizing profitability in our legacy business. Building on our solid foundation, we strive to achieve sustainable and profitable growth by making targeted investments in life cycle management and geographical expansion of our established brands. Together, these efforts will strike the balance between delivering innovative new medicines in developed markets and leveraging our strengths in further markets.

The second strategic imperative is to deliver on product launches within our newly established Rare Diseases franchise. In July 2025, we completed the acquisition of SpringWorks. Moving forward, our priority is to successfully maximize the impact of the global launches of Ogsiveo® (nirogacestat) and Gomekli®/Ezmekly® (mirdametinib), leveraging the global presence of the company to reach more people living with rare and often debilitating tumors. These capabilities and synergies will further support the successful launch of pimicotinib, our late-stage registrational pipeline asset. As we prioritize further expansion into rare tumors and adjacent disease areas, we will continue to build a pipeline through both organic additions and external innovation.

The third strategic imperative is to continue investing to build a diversified and risk-balanced pipeline portfolio with more opportunities being pursued, thereby enabling a sustainable growth outlook. We will achieve this by focusing on the execution of key organic pipeline programs and by continuing to pursue external innovation, concentrating on areas where we have the best chance of success thanks to our scale and capabilities. Our investment decisions are informed by the diligent trade-off of clinical versus commercial risks in our pipeline portfolio, while we drive disciplined diversification across therapeutic areas.

We continue to focus on specialty medicines. Our approach involves developing deep internal expertise and insights, from internal research to commercialization, and augmenting this by recruiting external talent. In addition, we intend to engage in strategic collaborations. To optimize the holistic value and focus of our pipeline, we continuously monitor and assess the potential of our pipeline candidates based on clinical data, strategic fit and financial criteria to determine the best way forward. To maximize the results of our R&D investments and ensure their long-term sustainability, we are continuously adjusting our R&D model to expand our innovation capabilities. Furthermore, we aim to increase our intake of external innovation in line with industry practice to bolster our pipeline with further attractive business opportunities.

Electronics

Our ambition is to be a leading partner in materials, material-related solutions and services for the electronics industry by maximizing added value for our customers with our Materials Intelligence™. We have successfully taken on a leading role in the semiconductor ecosystem and already serve the world's most important industry players with one of the broadest portfolios in our Semiconductor Solutions business unit. The semiconductor ecosystem is one of the most innovative, fast-paced and scientifically advanced industries. Our portfolio and holistic innovation mindset are ideally suited to helping the industry overcome technological challenges and enabling next-generation semiconductors. Our increasingly data-driven solutions are designed to address all areas of 3D densification, including miniaturization, performance optimization, vertical stacking, and heterogeneous integration.

We are investing in innovations and sustainable alternatives to help the industry overcome its sustainability challenges. Recognizing the increased demand for sustainable solutions, we see an opportunity to offer products that are unique in the market and lead the industry toward more resource-efficient production of end products.

The medium- and long-term growth prospects of the industry remain very attractive. The most important end-market growth drivers are the demand for next-generation chips and the end-device replacement cycle accelerated by this, accompanied by an increasing semiconductor content per device. Both growth drivers will have a positive impact on Electronics' business in wafer processing and microchip packaging.

To produce ever more powerful and energy-efficient microchips, innovation in novel materials will be even more essential, as they are a key driver of all areas of 3D densification. Aligning our activities with our customer roadmaps enables us to embed portfolio innovations early in the design cycle, strengthening both customer intimacy and recurring revenue visibility.

We are following a horizontal and vertical integration strategy, building end-to-end capabilities spanning the innovation-to-production value chain.

Additionally, we expect that expertise in optoelectronics, managed by our Optronics business unit, will become even more important. Semiconductor and optical technologies will increasingly converge. To address this growing field of convergence, we will utilizie Materials Intelligence™ to leverage our deep technological expertise in optics and chemistry throughout crucial production processes in the electronics industry. Through our acquisition of Unity-SC SAS, France, in 2024, we have significantly expanded our optical technology portfolio with metrology and inspection capabilities. We are now uniting materials innovation and process control expertise under one roof. Our strengths – ranging from organic synthesis to our wealth of knowledge in device optics and physics – are essential to utilizing new business opportunities in the field of optoelectronic technologies, such as in augmented reality, virtual reality and mixed reality, as well as metrology and inspection. Furthermore, the strongly rising performance demands in AI chips are driving heterogeneous integration with optical interconnects (co-packaged optics), delivering efficiency and high-bandwidth data transfer beyond the limits of traditional electrical wiring. Additionally, the further development of our businesses with liquid crystals and materials for organic light-emitting diodes remains an important part of our Optronics portfolio and will open up new opportunities.

In our view, we are well prepared for very long-term trends in the industry. One example is the fusion of semiconductor technology and biotechnology emerging in areas such as neuromorphic chips and lab-on-a-chip and organ-on-a-chip devices, with biological computing, utilizing living organisms as a biological computer, as a significant objective. We believe that a multidisciplinary approach to science will drive the next wave of human progress; this is often termed "bioconvergence" because it leverages synergies across digital and material science as well as biotechnology and healthcare.

With the divestment of our Surface Solutions business unit, which was completed in 2025, we have sharpened our focus on the electronics industry in order to play an even more important role within the semiconductor ecosystem – we are now a pure-play electronics business.

Data, digital & IT strategy

Our data, digital & IT strategy blends technology with processes and outcomes. Our ambition, “Tomorrow’s Technology Today”, aims to harness the transformative power of data, technology and AI within a secure and resilient infrastructure to create successful business outcomes for the benefit of customers and patients.

We intend to execute this through multiple AI layers for different forms of value creation. The first layer is everyday AI, which provides all colleagues with safe, compliant access to knowledge and tools in connection with AI through myGPT Suite, our internal platform for generative AI, and targeted upskilling. With more than 32,000 active users every month, i.e. over half of our workforce, and more than 90% cost savings compared with off-the-shelf options, we are establishing common ways of working and productivity gains.

The second layer, operational AI, embeds intelligence into manufacturing, labs, quality, supply, and commerce. Our smartfacturing playbook, including modular manufacturing, AI energy optimization and predictive maintenance, cuts time to market by up to 50% and uses around 20% less energy at reference sites. This strengthens margins and sustainability.

The third and final layer, advanced AI, differentiates our offerings from our competitors. A closed-loop lab-to-fab approach powered by Materials Intelligence™ shortens materials development by about half and simplifies atomic-layer sequences by reducing the number from roughly 10^{38} to about 50 in a dielectric, enabling faster ramps for next-generation nodes and increasing the pull of our materials portfolio.

Scale is derived from platforms and partnerships. UPTIMIZE is our integrated data and AI ecosystem. Digital twins and discovery accelerators improve design speed and first-time-right outcomes. Data collaboratives such as Syntropy® and Athinia® with Palantir Technologies Inc., USA, enhance health and semiconductor resilience, while M-Trust strengthens authenticity in regulated value chains. Trust in digital technology is incorporated in design through the Code of Digital Ethics as well as the Digital Ethics Advisory Panel and aligned with evolving frameworks, including the European Union Artificial Intelligence Act and the National Institute of Standard and Technology Artificial Intelligence Risk Management Framework.

We build capability at scale through data literacy, AI fluency, reusable assets, and disciplined delivery, moving from proof of value to proof at scale. This converts ambition into cash flow, quality and innovation as “One Group, thinking globally and acting locally”.

To institutionalize our strategy, we formed Digital Enterprise Solutions (DES), a single Group function that unites Information Technology, the Group Data & AI Organization and Global Enterprise Solutions. DES provides one fit-for-purpose operating backbone, built on robust platforms and disciplined process excellence, and has the agility to adopt new AI capabilities. It delivers secure, scalable solutions embedded in day-to-day work so that teams operate in a smarter and more connected manner. The result is higher efficiency, faster value creation as well as stronger collaboration and innovation across One Group.

Sustainability strategy

In our view, sustainable entrepreneurship and profitable growth go hand in hand; we can remain competitive only by delivering added value for society. By creating innovative and high-quality products, we want to help meet global challenges while also strengthening long-term resilience and securing our financial strength. Responsible action is an integral part of our company culture: This also includes respecting the interests of our employees, customers, investors, and society.

Safety and ethics matter just as much to us as business success. We mitigate ethical, economic, environmental, and social risks as far as possible. From the early stages of development through to disposal, we keep an eye on the entire life cycle of a product, including disposal, and integrate circular economy aspects. We apply strict sustainability standards to our procurement activities. When manufacturing products, we believe it is important to keep the environmental impact as low as possible, which is why safe production, high environmental standards and strict quality management are of course so crucial to us. By supplying products that meet extensive sustainability criteria, we also help other companies to achieve their sustainability goals.

Sustainability is a key element of our corporate strategy. We pursue three strategic sustainability goals: By 2030, we will deliver more sustainable solutions through our portfolio. Moreover, we will fully integrate sustainability into our value chains by the same year. In addition, we will achieve climate neutrality and reduce our resource consumption by 2040. With these goals, we are helping to achieve the United Nations Sustainable Development Goals. Overall, our sustainability strategy is centered on **seven focus areas**, within which we are realizing numerous initiatives and projects today and tomorrow, measuring our progress as we go.

We use different key indicators to record and assess our progress toward achieving our sustainability goals. Our annual Long-Term Incentive Plan (LTIP) for Executive Board members and selected managers contains a sustainability factor. We use it to measure performance over a period of three years based on selected key indicators for each of our three sustainability goals. Details on how this sustainability factor is calculated for the management can be found in the **Compensation Report**. In the reporting year, the company tied 15% of variable employee compensation to sustainability parameters. The LTIP of our Executive Board can increase or decrease by up to 20% based on a sustainability factor.

As such, we are in the process of transforming our portfolio with the aim of balancing environmental, social and governance aspects – for the benefit of our company, our stakeholders and society at large. We are integrating sustainability into the innovation process and all parts of the value chain, in doing so positioning ourselves as a responsible company, and we expect a lasting competitive advantage. Our aim is to decouple the growth of our businesses from negative environmental impacts.

More information about sustainability topics, as well as the key indicators used to monitor sustainability and the degree to which we have achieved our strategic goals, can be found in the **(Group) Sustainability Statement**.

Strategic finance and dividend policy

We pursue a conservative financial policy characterized by the following aspects:

Financial flexibility and a conservative funding strategy

We ensure that we meet our obligations at all times and adhere to a conservative and proactive funding strategy that involves the use of various financial instruments. Our diversified and profitable business activities form the basis for our strong and sustainable cash flow generation capacity. Moreover, we have several funding resources in place. A € 2.5 billion syndicated loan facility is in place until 2029 to cover unexpected cash needs. This credit line is a backup facility that is intended to be used in exceptional circumstances only.

We also agreed upon several bilateral loan facilities. In addition, we have a commercial paper program with a volume of € 2.5 billion at our disposal. Within the scope of this program, we can issue short-term commercial papers with a maturity of up to one year.

The bond market also represents an important source of financing. The most recent bond issuances took place in August 2025 (US$ 4 billion senior bond issuance across four tranches) and in November 2025 (€ 850 million hybrid bond issuance). The use of various instruments provides a broad financing basis and addresses different investor groups.

Maintaining reliable and long-term business relations with a core group of banks

We work mainly with a diversified, financially stable and reliable group of banks. Thanks to our long-term business approach, bank relationships typically last for many years and are characterized by professionalism and trust. The group of banks consists of financial institutions with strong capabilities and expertise in various products and geographical regions. We regard these banks as strategic partners and therefore involve them in important financing transactions.

Strong investment-grade rating

The rating of our creditworthiness by external rating agencies is an important indicator of financial stability. A strong investment-grade rating is a cornerstone of our financial policy as it safeguards access to attractive financial conditions on the capital markets.

In November 2025, our ratings were confirmed by Moody’s (A3, stable outlook) and Standard & Poor’s (A, stable outlook).

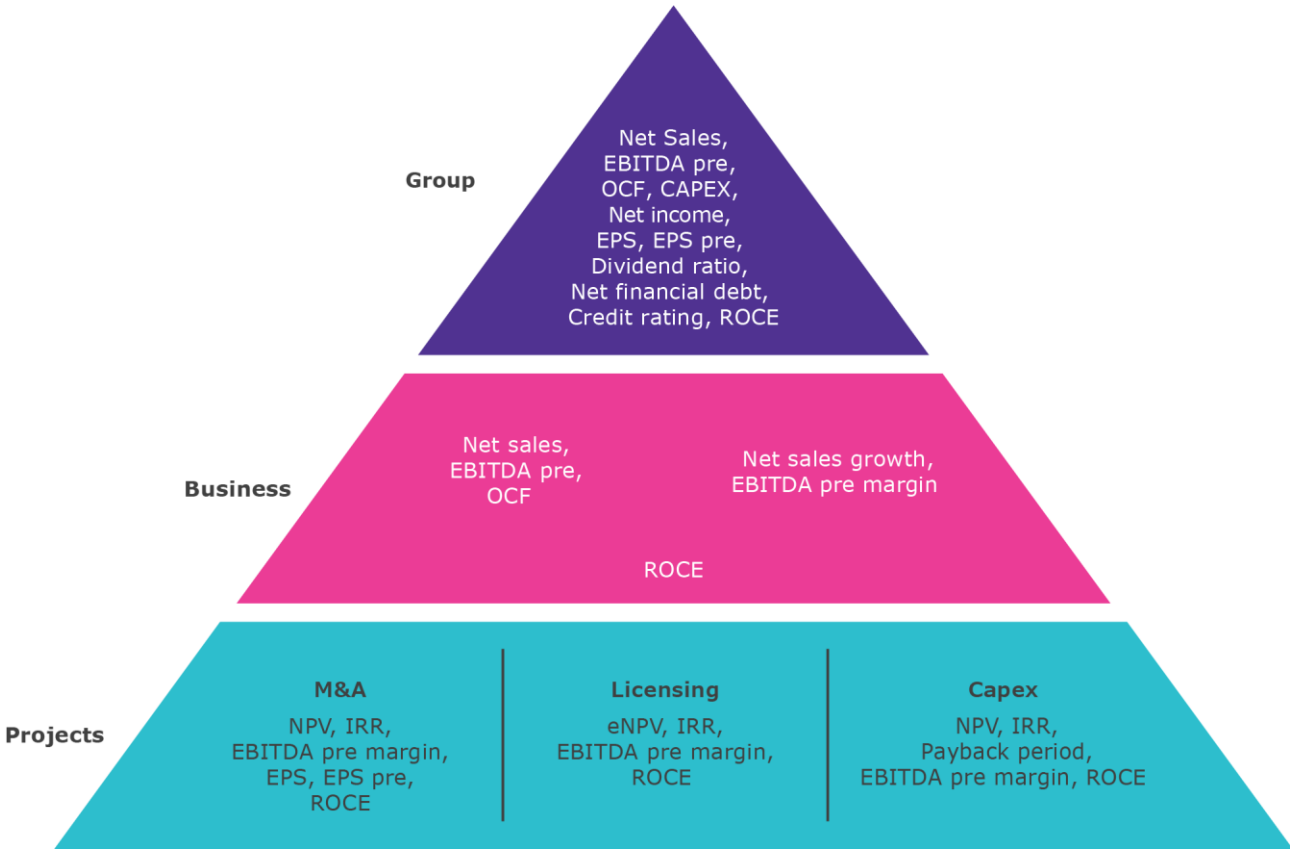
Sustainable dividend policy

We are pursuing a sustainable dividend policy. Provided the economic environment develops in a stable manner, the current dividend represents the minimum level for future dividend proposals. Our dividend policy will follow business development and earnings increases over the coming years. However, dividend growth could deviate, for example, within the scope of restructuring or in the event of significant global economic developments. We aim for a target corridor of 20% to 25% of earnings per share pre.

Internal Management System

As a global company with a diverse portfolio of products and services, we use a comprehensive framework of indicators to manage performance. The most important key performance indicator (KPI) for measuring performance is EBITDA pre[1].

The Value Creation and Financial KPI Pyramid, which summarizes our important financial performance measures, reflects the comprehensive framework of financial KPIs used to steer the businesses and prioritize the allocation of cash resources. It consists of three managerial dimensions: Group, Business and Projects, each of which requires the use of different indicators.



Abbreviations
EBITDA pre[1] = Earnings before interest, income tax, depreciation, and amortization as well as adjustments.
EBITDA pre margin[1] = Earnings before interest, income tax, depreciation, and amortization as well as adjustments as a percentage of net sales.
EPS = Earnings per share.
EPS pre[1] = Earnings per share pre (earnings per share before adjustments).
OCF[1] = Operating cash flow.
CAPEX = Capital expenditure.
ROCE[1] = Return on capital employed.
NPV[1] = Net present value.
IRR[1] = Internal rate of return.
eNPV[1] = Expected net present value.
M&A = Mergers and acquisitions.

[1] Not defined by IFRS Accounting Standards.

Key performance indicators of the Group and its businesses

The three key performance indicators of net sales, EBITDA pre and operating cash flow (OCF) are the most important financial indicators for assessing our operational performance. Accordingly, we refer to these KPIs in the **Report on Economic Position**, the **Report on Risks and Opportunities** and the **Report on Expected Developments**. As the most important indicators of financial business performance, the KPIs are key elements of our performance management system.

Net sales

Net sales are defined as the revenues from the sale of goods, services rendered to external customers and commission income and profit sharing from collaborations, net of value-added tax and after-sales deductions such as rebates or discounts. Net sales are the main indicator of our business growth and are therefore an important parameter of both external and internal performance measurement. In addition, organic sales growth compared with the annual target is used for internal performance management. Organic sales growth shows the percentage change in net sales versus a comparative period, adjusted for foreign exchange and portfolio effects. Foreign exchange effects may arise as a result of foreign exchange fluctuations between the functional non-euro currency of a consolidated company and the reporting currency (euro). By contrast, portfolio effects reflect sales changes due to acquisitions and divestments of consolidated companies or businesses.

Group

Net sales

			Change	
€ million	**2025**	2024	€ million	%
Net sales	**21,102**	**21,156**	**-54**	**-0.3%**

EBITDA pre

EBITDA pre is the main performance indicator measuring ongoing operational profitability and is used internally and externally. To permit a better understanding of the underlying operational performance, the operating result is adjusted to exclude depreciation and amortization, impairment losses and reversals of impairment losses, as well as adjustments. These adjustments are restricted to the following categories: integration expenses, IT expenses for certain projects, restructuring expenses, gains/losses on the divestment of businesses, acquisition expenses, and other adjustments. The classification of specific income and expenses as adjustments follows clear rules and is subject to strict governance at the Group level. Within the scope of internal performance management, EBITDA pre allows for efficiency improvements to be implemented in processes without the performance of the operating business being affected by exceptional items or restructuring expenses. In addition, organic EBITDA pre growth compared with the annual target is used for internal performance management. The following table shows the composition of EBITDA pre in fiscal 2025 compared with the previous year. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Group

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	pre[1]	IFRS	Elimination of adjustments	pre[1]	pre[1]
Net sales	**21,102**	**–**	**21,102**	**21,156**	**–**	**21,156**	**-0.3%**
Cost of sales	-8,756	113	-8,643	-8,671	41	-8,630	0.1%
Gross profit	**12,346**	**113**	**12,459**	**12,485**	**41**	**12,526**	**-0.5%**
Marketing and selling expenses	-4,562	71	-4,491	-4,536	30	-4,506	-0.3%
Administration expenses	-1,437	132	-1,305	-1,370	154	-1,216	7.4%
Research and development costs	-2,415	33	-2,381	-2,279	11	-2,269	5.0%
Impairment losses and reversal of impairment losses on financial assets (net)	15	–	15	-8	2	-7	>100.0%
Other operating income and expenses	-347	230	-117	-646	333	-313	-62.7%
Operating result (EBIT)[1]	**3,601**			**3,645**			
Depreciation/amortization/impairment losses/reversals of impairment losses	2,298	-369	1,929	2,134	-277	1,856	3.9%
EBITDA[2]	**5,899**			**5,779**			
Restructuring expenses	174	-174	–	144	-144	–	
Integration expenses/IT expenses	193	-193	–	103	-103	–	
Gains (-)/losses (+) on the divestment of businesses	-88	88	–	-46	46	–	
Acquisition-related adjustments	44	-44	–	26	-26	–	
Other adjustments	-113	113	–	68	-68	–	
EBITDA pre[1]	**6,109**	**–**	**6,109**	**6,072**	**–**	**6,072**	**0.6%**
thereof: organic growth[1]							5.6%
thereof: exchange rate effects							-5.0%
thereof: acquisitions/divestments							-

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

Operating cash flow (OCF)/free cash flow as of 2026

Operating cash flow results from the company's current business activities and describes the cash generated from operating activities. It is influenced mainly by EBITDA pre, income tax, financial income and expenses, and changes in net working capital.

As of fiscal 2026, free cash flow will replace operating cash flow as the key performance indicator. The more comprehensive free cash flow indicator aims to achieve holistic, sustainable cash governance and further strengthens capital discipline. Free cash flow is defined as operating cash flow less payments for investments in intangible assets and property, plant and equipment and plus proceeds from the disposal of intangible assets and property, plant and equipment and less lease payments. In order to provide the best possible understanding of the underlying actual cash performance, certain payments and proceeds in connection with the purchase and divestment of intangible assets and property, plant and equipment, especially those relating to collaboration and licensing agreements, are not included in free cash flow. This is because these are irregular payments that can significantly distort the performance indicator due to their potential magnitude and timing.

Group

Free cash flow

			Change	
€ million	**2025**	2024	€ million	%
EBITDA pre[1]	**6,109**	**6,072**	**37**	**0.6%**
Adjustments[1]	-210	-293	83	-28.4%
Financial income and expenses[2]	-293	-108	-184	>100.0%
Income tax[2]	-693	-751	58	-7.7%
Changes in working capital[1]	-349	-63	-286	>100.0%
thereof: Changes in inventories[3]	-257	36	-293	>100.0%
thereof: Changes in trade accounts receivable[3]	-166	79	-245	>100.0%
thereof: Changes in trade accounts payable/refund liabilities[3]	73	-178	251	>100.0%
Changes in provisions[3]	124	62	61	98.4%
Changes in other assets and liabilities[3]	-588	-309	-279	90.4%
Neutralization of gains/losses on disposal of fixed assets and other disposals[3]	-164	-2	-162	>100.0%
Other non-cash income and expenses[3]	-4	-22	18	-84.0%
Operating cash flow	**3,932**	**4,586**	**-654**	**-14.3%**
Adjusted payments for investments in intangible and tangible assets[4]	-1,758	-1,854	96	-5.2%
Adjusted proceeds from the disposal of intangible and tangible assets[4]	30	31	–	-0.8%
Payments for leasing	-153	-139	-14	10.1%
Free cash flow	**2,052**	**2,624**	**-573**	**-21.8%**

[1] Not defined by IFRS Accounting Standards. Adjustments according to the definition above.

[2] According to the Consolidated Income Statement.

[3] According to the Consolidated Cash Flow Statement.

[4] Please refer to the following table for the components of the adjustments.

	Payments for investments in intangible assets and tangible assets		Proceeds from the disposal of intangible assets and tangible assets	
€ million	**2025**	2024	**2025**	2024
Investment payments[1]	-1,958	-2,183	196	44
Adjustments proceeds (-)/payments (+)				
Collaboration and licensing agreements	200	330	-14	-14
Sale of a U.S. Food and Drug Administration Priority Review Voucher			-151	–
Adjusted investment payments	**-1,758**	**-1,854**	**30**	**31**

[1] As reported in the Consolidated Cash Flow Statement.

Investments and value management

Sustainable value creation is essential to secure the long-term success of the company. To optimize the allocation of financial resources, we use a defined set of parameters as criteria for prioritizing investment opportunities and portfolio decisions, which will be further explained below.

Capital expenditure (CapEx)

In particular, capital expenditure relates to the acquisition of property, plant and equipment, such as machinery and plants, buildings or vehicles, excluding leased assets. Intangible assets are also acquired on a regular basis.

Net present value (NPV)

The main criterion for prioritizing investment opportunities is net present value. It is based on the discounted cash flow method and is calculated as the sum of the discounted free cash flows over the duration of a project. The weighted average cost of capital (WACC), representing the weighted average of the cost of equity and cost of debt, is used as the discount rate. Different markups are applied to the WACC depending on the nature and location of the respective project.

Internal rate of return (IRR)

The internal rate of return is a further important criterion for the assessment of acquisition projects and investments in property, plant and equipment, as well as intangible assets. It is the discount rate that makes the present value of all future free cash flows equal to the initial investment or the purchase price of an acquisition. A project adds value if the internal rate of return is higher than the weighted cost of capital including markups.

Return on capital employed (ROCE)

In addition to NPV and IRR, return on capital employed is an important metric for the assessment of investment projects when looking at individual accounting periods. It is calculated as the adjusted operating result pre (EBIT pre) divided by the sum of property, plant and equipment, intangible assets, trade accounts receivable, trade accounts payable, and inventories.

Payback period

An additional parameter to prioritize investments in intangible assets and property, plant and equipment is the payback period, which indicates the time in years after which an investment will generate positive net cash flow.

Capital market-related parameters

Net income, earnings per share (EPS) and earnings per share pre (EPS pre)

Earnings per share are calculated by dividing profit after tax attributable to the shareholders of Merck KGaA, Darmstadt, Germany (net income) by the weighted average number of theoretical shares outstanding. The use of a theoretical number of shares takes account of the fact that the general partner's capital is not represented by shares. To provide an alternative view, we also report earnings per share pre, in which the effects of integration expenses, IT expenses for selected projects, restructuring expenses, gains/losses on the divestment of businesses, acquisition expenses, and other adjustments are eliminated. Furthermore, amortization of acquired intangible assets is adjusted. The adjustment excludes impairment losses on intangible assets for acquired research and development (R&D) projects below a threshold value of € 50 million. Income tax is calculated on the basis of the Group's underlying tax rate. The following table presents the reconciliation of net income to net income pre for the calculation of EPS pre.

Reconciliation net income to net income pre[1]

			Change	
€ million	**2025**	2024	€ million	in %
Net income	**2,608**	**2,777**	**-168**	**-6.1%**
Non-controlling interest	7	9	-2	-26.3%
Income tax	693	751	-58	-7.7%
Amortization of acquired intangible assets	771	714	57	7.9%
Adjustments[1]	579	570	9	1.5%
Income tax on the basis of the underlying tax rate[1]	-1,025	-1,061	36	-3.4%
Non-controlling interests to be adjusted	-7	-9	2	-26.3%
Net income pre[1]	**3,627**	**3,751**	**-125**	**-3.3%**
Earnings per share pre[1] in €	**8.34**	**8.63**	**-0.29**	**-3.4%**

[1] Not defined by IFRS Accounting Standards.

Dividend ratio

We pursue a reliable dividend policy with a target payout ratio based on EPS pre (see definition above) with the aim of ensuring an attractive return for our shareholders.

Credit rating

The rating of our creditworthiness by external agencies is an important indicator of our ability to raise debt capital at attractive market conditions. The capital market makes use of the assessments published by independent rating agencies in order to assist debt providers in estimating the risks associated with a financial instrument. We are currently assessed by Moody's and Standard & Poor's. The key indicators for the credit rating are EBITDA, cash flow and net/gross financial debt.

Relevant non-financial performance measures

Along with the indicators of the financial performance of the businesses, non-financial measures also play an important role in furthering the success of the company.

High-Impact Culture

Our culture should embody what unites us, as well as the way in which we collaborate, lead and work as a team to achieve human progress and drive our company forward. In making our High-Impact Culture a lived reality, we measure our ability to attract, develop and retain the right people.

Sustainability

With our sustainability strategy, we aim to achieve human progress through sustainable innovations and technologies, to comprehensively integrate sustainability within our value chains and to reduce our resource consumption. We pursue these goals across **seven focus areas** in which we realize numerous initiatives as well as projects and measure our progress.

Belonging and inclusion

Our aim is to strengthen the sense of belonging among all employees. We promote and measure belonging and inclusion among our workforce with a clear goal in mind: We want to create an environment where every person in our company feels valued, respected and empowered to contribute their unique perspectives. This bolsters our innovative strength and contributes to our collective success.

Research and Development

We are a diversified science and technology company with a leading position in the life science, healthcare and electronics industries. In line with our vision “Sparking Discovery, Elevating Humanity”, we are striving for innovation in all three business sectors in order to make our growth plans a reality. We conduct research and development (R&D) worldwide to develop new products, services and solutions to improve the quality of life of patients and meet the needs of our customers. Further optimizing the relevance and efficiency of our R&D activities – either on our own or in collaboration with third parties – is one of our top priorities. In addition, we are continuously improving the fulfilment of our sustainability criteria and integrating them into our R&D processes as early as the product development stage (see **(Group-) Sustainability Statement**).

Around 6,500 employees (2024: approximately 6,400) worked in R&D and related support functions in 2025. They dealt with innovations to address long-term health and technology trends in both established and growth markets.

Expenditure for R&D amounted to € 2.4 billion in 2025 (2024: € 2.3 billion).

In the Life Science business sector, we drive scientific breakthroughs with innovative technologies for applications in natural sciences and pharmaceutical research that enable life-saving novel therapies and treatments for diseases such as cancer and diabetes. In the Healthcare business sector, we develop innovative therapies, leveraging internal discoveries and external partnerships. In the Electronics business sector, we are accelerating the development of the next generation of microchips to enable innovations in the semiconductor and display industries that are needed for artificial intelligence (AI) applications and the digital world of the future.

At Group level, we want to create synergies both within and between our business sectors and continuously develop new areas of innovation. One of our key objectives is to further expand the scope of our innovation by looking into new technologies, markets and digital business models as well as by leveraging existing assets and capabilities, combining them with data and digital technologies. Our efforts in this area include Syntropy® and Athinia®, which are partnerships with Palantir Technologies, Inc., USA, that enable secure AI data flows and data-sharing ecosystems. These platforms help increase efficiencies while ensuring that stakeholders maintain control of their intellectual property.

We launched M-Trust™, a secure cyber-physical trust platform, to strengthen product safety, traceability and authenticity. Unveiled at the Consumer Electronics Show 2025 and released in beta for global business-to-business users, it immutably links physical products to digital identities using multi-patented crypto anchors, thus enabling digital twins and machine-to-machine quality control. Delivered as a Platform-as-a-Service, M-Trust™ integrates software, adaptable anchors and reader hardware, while supporting smart contracts to automate assurances across supply chains. Built in-house, it is designed to align with evolving standards and regulations, including the European Union Digital Product Passport. We further enhanced M-Trust™ through a collaboration with Zebra Technologies Corporation, USA, (Zebra), creating the first cyber-physical digital trust platform with mobile computer scanning capabilities. The partnership combines Zebra’s TC58 mobile computer with our patented authentication technologies to deliver a handheld reader prototype, enabling frontline workers to verify products and share high-quality data for AI model training.

Furthermore, we completed the spin-out of EdiMembre, Inc., USA, in collaboration with mantro GmbH, Munich, thus creating an independent deep-tech company in the alternative protein sector to commercialize our edible membrane technology for sustainable, scalable structured cultured meat. Building on our patent portfolio, the platform enables complex tissue structures and has also been explored for high-protein, plant-based pasta. We contributed intellectual property and expertise and continue to support the market with cell culture media and co-creation in structured meat production.

In addition, we are continuing to develop opportunities at the intersection of our business sectors and converging technologies to develop solutions that enable our three business sectors to bring value to the industries they serve:

- We are continuing to build our automated design-make-test-analyze platform powered by lab automation and AIDDISON™, our generative AI-powered active ingredient discovery platform. In addition to external commercialization, we also use it internally in our Healthcare business sector in early stages of drug discovery. Our AI in drug discovery program will accelerate the discovery of new and better drug candidates, making new therapies available to patients faster.
- We are using our capabilities across our business sectors in messenger ribonucleic acid (mRNA) synthesis, lipid nanoparticle (LNP) synthesis and formulation, targeted delivery, and AI to enable the development of "smart" LNPs that can more effectively target different tissue types, including hard-to-reach biological targets, to treat various diseases.
- We formed a strategic partnership with Interuniversity Microelectronics Centre, Belgium, (imec), a leading research and innovation center in nanoelectronics and digital technologies, to develop a disruptive microphysiological systems platform that integrates our induced pluripotent stem cells and patient-derived organoids with advanced semiconductor hardware featuring unprecedented biosensor capabilities. This modular, scalable platform generates high-quality biological training data for AI-driven drug discovery while enabling real-time, label-free measurements from single to multi-organ configurations. The collaboration aims to enhance predictive validity of preclinical models, accelerate drug candidate development and progressively reduce animal testing.

In fiscal 2025, we made progress in advancing our "Smartfacturing" program, expanding deployment of our highly adaptable, modular smart factories and scaling the Good Manufacturing Practice (GMP) automation technology that enables equipment connectivity through module type packages. Building on the successful pilot projects completed in 2024, we are now applying this technology across broader pharmaceutical and chemical production while exploring applications in additional manufacturing industries. We continued our strategic partnership with Siemens AG, Germany, (Siemens) in fiscal 2025, with transformative projects across our three business sectors, integrating our expertise in Life Science, Healthcare and Electronics with Siemens' advanced hardware and software capabilities to deliver measurably faster, more cost-effective and more sustainable manufacturing processes.

The following table depicts R&D costs of the business sectors in fiscal 2025 and 2024:

			Change	
€ million	**2025**	2024	€ million	%
Life Science	401	388	13	3.4%
Healthcare	1,661	1,503	158	10.5%
Electronics	291	297	-6	-2.1%
Corporate and Other	62	92	-30	-32.5%
Total	**2,415**	**2,279**	**135**	**5.9%**

The ratio of research expenditure to Group sales was 11.4% (2024: 10.8%). It has increased due to additional R&D costs resulting from the acquisition of SpringWorks Therapeutics, Inc., USA, as well as the decline in sales.

Life Science

Innovation is at the core of our Life Science business sector. Across our three business units, our research and development (R&D) teams apply deep expertise to deliver a diversified and relevant portfolio of products and services to customers around the world.

We are increasing our R&D investment to pursue bolder innovation projects and build partnerships in high-growth areas, strengthening our portfolio with new technology anchors. More than 1,700 engineers, chemists and biologists across 12 global R&D hubs are advancing six strategic innovation vectors: our core portfolio, factories and labs of the future, novel modalities, next-generation biology, artificial intelligence (AI) and digital as well as sustainability. In fiscal 2025, our teams continued to advance new technologies and expand our portfolio with a steady pipeline of innovations emerging across our six strategic vectors.

Beyond our own research, we are deepening collaboration with academia and industry to accelerate innovation and advance the global scientific community. Building on our 90-year partnership with Washington University in St. Louis, USA, we signed a memorandum of understanding in July 2025 to support joint research initiatives, technology scouting and research enablement. In September 2025, we also expanded our strategic partnership with Siemens AG, Germany, (Siemens), to combine our Life Science portfolio with Siemens' digital ecosystem, creating end-to-end digital workflows from discovery to manufacturing.

Science & Lab Solutions

A key driver of innovation in Science & Lab Solutions is the digitalization of the lab of the future, using AI, machine learning, automation, and other solutions to drive workflows, thus increasing efficiency, safety and success rates in drug discovery and development. By combining expertise in small molecules, biologics and new modalities with AI and other digital tools, we are redefining how drugs are discovered, developed and manufactured.

From foundational biological research and animal model generation to crop yield improvements and immunology, researchers rely on simplified, integrated gene-editing tools. Our PURedit® Cas9 Cytosine Base Editors launched in July 2025 offer precision and flexibility for difficult-to-edit regions and are suitable for use with primary and sensitive cell lines. The CRISPR Cas9 RNP base editing technology avoids double-stranded DNA breaks, minimizing off-target effects and ensuring reliable edits for even the most challenging samples.

In September 2025, we expanded ChemisTwin™, an online digital reference materials platform launched in 2023. The expanded platform, featuring over 1,500 calibrated algorithm-based digital references, now includes improved nuclear magnetic resonance workflows and enhanced infrared spectroscopy with custom baseline correction and therefore delivers greater efficiency, precision and speed. Reference materials ensure the quality and safety of medicines and other products (such as food and beverages) from the earliest stages of research and development through quality control and quality assurance testing.

In addition, Science & Lab Solutions earned several industry recognitions. Lab Water Solutions received two major industry honors: Best New General Lab Product of 2024 (Scientists' Choice Award from SelectScience®) and the Pittcon Excellence Award for The Milli-Q® SQ 2 Series water purification systems. BioMonitoring received the International Society of Pharmaceutical Engineering's Robotics Application of the Year award for its BioBurden Automation solution.

Process Solutions

In March, we integrated three new analytical systems into our MAST® autosampling solution, an automated aseptic sampling technology ensuring source sterility and hands-free sample handling.

In May, we introduced an update of the mConfig™ cell culture media and chemicals configurator, a digital tool that provides customers with a self-service request portal for their custom cell culture media and process chemicals, performs real-time feasibility checks and gives feedback on manufacturability, including suggestions

for alternative components to improve consistency, performance and process control. These features support smarter manufacturing and more intelligent design with our existing product portfolio.

The Pellicon® Capsule for viral gene therapy was also launched in May. This single-use tangential flow filtration device is designed to advance flexible manufacturing. The capsule enables fast and efficient processing of cell and gene therapies with linear scalability across all sizes. It reduces the risk of cross-contamination, minimizes operator exposure to highly potent compounds and enables faster time to market.

In June, we launched the Express® SPG vent filter, a gamma-compatible sterilizing vent filter for single-use applications at a large scale. Its compact design enables high flow rates under challenging bioreactor and mixer conditions, making it ideal for monoclonal antibodies (mAbs) and vaccines as well as cell and gene therapy applications.

The Natrix® CH chromatography membrane device family, launched in September, provides an efficient and scalable purification solution for traditional and novel modalities. By enabling intensified bioprocessing via frontal chromatography, it significantly increases manufacturing productivity and fully eliminates the requirement for column packing.

We also launched Non-Animal Origin Squalene EMPROVE® EXPERT for use in high-risk applications such as vaccine adjuvants. This product is derived from yeast fermentation and offers a high-quality alternative to shark-derived squalene. Its scalable manufacturing process ensures batch-to-batch consistency and reliable supply security.

Also in September, the CHOZN® Elite cell line introduced a next-generation CHO (Chinese hamster ovarian) mammalian cell expression system that grows in suspension culture using chemically defined, animal component-free media. It enables high-producing clones with higher titers, resulting in more efficient production of mAbs or other recombinant proteins.

In autumn 2025, we launched the AAViator™ production platform, an integrated solution for improving manufacturing timelines of adeno-associated virus (AAV) gene therapies. This product launch follows the 2024 acquisition of Mirus Bio LLC, USA, a company specializing in innovative transfection reagents.

In October, we introduced VirusGen® stabilizer – the industry-first stabilizer for cell and gene therapy upstream AAV manufacturing. It simplifies AAV scale-up by extending transfection complex formation time, reducing complex volume and maintaining high titers and full capsids. The result is a simplified transfection process that enables the industry to scale to larger bioreactor sizes.

Life Science Services

In June 2025, we launched the AAV Express Platform, providing biopharmaceutical companies with a streamlined path toward commercial good manufacturing practice (GMP) production for cell and gene therapies. By addressing critical manufacturing needs in the rapidly growing cell and gene therapy market, where approximately 70% of innovators outsource production, the platform aims to significantly reduce costs and development timelines for cell and gene therapies.

In October 2025, we entered into a marketing collaboration with Catalent, Inc., USA, (Catalent), to accelerate and de-risk antibody-drug conjugate (ADC) manufacturing. The collaboration offers a seamless end-to-end path from discovery to GMP-compliant manufacturing, leveraging Catalent's SMARTag® ADC technology and both companies' complementary expertise in the ADC field.

In 2025, we advanced the use of next-generation sequencing (NGS) testing technologies to support viral clearance in AAV gene therapy development. As manufacturing methods and regulatory expectations evolve, robust quality control strategies are increasingly critical to ensure product quality, safety and compliance. Our combined NGS solutions enable a broad characterization of targeted and non-targeted sequences in AAV particles, helping to optimize development timelines.

Healthcare

Patients are at the center of all our research and development efforts. We are committed to innovation in science to bring more medicines to more patients, faster. We plan to balance and expand our research and development (R&D) pipeline by acquiring programs through external innovation as well as accelerating internally developed assets that are currently in-house. This approach will enable us to build a sustainable pipeline for long-term growth.

Following an investment of € 160 million, we inaugurated the Launch and Technology Center at our campus in Darmstadt, Germany, in September 2025. The Launch and Technology Center aims to ensure that our next generations of innovative small molecule-based medicines (including high-potency compounds) are available for clinical trials, global launches and commercial supply with accelerated timeframes compared to the past. It is anticipated to be fully operational in 2026 following validation by the health authorities.

Oncology

In Oncology, we are guided by our vision to help cancer patients become cancer survivors. As a key focus area within our R&D portfolio, we are dedicated to delivering transformative treatments. Translational research is integrated throughout the entire R&D process with several projects addressing unmet needs in difficult-to-treat cancers through innovative treatment approaches and novel combinations.

Marketed therapies

We are committed to setting new standards of care for multiple tumor types and expanding access to the corresponding therapies. In 2025, we therefore continued to explore the impact of our marketed therapies by continuously analyzing data from our pivotal trials and generating real-world evidence. Additionally, we are evaluating these treatments in new clinical settings to allow more patients with cancer to experience their potential benefits.

External research continues to reinforce Erbitux® (cetuximab) as the backbone of treatment in metastatic colorectal cancer (CRC). At multiple congresses, data were presented from the Phase III BREAKWATER trial conducted by Pfizer Inc., USA, evaluating the clinical efficacy of the combination of mFOLFOX6, encorafenib and Erbitux® in metastatic BRAF V600E-mutant metastatic CRC. Results from the trial showed a 51% reduction in the risk of death for patients treated with this regimen compared with standard-of-care treatment. The final analysis of the investigator-sponsored FIRE-4 trial evaluating the efficacy of Erbitux® re-challenge in patients with RAS wild-type metastatic CRC was presented at the 2025 American Society of Clinical Oncology (ASCO®) Annual Meeting. The trial demonstrated a significantly higher overall response rate and safety in the Erbitux® plus FOLFIRI-containing experimental arm versus physicians' choice of treatment. Furthermore, it demonstrated statistically similar but numerically higher overall survival, primary endpoint, and progression-free survival.

We remain committed to fostering innovation in this disease to help address unmet needs for patients with metastatic CRC as well as helping to ensure that Erbitux®, an important backbone therapy in metastatic CRC, is made available to all patients around the world who could benefit.

Bavencio® (avelumab), an anti-PD-L1 antibody, is a first-line maintenance treatment for locally advanced or metastatic urothelial carcinoma (UC) in adult patients whose disease has not progressed following platinum-based chemotherapy. New analyses presented at congresses throughout 2025 continued to strengthen the robust evidence supporting its use in this setting. At multiple scientific congresses, including the ASCO® Genitourinary Cancers Symposium, the ASCO® Annual Meeting and the European Society for Medical Oncology (ESMO) Congress, new data were shared from the pivotal Phase III JAVELIN Bladder 100 trial alongside real-world evidence that reinforced the clinical trial findings of Bavencio® as a first-line maintenance therapy in patients with locally advanced or metastatic UC. The data highlight the effectiveness and safety of Bavencio® in routine clinical practice and heterogenous populations as well as the importance of personalized treatment decision-making. These data further add to the growing body of evidence supporting the use of Bavencio® in a rapidly evolving therapy landscape.

For Tepmetko® (tepotinib), data from the VISION trial presented at the 2025 European Lung Cancer Congress highlighted the continued robust and durable efficacy and the manageable safety profile of this medicine in patients with treatment-naive and previously treated METex14-skipping non-small-cell lung cancer (NSCLC) after three years or more of follow-up. These findings reinforce Tepmetko® as a meaningful treatment option in this setting. Additional analyses of VISION presented at the 2025 World Conference on Lung Cancer held by the International Association for the Study of Lung Cancer found that with three or more years of follow-up, Tepmetko® demonstrated a continued manageable safety profile in patients with METex14-skipping NSCLC with no new safety signals and stability in health-related quality of life and patient-reported outcomes as measured by the symptom scores in the Quality of Life Questionnaire of the European Organisation for Research and Treatment of Cancer.

At the ESMO Congress 2025, further data from the VISION trial presented at ASCO® confirmed that Tepmetko® continues to show robust and sustained efficacy in patients with at least three years of follow-up, irrespective of age, smoking status, the presence of brain metastases at baseline, or whether the MET (gene) alteration was detected by tissue or liquid biopsy. Treatment sequencing with Tepmetko® was also investigated and results demonstrate that after three years or more of follow-up, Tepmetko® delivers robust and lasting efficacy across treatment lines and particularly in the first-line setting, supporting its early use in the treatment sequence.

Novel medicines

In 2025, we made significant progress in advancing our antibody-drug conjugates (ADC) from our own research.

We presented data from the dose optimization section of the Phase I PROCEADE-CRC 01 trial of our anti-CEACAM5 ADC precemtabart tocentecan (M9140) in advanced CRC at the 2025 ASCO® Annual Meeting, with additional data from this trial presented at the ESMO Congress 2025. These data, which showed a higher objective response rate and overall survival along with a similar safety profile for the higher of the two doses studied, support the rationale for selecting the recommended dose for further development in CRC and other solid tumors, including cancer types being investigated in the ongoing Phase Ib/II PROCEADE-PanTumor trial. Based on the encouraging findings in patients with heavily pretreated advanced CRC, we plan to initiate a Phase III trial of precemtabart tocentecan in this setting in 2026.

Clinical development of M3554, our anti-GD2 ADC, is also underway, with recruitment ongoing in a first-in-human Phase I, multicenter open-label trial in patients with advanced solid tumors.

Within our DDR portfolio (DNS Damage Response), we refined our focus in 2025 based on the data generated to date.

For our ataxia telangiectasia and Rad3-related (ATR) inhibitor tuvusertib, we discontinued investigation of combination approaches with other DDR inhibitors, such as PARP (poly(ADP-ribose) polymerase) (niraparib and M9466) or ataxia telangiectasia mutated kinase (ATM) (lartesertib) in 2025, based on an underwhelming efficacy signal observed in an in-house Phase II trial in patients with ovarian cancer with prior exposure to PARP inhibitors. No new safety signals have been observed in combinations. The termination resulted in an impairment of an intangible asset amounting to € 12 million. Tuvusertib continues to be investigated through external collaboration, with an emphasis on monotherapy in biomarker-defined populations and in combinations with immuno-oncology in different tumor types.

For M9466 (also known as HRS-1167), the selective PARP1 (poly(ADP-ribose) polymerase 1) inhibitor licensed from Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, in 2023, we have investigated opportunities with the intention of leveraging its increased potency and selectivity in combinations with tuvusertib, with cytotoxic chemotherapy, and with hormone treatments across several solid tumor types, including the traditional PARP inhibitor spaces. Based on the emerging efficacy and safety data in combination with other compounds and the rapidly evolving competitive landscape in the established PARP inhibitor space, we have made the strategic decision not to pursue further development. The termination of this trial in Phase Ib resulted in an impairment of an intangible asset amounting to € 174 million as well as the recognition of a provision for follow-up costs in the low double-digit million euro range.

Following the acquisition of SpringWorks Therapeutics, Inc., USA, we are dedicating ourselves to the targeted treatment of patients with additional rare diseases and hematological cancers. In addition to our work in desmoid tumors, we continue to support industry and academic collaborator studies evaluating nirogacestat as part of B-cell maturation antigen combination therapy regimens across treatment lines in patients with multiple myeloma.

With mirdametinib, beyond our work in NF1-PN, a Phase I/II clinical trial evaluating mirdametinib as a monotherapy in pediatric and young adult patients with low-grade gliomas is being conducted by St. Jude Children's Research Hospital, Memphis, Tennessee, USA. The Phase II portion of the trial is ongoing, and patient enrollment is in progress.

In March 2025, we announced that we had exercised our option with Abbisko Therapeutics Co. Ltd., China, to commercialize pimicotinib in the United States and the rest of the world. We now hold worldwide commercialization rights for pimicotinib. The randomized double-blind treatment phase of the Abbisko-led global Phase III MANEUVER trial of pimicotinib for the treatment of tenosynovial giant cell tumor (TGCT) met its primary endpoint and all key secondary endpoints. Once-daily pimicotinib demonstrated a statistically significant improvement in the primary endpoint of objective response rate. The results were presented for the first time at the 2025 ASCO® Annual Meeting, with a longer-term analysis – conducted after the last patient completed the open-label treatment phase – presented at the ESMO Congress 2025.

Based on the positive findings from MANEUVER, we submitted applications to regulatory authorities in several regions in 2025. In China, the Center for Drug Evaluation (CDE) of the National Medical Products Administration (NMPA) granted priority review to pimicotinib in May for the treatment of patients with TGCT who require systemic therapy. In June, the CDE accepted our new drug application for marketing authorization of pimicotinib as a Class 1 innovative drug for adult patients with TGCT requiring systemic treatment. Pimicotinib has been granted breakthrough therapy designation by China's NMPA and the FDA, as well as fast track designation from the FDA and priority medicine designation from the European Medicines Agency. In December 2025, the NMPA approved pimicotinib for the treatment of adult patients with symptomatic TGCT for which surgical resection would potentially cause functional limitation or relatively severe morbidity.

Neurology & Immunology

We are continuing to expand the therapeutic focus areas of our Neurology & Immunology franchise by developing potential first-in-class treatments for conditions with high unmet medical needs. We have a pipeline focusing on discovering new therapies with potential in other neuroinflammatory and immune-mediated diseases, including systemic lupus erythematosus (SLE), cutaneous lupus erythematosus (CLE) and generalized myasthenia gravis (gMG).

Enpatoran, an investigational highly specific potential first-in-class immune modulator, is being developed as a new investigational oral therapy for lupus. It aims to overcome the limitations of currently available lupus therapies by providing selective inhibition of toll-like-receptors (TLR) 7 and 8, which are known as key lupus-relevant disease drivers.

The global Phase II WILLOW trial was uniquely designed to study enpatoran across two lupus cohorts including patients with both active SLE and CLE. In 2025, we shared encouraging results from the WILLOW trial, which indicate that enpatoran demonstrated a meaningful reduction in disease activity among patients with active lupus rash. These findings supported the potential of enpatoran as a viable treatment option for lupus patients. We have held discussions with key health authorities to determine the most effective Phase III pathway for bringing enpatoran to patients in need.

We are also exploring the potential of cladribine capsules for the treatment of gMG, a rare, serious and chronic neuromuscular autoimmune disease affecting an estimated 700,000 people worldwide that leads to progressive and significant muscle weakness, where a high unmet need remains, particularly with regard to oral treatment options. Cladribine capsules are expected to selectively target B and T lymphocytes, which are thought to be the root cause of gMG. We currently have a global Phase III clinical trial ongoing for cladribine capsules for the treatment of gMG.

In February 2025, we also presented new Mavenclad® (cladribine) tablets data at the 2025 Americas Committee for Treatment and Research in Multiple Sclerosis (ACTRIMS) Forum. The data reinforce Mavenclad® as being a differentiated disease-modifying therapy for adults with highly active relapsing multiple sclerosis (RMS) by showing consistent safety and high efficacy across a range of disability outcomes, combined with a suggested low treatment burden for both physicians and people living with MS.

Data presented from the CLARIFY-MS extension trial showed the continued effect of Mavenclad® on non-traditional and patient-centric efficacy measures of disease activity, including health-related quality of life and cognitive function through four years of treatment. These data demonstrated that the mental and physical health improvements as well as cognitive benefits were seen with Mavenclad® throughout the treatment-free period.

Additionally, two abstracts reporting four-year data from the MAGNIFY-MS extension trial suggest a positive effect of Mavenclad® on a range of biomarkers for MS in the periphery, including immune cell dynamics, serum neurofilament light chain (sNfL) and immunoglobulins, as well as in cerebrospinal fluid NfL levels and oligoclonal bands.

Results of the two-year MAGNIFY-MS trial suggested the ability of Mavenclad® to effectively reconstitute the immune system toward a more homeostatic and less pathogenic state without the need for continuous immunosuppression.

At the 2025 congress of the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS), we showcased a strong scientific narrative with 37 abstracts in RMS, including four-year data indicating that nearly nine in ten RMS patients treated with Mavenclad® remained free from progression independent of relapse activity and that Mavenclad® effectively reduced biomarkers of chronic neuroinflammation, neuroaxonal damage and disease progression while preserving brain volume loss. These results reinforced the potential of the drug to reduce neurodegeneration and neuroinflammation beyond established clinical efficacy outcomes in RMS.

Our pipeline

As of December 31, 2025

Therapeutic area / Compound	Indication	Status
Oncology		
Pimicotinib (CSF-1R inhibitor)	Tenosynovial giant cell tumor (TGCT)[1,2]	Registration
Nirogacestat (Gamma secretase inhibitor)	Ovarian granulosa cell tumors	Phase II
Precemtabart tocentecan (M9140, anti-CEACAM5 antibody drug conjugate)	Colorectal cancer	Phase Ib
Precemtabart tocentecan (M9140, anti-CEACAM5 antibody drug conjugate)	Pan tumor (Locally advanced or metastatic gastric cancer, non-small cell lung cancer, pancreatic ductal adenocarcinoma)	Phase Ib
M3554 (anti-GD2 antibody drug conjugate)	Advanced solid tumors[3]	Phase I
M0324 (Anti-MUC-1 x CD40 bispecific antibody)	Advanced solid tumors	Phase I
Neurology & Immunology		
Cladribine capsules (Immune reconstitution[4])	Generalized myasthenia gravis	Phase III
Enpatoran (TLR7/8 antagonist)	Systemic lupus erythematosus	Phase II
Enpatoran (TLR7/8 antagonist)	Cutaneous lupus erythematosus	Phase II
M5542 (CTLA4Ig/anti-OX40L fusion protein)	T cell-mediated autoimmune diseases[5]	Phase I
Global Health		
Cabamiquine (PeEF2 inhibitor)	Malaria[6]	Phase II

Pipeline products are under clinical investigation and have not been proven to be safe and effective. There is no guarantee any product will be approved in the sought-after indication.

[1] The Group entered a license agreement with Abbisko Therapeutics Co. Ltd., Shanghai, China, holding worldwide commercialization rights for pimicotinib.

[2] On 16 December 2025, the China National Medical Products Administration (NMPA) has approved pimicotinib for the treatment of adult patients with symptomatic tenosynovial giant cell tumor (TGCT) for which surgical resection will potentially cause functional limitation or relatively severe morbidity.

[3] Patients with soft tissue sarcoma (STS) and glioblastoma.

[4] Putative mechanism.

[5] Study in healthy volunteers.

[6] In combination with pyronaridine in two studies, either in participants with acute uncomplicated malaria, or as chemoprevention in participants with asymptomatic malaria infection.

CD40: Cluster of differentiation 40

CEACAM5: Carcinoembryonic antigen-related cell adhesion molecule 5

CSF-1R: Colony stimulating factor 1 receptor

CTLA-4: Cytotoxic T-lymphocyte associated protein 4

GD2: Disialoganglioside expressed on tumors

MUC-1: Mucin 1

OX40L: Ligand for OX40 receptor

Phase I: Dose finding

Phase Ib: Dose escalation/expansion and signal seeking

PeEF2: Plasmodium eukaryotic elongation factor 2

TEAD: Transcriptional Enhanced Associate Domain

TLR7/8: Toll-like receptors 7 and 8

Electronics

Our research and development (R&D) strategy follows our overall Electronics strategy, which aims to enhance and expand our capabilities, drive organic growth and enable new technology platforms. Our Chief Technology Office (CTO) identifies trends and vets technologies that are beyond the time horizon or scope of our business units. As a dedicated technology organization, the CTO manages research partnerships, shapes our technology roadmaps and manages our long-term R&D portfolio.

We are focusing our R&D capabilities on next-generation semiconductor and optical materials to further strengthen our position as one of the leading suppliers to the electronics industry. Powered by our Materials Intelligence™ platform, our core R&D domains – materials discovery and process integration – address the industry's priorities: delivering more powerful, more energy-efficient chips while reducing environmental impact. Consequently, sustainability and the use of artificial intelligence (AI) and machine learning are both key focus areas of our R&D.

Our sustainability approach is based on three core pillars that drive our activities: collaboration, innovation and operation.

- Collaboration: In the interconnected electronics supply chain, collaboration is crucial for developing and scaling sustainable solutions. Joint action benefits the entire value chain, enabling participants to achieve defined sustainability objectives together. One notable example of collaboration is the ongoing academic research program with Intel Corporation, USA, in Europe. This initiative comprises six projects with currently eleven universities and institutes across six countries. It aims to develop sustainable semiconductor manufacturing solutions through AI and machine learning, focusing on new materials, efficient processes and waste reduction.

- Innovation: Our R&D efforts push the boundaries of innovation to create a safer, smarter and more connected world while protecting the environment. One example of our commitment is the development of materials that do not use PFAS (per- and polyfluoroalkyl substances) in Patterning. These materials are intended to replace PFAS surfactants in photoresists, solvent-based antireflective coatings and rinse solutions in semiconductor photolithography. For instance, we completed the development of the PFAS-free i-Line (365 nm range) and KrF (krypton fluoride, 248 nm range) photoresists and have begun sampling these materials with several customers, advancing to more mature stages of qualification. We already offer alternative products for some applications.

- Operation: We recognize that real change begins with us, starting from our own production processes. We are committed to reducing our environmental footprint to meet our sustainability goals. Our efforts to reduce emissions of NF_3 (nitrogen trifluoride) and N_2O (nitrous oxide) from our own processes are one such example of our ambition in this area.

Process integration is about fit and scale – proving compatibility of new materials with key industry process modules and moving from lab to fab at volume. Working closely with customers and original equipment manufacturers (OEMs), we fast-track this process at our Intermolecular site in San José, USA – a highly configurable mini-fab that allows the addition of customer toolsets and process conditions, especially for thin film development. Intermolecular enables on-wafer, data-driven co-optimization, reducing development time for the customer by up to 63%. At the same time, contracted "fab-to-lab" programs to develop new technologies with tier 1 partners and start-ups give us early access to the next wave of innovations.

Semiconductor Solutions

Our R&D team works to ensure that we can supply the materials needed for the high-value steps in wafer processing. To this end, we collaborate with OEMs and device makers to shape the future of digital living, providing material solutions for advanced microchips with complex architectures, improved performance, enhanced thermal control, and greater energy efficiency.

The main R&D programs for our Semiconductor Solutions business units include the following:

Thin Films

In Thin Films, we are continuously expanding our product portfolio for both memory and logic chip customers, placing a key focus on unlocking new R&D opportunities with increasing 3D densification, including gate-all-around transistors and heterogeneous integration.

We are committed to enhancing our offerings by developing cutting-edge material solutions, including molybdenum, ruthenium and cobalt precursors for selective metallization, highly conformal silicon-containing films on complex 3D structures with precise thickness control and enhanced performance, gap-filling materials with low dielectric constants, metal oxide precursors, spin-on dielectric films, and more.

In 2025, to address increasing demand for gap-filling solutions in logic, memory and packaging, we expanded our chemical vapor deposition (CVD) R&D capabilities by investing in the installation of a state-of-the-art fab-like flowable CVD tool at our site in Tempe, USA. As a materials supplier, we now possess the full spectrum of process technologies for gap-filling capabilities.

Additionally, we leverage AI technology to significantly accelerate the development of novel materials development to meet the stringent timelines of our customers. We also collaborate with our OEM partners and customers on area-selective deposition and atomic layer etching to enable innovative, cost-effective and simplified integration schemes for logic and memory technologies.

Formulations (Patterning and Planarization)

The portfolio of the Formulations business field is divided into the areas of Patterning and Planarization.

In Patterning, adding to our aforementioned PFAS-free portfolio, progress on our fluorine-free extreme ultraviolet rinse materials is ongoing, with our second-generation formulation demonstrating comparable performance to legacy products. Notable advances in our fluorine-free top anti-reflective coating are being developed with customer sampling having been initiated and a commercial launch targeted for early 2027.

High numerical aperture extreme ultraviolet lithography requires even flatter substrates due to its reduced depth of focus. Our team developed the inkjettable material used by Canon Nanotechnologies, Inc., USA, in its new inkjet-enabled adaptive planarization technology, introduced to selected customers and innovators in February 2025, thus providing an innovative solution to further decrease waver planarity.

In Planarization, several of our back-end-of-line products have entered advanced stages of qualification for deployment in heterogeneous integration and advanced packaging platforms, reinforcing their critical role in enabling next-generation AI chip systems. This progress is complemented by our continued innovation in high-rate copper processes, which are increasingly vital for the high-performance interconnects in complex chip systems. Additionally, the proliferation of our tungsten solution for dynamic random access memory is accelerating, with notable growth recorded in 2025 compared with 2024. This sustained expansion underscores its importance in supporting advanced memory applications across emerging compute workloads.

Specialty Gases

We have one of the broadest specialty gases portfolios in the market, covering etching, cleaning, deposition, and dopant gases.

We are actively advancing new, climate-conscious, low-emission etching and cleaning gases, including innovative low-GWP (global warming potential) materials, and are broadening the range of applications for these sustainable solutions. Additionally, we are participating in the GENESIS project (GENErate a Sustainable Industry for Semiconductors), a new initiative of the European Union dedicated to fostering a more sustainable semiconductor industry in Europe. Through this project, launched under the European Chips Joint Undertaking, our sustainable specialty gases portfolio will support industry-wide environmental goals and research advancements in electronic systems.

We are also expanding our development efforts into advanced, high-performance etching gases required for the latest semiconductor device structures. Covering a range of different etch applications, we seek to further improve speed and precision, leveraging our expertise in organic and inorganic etch chemistry.

Delivery Systems & Services (DS&S)

To keep pace with the evolving industry, DS&S engages in the development of new equipment and delivery system offerings. These efforts are aligned with chemical materials recently introduced to semiconductor manufacturing and longer-term product evolution roadmaps to enhance competitiveness in the market.

One of the chemical compounds playing a major role for advanced memory and logic chips is molybdenum dichloride dioxide, a corrosive, high-melting solid that requires advanced delivery. We have built a custom bulk delivery system that enables our customers to achieve high precursor flow and utilization of the chemical in the container.

Optronics

Optronics supports customers in developing advanced display technologies for various applications, including TV, IT and mobile devices, automotive displays, and gaming. In collaboration with partners, we are advancing augmented reality and virtual reality, expanding the application of display materials and enhancing user experiences for future immersive devices.

We maintain and expand partnerships with leading panel manufacturers to develop next-generation display products and technologies, focusing on innovative barrier materials that offer superior flexibility, higher reliability and extended lifespans for flexible OLED devices, such as in IT applications.

In addition, we are continuing to work on advancing LCD technology as well as future optical technologies, including LC-on-silicon and material applications for reactive mesogens, such as for Pancharatnam-Berry lenses and head-up displays for use in new virtual and augmented reality devices.

Optical components are becoming increasingly important when it comes to meeting requirements for higher bandwidth and faster data transmission. Optronics is advancing newly required 3D metrology and inspection platforms to enable high-yield heterogeneous integration and advanced packaging.

Report on Economic Position

Macroeconomic and Sector-Specific Environment

In its latest World Economic Outlook published on January 19, 2026, the International Monetary Fund (IMF) projected stable global gross domestic product (GDP) growth at 3.3% for the year 2025. This economic stability was primarily attributable to declining global inflation rates, which were expected to decrease from an annual average of 5.8% in 2024 to 4.1% in 2025, with further declines anticipated in 2026. While inflation remained above target in the United States, it was subdued in many other regions, presenting both challenges and opportunities for monetary policy. Although U.S. tariff policy and trade tensions cast a shadow of uncertainty over the global economy, the private sector's agility in front-loading imports and swiftly reorganizing supply chains helped mitigate some impacts. Additionally, significant investments in artificial intelligence (AI) in emerging Asian markets contributed to additional economic growth.

The IMF highlighted general risks to the global outlook, including shifts in trade policy and rising protectionism, which disrupt supply chains and market access. Furthermore, tighter immigration policies also limit labor supply, impacting productivity. Despite these challenges, the IMF identifies key opportunities, such as breakthroughs in trade negotiations that ease tariffs, stronger multilateral cooperation and structural reforms that enhance labor mobility and digitalization. Additionally, sustained productivity gains from investments in AI and a modestly expansionary fiscal policy lead to economy-wide gains.

The development of GDP in selected countries and regions was as follows:

Annual change in %	**2025[1]**	2024
World	3.3	3.3
Advanced economies	1.7	1.8
USA	2.1	2.8
Euro area	1.4	0.9
Japan	1.1	-0.2
Emerging markets and developing economies	4.4	4.3
Emerging markets and developing economies Asia	5.4	5.3
India	7.3	6.5
China	5.0	5.0

[1] Figures for fiscal 2025 estimated.

The development of selected sector-specific environments was as follows:

	Change 2025[1]	Change 2024
Life Science		
Growth in market for laboratory products[2]	0.1%	-1.5%
Growth in global sales of biopharmaceutically manufactured drugs[3]	15.6%	13.9%
Share of biopharmaceutical sales in the global pharmaceutical market[3]	41.4%	39.4%
Early clinical monoclonal antibody (mAb) pipeline growth[4]	2.7%	6.5%
Healthcare		
Global pharmaceutical market	9.3%	9.1%
Market for multiple sclerosis therapies[5]	5.0%	-2.2%
Market for type 2 diabetes therapies[5]	23.3%	17.9%
Market for fertility treatment[5]	7.9%	8.7%
Market for the treatment of colorectal cancer[6]	-3.4%	10.3%
Electronics		
Growth of wafer area for semiconductor chips	5.4%	-2.5%
Growth of display surface area[7]	3.5%	6.3%

[1] Predicted development. Final development rates for 2025 were not available for all industries when this report was prepared.

[2] Global Market for Laboratory Products, October 2025, Frost & Sullivan.

[3] Global pharmaceutical spending at a constant exchange rate. IQVIA market data based on the past 12 months as of the third quarter 2025.

[4] Number of programs in Phase I or Phase II clinical trials, Cortellis (as of October 21, 2025).

[5] Growth rates based on market data in local currency, translated at a constant euro exchange rate. The IQVIA market data on the growth of indications are based on current figures, including the third quarter of 2025. Annual growth based on the values for the past 12 months. The type 2 diabetes market excludes the United States since this market is insignificant to the Group.

[6] Growth rates based on market data stated in U.S. dollars. Market data from EvaluatePharma on the growth of indications are based on published company reports and are subject to exchange rate fluctuations.

[7] Growth of display area is a pure volume indicator.

Life Science

Our Life Science business sector remains a global leader in providing innovative products, tools and services across research, pharmaceutical and biopharmaceutical production as well as industrial and testing laboratories. While the direct impacts of the Covid-19 pandemic are now behind us, the sector continues to undergo a normalization period as companies navigate a complex macroeconomic landscape. Geopolitical uncertainty, capital constraints and cautious spending have tempered growth for life science companies relative to pre-pandemic levels.

Markets served by the Our Life Science business sector are showing signs of recovery but have not yet fully returned to historical levels, especially in areas tied to early-stage innovation. According to the market research firm Frost & Sullivan, the market for laboratory products relevant to our Science & Lab Solutions business unit resumed slight growth in 2025 at 0.1% (2024: -1.5%), below historical average growth in the mid-single-digit range.

Macroeconomic challenges and subdued GDP growth have dampened venture capital investments and initial public offerings in the biotech space, resulting in lower demand for laboratory products. Many customers remain focused on operational efficiency. Once capital markets regain momentum, healthy laboratory spending is expected to follow.

In the pharma and biotech production market, where our Process Solutions and Life Science Services business units are active, demand is driven by the development and manufacture of therapeutics and vaccines. According to the market research firm IQVIA, the end market for biopharmaceuticals grew by 15.6% in 2025 (2024: 13.9%) to € 618 billion (or 41.4% of the global pharmaceutical market).

The biopharmaceutical market continued its expansion in 2025, supported by solid research and development investment and a rebound in clinical trial activity. Monoclonal antibodies (mAbs) remain the cornerstone of innovation with the number of mAbs in Phases I and II increasing by 2.7% (2024: 6.5%), driven by continued momentum in bispecific antibodies and antibody-drug conjugates.

Healthcare

In its latest study from September 2025, IQVIA forecasts growth of 9.3% in 2025 (2024: 9.1%) for the overall pharmaceutical market worldwide. Growth rates for the pharmaceutical market benefit from new product launches, demographic and epidemiological trends as well as improved access to care. This is balanced by generic and biosimilar product uptake together with stricter price policies.

EMEA (Europe, Middle East and Africa) grew by 8.2% in 2025 (2024: 10.1%) with the EU4 (Germany, France, Italy, and Spain) plus the United Kingdom growing by 6.3% (2024: 8.3%). North America grew by 12.3% (2024: 9.8%) with the United States growing at a rate of 12.6% (2024: 10.0%). The United States remains the biggest and most important pharmaceutical market by far. Latin America achieved double-digit growth of 11.7% (2024: 22.1%), impacted by decelerated but still high inflation. The Asia-Pacific region (excluding China and Japan) recorded 7.2% growth (2024: 7.0%). China has increased investment in healthcare infrastructure and access to innovative medicines while also extending price regulations (for example, through its National Volume-Based Procurement policy), decelerating growth to 0.3% in 2025 (2024: 1.8%).

Biotechnologically manufactured products account for 41.4% of pharmaceutical market value globally (2024: 39.4%). The United States remains the most important market with a 64.3% share.

Developments in the therapeutic areas of relevance to the Group saw differing trends in the reporting year. The global market for type 2 diabetes, excluding the United States, followed the high growth trend of previous years, growing 23.3% in 2025 (2024: 17.9%). The therapeutic area of infertility grew 7.9% in the reporting year (2024: 8.7%) with the Group as a global market leader. The market for colorectal cancer declined by 3.4% in 2025 (2024: +10.3%) with stronger usage of branded products despite biosimilar market penetration. The market for multiple sclerosis therapies returned to growth with 5.0% (2024: -2.2%) despite market entries of generics.

Electronics

The semiconductor industry is the most important market for our business with materials, solutions and services for integrated circuit production (Semiconductor Solutions). Demand for semiconductor materials primarily depends on the wafer area produced for semiconductors, with silicon wafers also serving as an indicator for overall semiconductor materials demand. According to the global industry association SEMI (October 2025 forecast), the delivered silicon wafer area recorded a 5.4% increase in 2025 (2024: -2.5%). The industry moved past the 2023 cyclical downturn, showed a recovery in 2024 and returned to growth in 2025.

The environment remained volatile, with macroeconomic challenges such as ongoing trade disputes and country- and sector-specific tariff discussions weighing on the global economy. Consumer demand for electronics and IT hardware remained subdued, as PC and smartphone shipments showed only slow, incremental growth and spending intentions remained muted. Despite these challenges, semiconductor manufacturers raised utilization rates and increased wafer shipments, mainly in advanced logic chips and selected memory segments driven by strong demand for AI and server end markets. We expect a positive outlook for the semiconductor market in 2026, primarily driven by surging demand for AI applications and chip producers' strong price/mix gains.

In the Optronics business unit, we provide a wide range of key materials for the display industry while also contributing to metrology and inspection devices for the semiconductor industry. According to OMIDA, the display industry recovered in 2024, showing 6.3% growth. Despite the growing uncertainty in the global economy, the demand for large-screen televisions continues to rise. Additionally, the ongoing replacement of IT devices and steady growth in automotive displays contribute to a positive outlook. As a result, the display surface area is projected to increase by 3.5% in 2025. Liquid crystals will remain vital in the display industry, while OLED technology is gaining prominence in high-end applications. At the same time, augmented reality technologies are rapidly transitioning from experimental phases to mainstream applications, significantly impacting both consumer and enterprise sectors. Finally, metrology and inspection tools are becoming increasingly important as semiconductor architecture evolves toward complex 3D design and heterogeneous integration.

Review of Forecast against Actual Business Developments

The forecast of the Group for fiscal 2025 published in the Annual Report for fiscal 2024 comprised the forecast for the Group as well as the forecast for the three business sectors: Life Science, Healthcare and Electronics.

Net sales

We forecast slight to moderate organic net sales growth of between +3% and +6% for the Group in fiscal 2025. The strongest growth driver compared with the previous year was the Life Science business sector, particularly the Process Solutions business unit. This unit offers products and services for the entire pharmaceutical production value chain and saw a return to organic sales growth compared with the previous year. In the Healthcare business sector, we achieved strong growth over the course of fiscal 2025, driven mainly by products from the Cardiovascular, Metabolism & Endocrinology franchise. In addition, our products Mavenclad® from the neurology and immunology therapeutic area, Tepmetko® from the oncology therapeutic area and Pergoveris® from the fertility therapeutic area contributed significantly to organic sales growth in the Healthcare business sector. In the Electronics business sector, we were unable to achieve organic growth in fiscal 2025 despite a strong semiconductor market. This was due to declining project business in the Semiconductor Solutions business unit, where the dependence on major discontinued customer orders noticeably impaired annual performance. Overall, we recorded organic net sales growth of +3.1% in fiscal 2025, achieving our most recent forecast of around +3% organic growth, as specified in the third quarter. At the start of the year, we forecast overall foreign exchange effects of between -1% and +2%. These were based in particular on the expected development of the U.S. dollar and some Asian currencies. We had to specify this forecast in the first quarter to between -3% and 0%, in the second quarter to between -5% and -2% and in the third quarter to between -5% and -3%. At the end of fiscal 2025, the foreign exchange effect was -3.7%, thus falling within the most recently specified range. The slightly positive portfolio effect was negligible at +0.4%. All in all, net sales amounted to € 21,102 million (previous year: € 21,156 million), representing a year-on-year decrease of -0.3%. Sales were thus slightly above the midpoint of the forecast range of between € 20,800 million and € 21,400 million and thus in line with the forecast specified in the third quarter. However, they were below the originally forecast range of € 21,500 million to € 22,900 million, which was due to negative foreign exchange effects in particular.

Life Science

Our Life Science business sector generated organic sales growth of +4.0% in fiscal 2025. Growth in fiscal 2025 was mainly driven by our Process Solutions business unit, which achieved double-digit growth. At the beginning of the year, we forecast organic sales growth of between +2% and +7% for the Life Science business sector for fiscal 2025. This forecast was adjusted in the first quarter to between +2% and +6% and in the second quarter to between +3% and +6%, then confirmed in the third quarter with a range of between +4% and +5%. The Process Solutions and Science & Lab Solutions business units recorded organic sales growth. In contrast, the Life Science Services business unit recorded an organic decline in sales. All in all, net sales in the Life Science business sector grew by +0.7% to € 8,980 million (2024: € 8,916 million), including a negative foreign exchange effect of -3.4% and a positive portfolio effect of +0.1%. Net sales were thus slightly below the midpoint of the forecast range of between € 8,900 million and € 9,100 million and thus within the forecast specified in the third quarter. However, they were outside the originally forecast range of € 9,100 million to € 9,800 million, due to negative foreign exchange effects in particular.

Healthcare

We originally forecast organic sales growth of between +1% and +5% for our Healthcare business sector compared with the previous year. We then adjusted this organic sales growth forecast to between +2% and +6% with the publication of the quarterly statement for the first quarter. We then specified this forecast to between +3% and +5% with the publication of the half-yearly financial report for the second quarter and narrowed it further to around +3% with the third-quarter figures. The business sector achieved this forecast with organic growth of +3.7% in fiscal 2025. This development was driven in particular by products from the Cardiovascular, Metabolism, and Endocrinology franchise. The Neurology & Immunology, Fertility and Oncology therapeutic areas also contributed, especially through our product Mavenclad®. Taking into account a negative foreign exchange effect of -4.1% and a positive acquisition effect of +2.2% from the acquisition of SpringWorks Therapeutics, Inc., USA, net sales in the Healthcare business sector increased by +1.8% in fiscal 2025 to € 8,607 million (2024: € 8,455 million). This was slightly above the midpoint of the forecast range of between € 8,500 million and € 8,700 million; accordingly, it was in line with the more specific forecast issued together with the figures for the third quarter and within the originally forecast range of € 8,300 million to € 8,900 million.

Electronics

For our Electronics business sector, we expected our semiconductor materials operations to be a significant driver of organic growth, assuming that the recovery in the semiconductor market that began in the previous year would continue in fiscal 2025. The project business of the Semiconductor Solutions business unit, however, was expected to decline slightly, as it is heavily dependent on major individual orders and typically subject to stronger fluctuations. Stable development was anticipated for our Optronics business unit. Although we achieved strong growth in our semiconductor materials business in fiscal 2025, our Electronics business sector had to adjust its growth forecast downward in the first and second quarters due to delays in customer projects within the Semiconductor Solutions business unit. The originally forecast organic net sales growth rate of +2% to +6% was revised after the second quarter to a negative organic growth range of -5% to -1%. We increased our organic sales development forecast a little to between -3% and -1% when we published the figures for the third quarter. With organic sales development of -0.6%, net sales were slightly outside this forecast. Taking into account a negative foreign exchange effect of -3.3% and a negative divestment effect of -3.2% relating to the divestment of the Surface Solutions business unit, net sales in the Electronics business sector fell by -7.1% compared with the previous year to € 3,515 million (2024: € 3,785 million). This was above the midpoint of the forecast range of between € 3,400 million and € 3,600 million and in line with the more specific forecast issued in the third quarter. Due to the negative foreign exchange effect and the negative divestment effect in particular, the net sales of the Electronics business sector were outside the originally forecast range of € 3,800 million to € 4,200 million.

EBITDA pre

Our original forecast for the EBITDA pre for fiscal 2025 ranged from +3% to +8% organic growth compared with the previous year. This expectation was based primarily on organic sales growth across all business sectors. In the Life Science and Electronics business sectors, we also anticipated positive effects from strict cost discipline. In the Healthcare business sector, we focused on strictly prioritized investments, in particular in research and development as well as marketing and sales, such as in preparation for the market launch of pimicotinib. Originally, we expected foreign exchange effects to impact EBITDA pre by -2% to +1% compared with the previous year. Based on the figures for the first quarter, we adjusted our EBITDA pre forecast to organic growth of between +2% and +7%, under the assumption of increased negative foreign exchange effects that would impact EBITDA pre by between -5% and -2% compared with the previous year. Due to rising sales in the Life Science and Healthcare business sectors and, in particular, the expected positive development of EBITDA pre in the Healthcare business sector, we refined the EBITDA pre forecast to +4% to +8% with the publication of the interim report on the second quarter. This forecast was further specified based on the figures for the third quarter and adjusted to a range of +5% to +7%. Due to negative foreign exchange effects, we adjusted our forecast for the impact of foreign exchange effects to between -6% and -3% in the second quarter and narrowed this to -6% to -4% together with the figures for the third quarter. EBITDA pre amounted to € 6,109 million in fiscal 2025 (2024: € 6,072 million), representing a total increase of +0.6% compared with the previous year. EBITDA pre was thus within the range of between € 6,000 million and € 6,200 million adjusted most recently with the report on the third quarter and also within the originally published forecast range. At +5.6%, organic EBITDA pre growth also fell within our forecast range of between +5% and +7%, adjusted most recently with the report on the third quarter. Foreign exchange effects came in at the lower end of our forecast range at -5.0%.

Life Science

In line with the expected organic net sales development, we originally forecast organic growth in EBITDA pre of between +2% and +9% and EBITDA pre of € 2,600 million to € 2,900 million in the Life Science business sector. We narrowed our forecast for organic EBITDA pre to between +1% and +7% in the first quarter. In the second quarter, the lower limit was raised to +3%, limiting the forecast to between +3% and +7%. In the third quarter, the forecast was further narrowed to between +4% and +6%. We expected earnings to be positively affected by the positive sales development and cost-saving effects. Changes in U.S. tariff policy, however, had a negative impact during the year. Combined with the most recent forecast in the third quarter of a negative foreign exchange effect of between -5% and -3%, the forecast range for EBITDA pre was between € 2,550 million and € 2,650 million. EBITDA pre in fiscal 2025 fell within this range at € 2,585 million (2024: € 2,589 million), but was slightly outside the originally forecast range, which was due to foreign exchange effects overall. This corresponds to a decline of -0.2% compared with the previous year, of which +3.9% was organic, -4.3% was due to foreign exchange effects and +0.3% was from portfolio effects. Organic EBITDA pre growth was thus slightly outside the most recently published forecast range.

Healthcare

We originally forecast organic EBITDA pre growth of between +3% and +9% for our Healthcare business sector. This forecast was originally based on tightly prioritized growth investments, such as preparations for the market launch of pimicotinib. In addition, the sale of a right to priority review by the U.S. Food and Drug Administration had a positive impact on the Healthcare business sector's results in a mid-double-digit million euro amount. With the publication of the figures for the first quarter, we increased the forecast range to organic EBITDA pre growth of between +4% and +10%. We then raised it further to between +9% and +13% in the interim report on the second quarter in response to stronger operating performance and stricter prioritization of growth investments in research and development. We narrowed this range to between +9% and +11% upon publication of the figures for the third quarter. Combined with the most recent forecast in the third quarter of a foreign exchange effect of between -9% and -7%, this resulted in a forecast range for EBITDA pre in the Healthcare business sector of between € 3,000 million and € 3,100 million. At € 3,080 million in fiscal 2025

(2024: € 2,995 million), EBITDA pre fell within the upper half of this range; hence, it was in line with the more specific forecast issued in the report on the third quarter and within the originally forecast range of € 3,000 million to € 3,300 million. This corresponded to an increase of +2.8% compared with the previous year (+11.5% organic, -8.5% foreign exchange effects, -0.1% portfolio effects).

Electronics

For the Electronics business sector, we originally forecast organic growth in EBITDA pre of between +3% and +9% in fiscal 2025. In addition to the expected growth in net sales, we anticipated a favorable mix effect in net sales, as well as positive effects from active cost management. With the presentation of the figures for the first quarter, we adjusted our forecast range for the organic development of EBITDA pre to between -3% and +8%. We corrected this forecast to between -15% and -7% with the publication of the interim report for the second quarter. This adjustment resulted from delays in customer projects in the project business of the Semiconductor Solutions business unit as well as additional negative one-time effects. We narrowed this forecast to -11% to -7% with the figures for the third quarter. Combined with the forecast for a foreign exchange effect between -6% and -4%, this resulted in a forecast range for EBITDA pre in the Electronics business sector of between € 800 million and € 850 million. At € 833 million in fiscal 2025 (2024: € 970 million), EBITDA pre was in line with the expectations specified in the report for the third quarter. This corresponded to a decline of -14.1% compared with the previous year (-9.0% organic, -4.4% foreign exchange effects, -0.7% portfolio effects). The originally forecast range of € 1,000 million to € 1,100 million was missed, however.

Corporate and Other

The expenses for Corporate and Other in EBITDA pre amounted to € -388 million in fiscal 2025. At the beginning of the year, the forecast range was between € -550 million and € -600 million. In the report on the second quarter, the forecast range was specified to be between € -350 million and € -400 million, meaning that this year's values for Corporate and Other were within this forecast range, which was confirmed in the third quarter. The original forecast for fiscal 2025 provided for a decline in earnings due to lower foreign currency hedging gains. Compared with the previous-year figure of € -482 million, expenses decreased by -19.4%.

Operating cash flow

We originally anticipated slight growth in the Group's operating cash flow in fiscal 2025. We narrowed this forecast to between € 3,700 million and € 4,300 million with the publication of the figures for the first quarter. As we expected the development of the operating cash flow to be largely in line with the positive operating performance, we corrected the forecast range to between € 3,600 million and € 4,000 million in the interim report on the second quarter and confirmed this in the report for the third quarter. The operating cash flow amounted to € 3,932 million in fiscal 2025 (2024: € 4,586 million), thus falling within this range. The decline of -14.3% compared with the previous year was primarily due to the negative development of working capital and the change in other assets and liabilities.

Course of Business and Economic Position

Group

Group

Key figures

			Change	
€ million	**2025**	2024	€ million	%
Net sales	21,102	21,156	-54	-0.3%
Operating result (EBIT)[1]	3,601	3,645	-44	-1.2%
Margin (% of net sales)[1]	17.1%	17.2%		
EBITDA[2]	5,899	5,779	120	2.1%
Margin (% of net sales)[1]	28.0%	27.3%		
EBITDA pre[1]	6,109	6,072	37	0.6%
Margin (% of net sales)[1]	28.9%	28.7%		
Profit after tax	2,615	2,786	-171	-6.1%
Earnings per share (€)	6.00	6.39	-0.39	-6.1%
Earnings per share pre (€)[1]	8.34	8.63	-0.29	-3.4%
Operating cash flow	3,932	4,586	-654	-14.3%

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

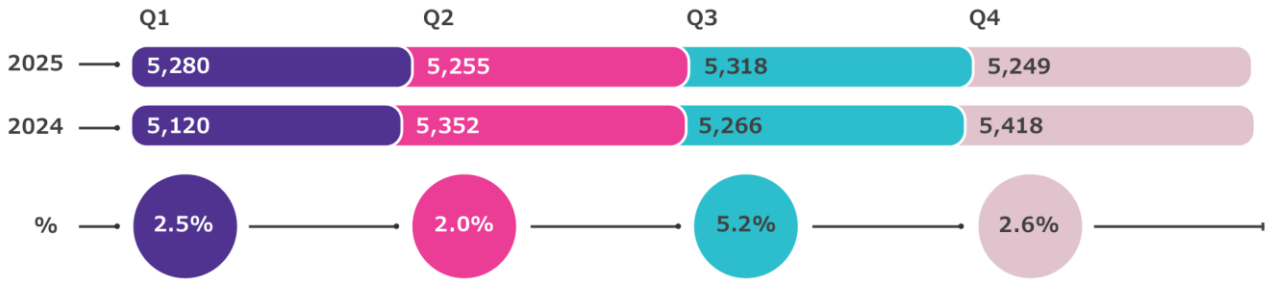
Development of net sales and results of operations

The net sales in the individual quarters and the respective organic growth rates in 2025 are presented in the following chart:

Group

Net sales and organic growth[1] by quarter[2]

€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

In fiscal 2025, the net sales of the Group by business sector developed as follows:

Group

Net sales by business sector

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Life Science	8,980	42%	4.0%	-3.4%	0.1%	0.7%	8,916	42%
Healthcare	8,607	41%	3.7%	-4.1%	2.2%	1.8%	8,455	40%
Electronics	3,515	17%	-0.6%	-3.3%	-3.2%	-7.1%	3,785	18%
Group	**21,102**	**100%**	**3.1%**	**-3.7%**	**0.4%**	**-0.3%**	**21,156**	**100%**

[1] Not defined by IFRS Accounting Standards.

In fiscal 2025, the Group recorded the following regional sales performance:

Group

Net sales by region

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Europe	6,417	30%	5.0%	-0.4%	-0.6%	4.0%	6,171	29%
North America	5,517	26%	-2.2%	-4.1%	2.9%	-3.4%	5,710	27%
Asia-Pacific (APAC)	6,936	33%	3.6%	-4.4%	-0.4%	-1.2%	7,017	33%
Latin America	1,447	7%	11.6%	-12.7%	-0.9%	-2.0%	1,477	7%
Middle East and Africa (MEA)	785	4%	4.8%	-4.0%	-0.4%	0.4%	781	4%
Group	**21,102**	**100%**	**3.1%**	**-3.7%**	**0.4%**	**-0.3%**	**21,156**	**100%**

[1] Not defined by IFRS Accounting Standards.

- In fiscal 2025, the Group generated net sales of € 21,102 million (2024: € 21,156 million), representing a year-on-year decline of € 54 million or -0.3%. Net sales grew organically by € 649 million or 3.1%. Net sales of the Healthcare and Life Science business sectors increased while the Electronics business sector reported an organic sales decline. Negative foreign exchange effects led to a reduction of net sales by € 782 million or -3.7%. These effects largely resulted from the exchange rate development of several Asian currencies and the U.S. dollar. The acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), which was completed on July 1, 2025, led to a portfolio-related sales increase in the Healthcare business sector. By contrast, the divestment of the Surface Solutions business unit to Global New Material International Holding Ltd., Cayman Islands, which was completed on July 31, 2025, resulted in a negative portfolio effect in the Electronics business sector.
- Net sales of the Life Science business sector grew by € 64 million or 0.7% year on year, to € 8,980 million (2024: € 8,916 million). This development was mainly due to organic effects, which amounted to € 357 million or 4.0%. Conversely, foreign exchange effects of € 305 million or -3.4% led to a decline in sales. The effects of acquisitions on net sales were negligible overall at 0.1%. At 42% (2024: 42%), Life Science again accounted for the largest share of Group net sales in fiscal 2025, followed by Healthcare at 41% (2024: 40%). Net sales of the Healthcare business sector increased by € 153 million or 1.8% year on year to € 8,607 million (2024: € 8,455 million). The organic growth of € 315 million or 3.7% was diminished by negative foreign exchange effects amounting to € 350 million or -4.1%. Positive acquisition effects of € 188 million or 2.2% were attributable to the acquisition of SpringWorks in particular. The decline in net sales in the Electronics business sector of € 271 million or -7.1% to € 3,515 million (2024: € 3,785 million) resulted from an organic sales decline of € 23 million or -0.6%, negative foreign exchange effects of € 127 million or -3.3% and a divestment effect of € 121 million or -3.2% due to the divestment of the Surface Solutions business unit. The percentage contribution of Electronics to Group net sales was 17% (2024: 18%).
- Orders already received by the reporting date that will result in net sales in future periods amounted to around € 4 billion on December 31, 2025 (December 31, 2024: around € 4 billion), of which around € 3 billion related to the Life Science business sector (December 31, 2024: around € 3 billion). Around 8% of the order intake is not expected to lead to net sales until fiscal 2027 (December 31, 2024: around 9% not expected to lead to net sales until fiscal 2026).

The Consolidated Income Statement of the Group is as follows:

Group

Consolidated Income Statement

					Change	
€ million	**2025**	**%**	2024	%	€ million	%
Net sales	**21,102**	**100.0%**	**21,156**	**100.0%**	**-54**	**-0.3%**
Cost of sales	-8,756	-41.5%	-8,671	-41.0%	-85	1.0%
Gross profit	**12,346**	**58.5%**	**12,485**	**59.0%**	**-139**	**-1.1%**
Marketing and selling expenses	-4,562	-21.6%	-4,536	-21.4%	-26	0.6%
Administration expenses	-1,437	-6.8%	-1,370	-6.5%	-68	5.0%
Research and development costs	-2,415	-11.4%	-2,279	-10.8%	-135	5.9%
Impairment losses and reversals of impairment losses on financial assets (net)	15	0.1%	-8	–	24	>100.0%
Other operating income and expenses	-347	-1.6%	-646	-3.1%	299	-46.3%
Operating result (EBIT)[1]	**3,601**	**17.1%**	**3,645**	**17.2%**	**-44**	**-1.2%**
Financial income and expenses	-293	-1.4%	-108	-0.5%	-184	>100.0%
Profit before income tax	**3,308**	**15.7%**	**3,536**	**16.7%**	**-228**	**-6.5%**
Income tax	-693	-3.3%	-751	-3.5%	58	-7.7%
Profit after tax	**2,615**	**12.4%**	**2,786**	**13.2%**	**-171**	**-6.1%**
Non-controlling interests	-7	–	-9	–	2	-26.3%
Net income	**2,608**	**12.4%**	**2,777**	**13.1%**	**-168**	**-6.1%**

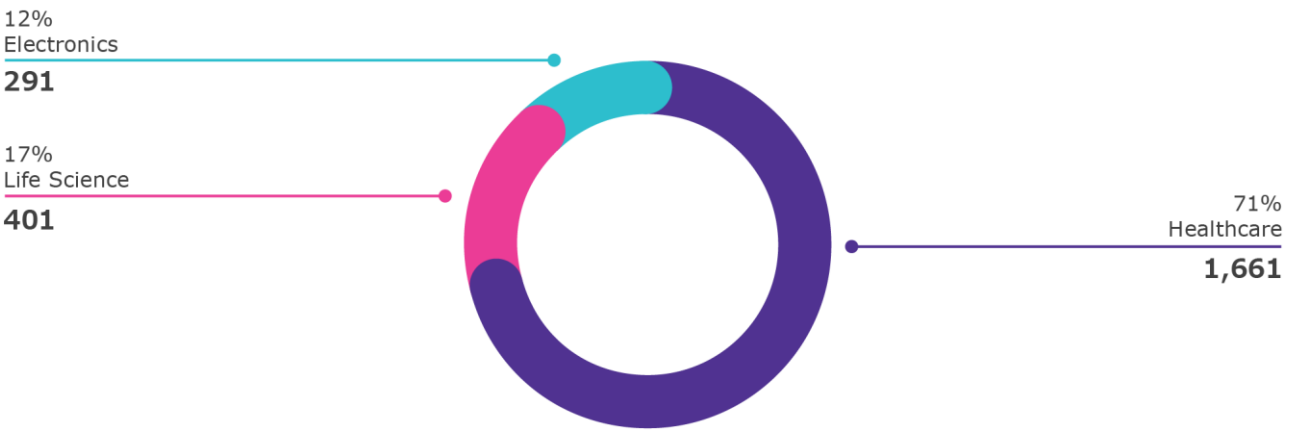
[1] Not defined by IFRS Accounting Standards.

The breakdown of research and development costs by business sector is as follows:

Group

Research and development costs by business sector[1] – 2025

€ million/%



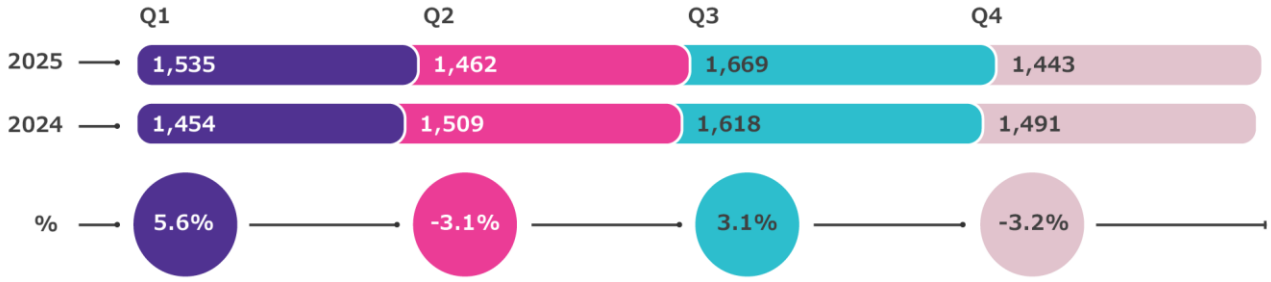
[1] Not presented: research and development costs of € 62 million allocated to Corporate and Other.

- The sales growth of the Life Science and Healthcare business sectors offset the decline in sales of the Electronics business sector; as such, net sales in fiscal 2025 remained around stable compared with the previous year. Gross profit also remained around stable compared with the year-earlier period.
- Marketing and selling expenses were around stable, while administration expenses were significantly above the level of the previous year, due in particular to the acquisition of SpringWorks.
- Accounting for 71% (2024: 69%) of Group research and development costs (excluding research and development costs allocated to Corporate and Other), Healthcare was once again the most research-intensive business sector of the Group. The increase in research and development costs was also mainly attributable to the acquisition of SpringWorks and the continuous intensification of research and development projects. Further information can be found under **Research and Development**.
- The negative net balance of other operating expenses and income declined significantly compared with the year-earlier period. This development was mainly a result of the disposal gain from the divestment of the Surface Solutions business unit to Global New Material International Holdings Ltd., Cayman Islands, which closed on July 31, 2025. The sale of a right to priority review by the U.S. Food and Drug Administration generated income of € 61 million and also had a positive effect on the net balance. Realized gains from currency translation arising from an absolute reduction in the share of a foreign business operation, with the corresponding reclassification of the pro rata accumulated currency translation difference, also had a positive effect on the net balance, as did an effect from non-income taxes due to changes in legislation in Latin America.
- All in all, the aforementioned developments resulted in an around stable operating result (EBIT) compared with the previous year and an EBIT margin of 17.1% (2024: 17.2%).
- Compared with the previous year, EBITDA pre, the key financial indicator used to steer operating business, increased by € 37 million or 0.6% to € 6,109 million (2024: € 6,072 million), remaining around stable overall.
- The negative net balance of financial income and expenses worsened to € -293 million (2024: € -108 million), due in particular to the negative development of interest income. Details about financial income and expenses can be found in Note (40) **Financial income and expenses/net gains and losses from financial instruments** in the Notes to the Consolidated Financial Statements.
- Income tax expenses amounted to € 693 million (2024: € 751 million) and resulted in a tax rate of 20.9% (2024: 21.2%).
- The net income attributable to shareholders of Merck KGaA, Darmstadt, Germany, declined by -6.1% to € 2,608 million (2024: € 2,777 million) and resulted in a reduction in earnings per share to € 6.00 (2024: € 6.39).

The development of EBITDA pre in the individual quarters in comparison with 2024 as well as the respective growth rates and its distribution by business sector are presented in the following overview:

Group

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Group

EBITDA pre[1] by business sector[2] – 2025
€ million/%

[1] Not defined by IFRS Accounting Standards.
[2] Not presented: decline in Group EBITDA pre by € -388 million due to Corporate and Other.

Net assets and financial position

Group

Balance sheet structure

	Dec. 31, 2025		Dec. 31, 2024[1]		Change	
	€ million	**%**	€ million	%	€ million	%
Non-current assets	**38,298**	**74.3%**	**38,146**	**73.9%**	**152**	**0.4%**
thereof:						
Goodwill	17,934		19,107		-1,172	
Other intangible assets	7,662		6,351		1,311	
Property, plant and equipment	9,940		10,025		-85	
Other non-current assets	2,762		2,663		99	
Current assets	**13,230**	**25.7%**	**13,450**	**26.1%**	**-221**	**-1.6%**
thereof:						
Inventories	4,562		4,484		78	
Trade and other current receivables	3,947		3,947		–	
Other current financial assets	688		642		46	
Other current assets	1,293		1,861		-568	
Cash and cash equivalents	2,740		2,517		223	
Total assets	**51,527**	**100.0%**	**51,596**	**100.0%**	**-68**	**-0.1%**
Equity	**28,660**	**55.6%**	**29,989**	**58.1%**	**-1,329**	**-4.4%**
Non-current liabilities	**13,826**	**26.8%**	**10,312**	**20.0%**	**3,514**	**34.1%**
thereof:						
Non-current provisions for employee benefits	1,553		1,956		-402	
Other non-current provisions	259		257		2	
Non-current financial debt	10,730		6,997		3,733	
Other non-current liabilities	1,283		1,102		181	
Current liabilities	**9,042**	**17.5%**	**11,295**	**21.9%**	**-2,254**	**-20.0%**
thereof:						
Current provisions	544		570		-26	
Current financial debt	1,238		3,304		-2,066	
Trade and other current payables/ refund liabilities	3,095		3,143		-48	
Other current liabilities	4,164		4,277		-114	
Total equity and liabilities	**51,527**	**100.0%**	**51,596**	**100.0%**	**-69**	**-0.1%**

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments** in the Notes to the Consolidated Financial Statements).

- Goodwill decreased year-on-year. The decline of goodwill, which is primarily carried in U.S. dollars, was attributable to currency translation differences in particular and was only partially offset by the acquisition of SpringWorks (further information can be found in Note (6) **Acquisition and divestments** in the Notes to the Consolidated Financial Statements).

- The increase in other intangible assets in fiscal 2025 was mainly attributable to additions from business combinations within the scope of the acquisition of SpringWorks (further information can be found in Note (6) **Acquisition and divestments** in the Notes to the Consolidated Financial Statements). By contrast, depreciation, amortization and impairment losses increased year-on-year, which among other things was due to an impairment loss in connection with the premature termination of a Phase Ib trial in the Healthcare business sector performed in collaboration with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China (see **Research and Development** for further details).

- Property, plant and equipment remained at the level of the previous year. Of the additions to property, plant and equipment in fiscal 2025, € 258 million (2024: € 387 million) related to strategic investments in Germany, including € 255 million (2024: € 372 million) for the expansion of the Darmstadt site. Significant projects include investments in the Healthcare business sector of € 55 million in a new multi-use research and development (R&D) facility and € 35 million in a production facility for transitioning R&D projects to commercial production and market launch. Moreover, Life Science invested € 50 million in a new research center. Outside Germany, large investments were made in strategic projects in the United States (€ 225 million), Taiwan (€ 143 million) and Ireland (€ 133 million) in particular. In the United States, Electronics invested € 52 million in a new R&D facility and € 24 million for expanding production capacity. Both investments were made in Sheboygan, Wisconsin, USA. In Ireland, Life Science invested € 120 million in the expansion of membrane production capacities and the construction of a new filtration plant in Cork. In Taiwan, Electronics invested € 80 million in a new production facility for semiconductor materials and specialty gases in Kaohsiung.

- In fiscal 2025, the equity of the Group declined by -4.4% to € 28,660 million (December 31, 2024: € 29,989 million). Profit after tax (€ 2,615 million) was offset by a negative currency translation difference (€ -3,331 million), which resulted primarily from the development of the U.S. dollar. Dividend payments and profit withdrawals in the reporting year also resulted in a decline (see **Consolidated Statement of Changes in Net Equity** in the Consolidated Financial Statements). The equity ratio decreased by more than two percentage points to 55.6% (December 31, 2024: 58.1%), partially as a result of the increase in financial debt.

- As in the previous year, the decrease in non-current provisions for employee benefits resulted mainly from actuarial gains in connection with the applied discount rate.

- Financial debt increased due primarily to the new issuance of bonds in connection with the acquisition of SpringWorks. In August 2025, the Group issued a U.S. dollar bond with a volume of US$ 4,000 million (€ 3,386 million). Current financial debt declined as a result of the repayment of a U.S. dollar bond with a nominal value of € 1,537 million that was issued in 2015 and due to mature in March 2025, as well as the repayment of a euro bond with a nominal value of € 750 million that was issued in 2020 and due to mature in July 2025. Higher financial liabilities to related parties, in particular to E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, also resulted in an increase in financial debt.

The composition and the development of net financial debt were as follows:

Group

Net financial debt[1]

			Change	
€ million	**Dec. 31, 2025**	Dec. 31, 2024	€ million	%
Bonds	9,073	7,693	1,380	17.9%
Bank loans	179	327	-149	-45.4%
Liabilities to related parties	1,988	1,429	560	39.2%
Loans from third parties and other financial debt	64	59	5	7.7%
Liabilities from derivatives (financial transactions)	17	31	-14	-44.4%
Lease liabilities	648	761	-114	-15.0%
Financial debt	**11,968**	**10,301**	**1,667**	**16.2%**
less:				
Cash and cash equivalents	2,740	2,517	223	8.8%
Other current financial assets[2]	610	629	-19	-3.0%
Net financial debt[1]	**8,619**	**7,155**	**1,463**	**20.5%**

[1] Not defined by IFRS Accounting Standards.

[2] Excluding current derivatives (operational) and contingent considerations, which are recognized in the context of business combinations according to IFRS 3.

For a description of the change in net financial debt, please refer to the foregoing explanation of the change in financial debt.

Group

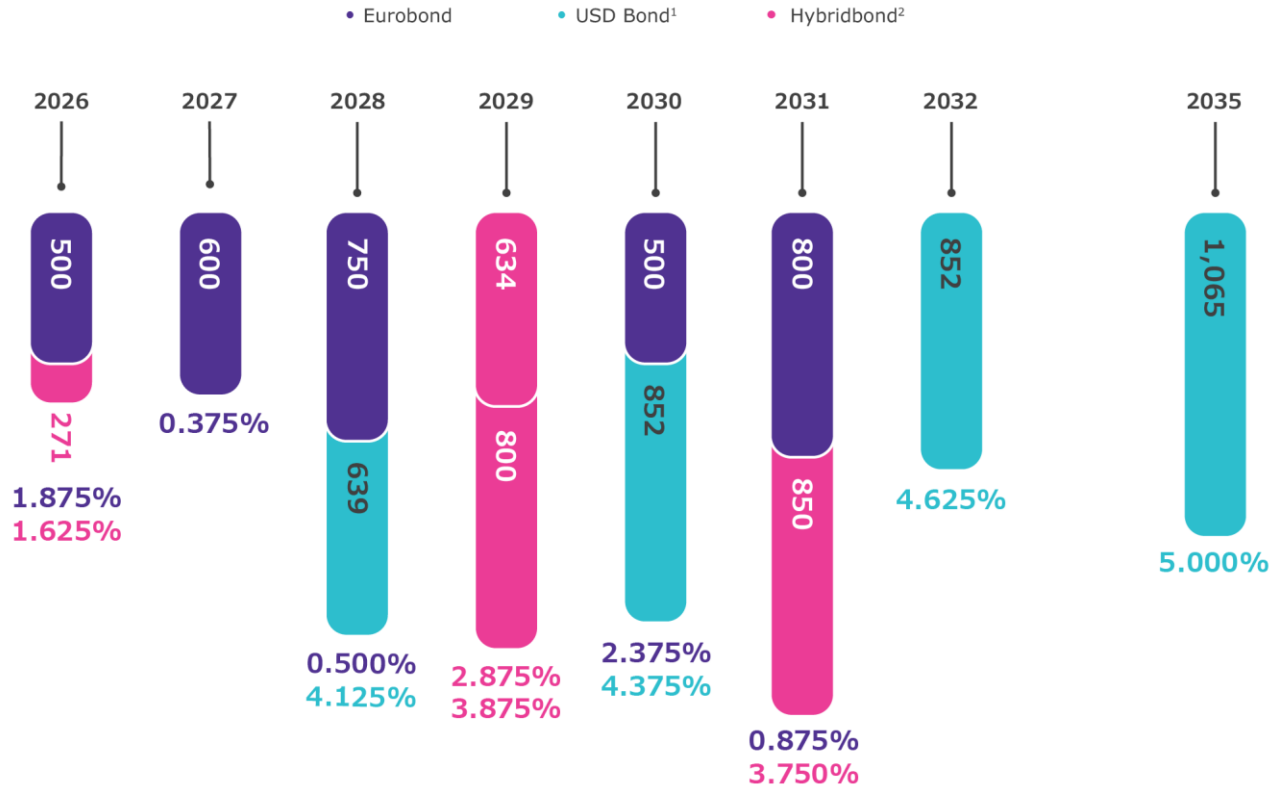
Reconciliation of net financial debt[1]

€ million	**2025**	2024
January 1	**7,155**	**7,500**
Operating cash flow	-3,932	-4,586
Payments for investments in intangible assets[2]	373	482
Payments from the disposal of intangible assets[2]	-171	-18
Payments for investments in property, plant and equipment[2]	1,585	1,702
Payments from the disposal of property, plant and equipment[2]	-25	-27
Acquisitions[2]	2,915	774
Payments from divestments[2]	-415	-7
Change in lease liabilities	120	383
Dividend payments/profit withdrawals[2]	1,049	1,040
Currency translation difference	-117	137
Other	82	-225
December 31	**8,619**	**7,155**

[1] Not defined by IFRS Accounting Standards.

[2] As reported in the Consolidated Cash Flow Statement.

- Traditionally, the capital market represents a major source of financing for the Group, for instance, via bond issues. As of December 31, 2025, there were liabilities with a nominal volume of € 3.15 billion from the debt issuance program, under which all euro bonds were issued (December 31, 2024: € 3.9 billion).
- Loan agreements represent a further significant source of financing for the Group. A € 2.5 billion syndicated loan facility is in place until 2029 to cover unexpected cash needs. This credit line is a backup facility that should only be used in exceptional situations. In addition, the Group also agreed upon several bilateral loan facilities.
- In addition, the Group has a commercial paper program with a volume of € 2.5 billion at its disposal. Within the scope of this program, the Group can issue short-term commercial papers with a maturity of up to one year. As in the previous year, the program was not made use of in fiscal 2025.
- Our financial liabilities are aligned with our planned free cash flow. The repayment profile of the issued bonds was as follows:



[1] The nominal amounts of bonds denominated in U.S. dollars were converted into euros at the closing rate on December 31, 2025.
[2] For the hybrid bonds, repayment is assumed at the earliest possible date.

- The capital market uses the assessments published by rating agencies to help lenders assess the risks of a financial instrument used by the Group. We are currently rated by the agencies Standard & Poor's and Moody's. While Standard & Poor's issued a long-term rating of A with a stable outlook, Moody's issued it an A3 rating with a stable outlook. An overview of the development of our rating in recent years is presented in the **Report on Risks and Opportunities**.
- The financial debt was not secured by liens or similar forms of collateral. The loan agreements do not contain any financial covenants. There were no indications that the availability of extended credit lines was restricted. Cash and cash equivalents included restricted cash amounting to € 412 million (December 31, 2024: € 368 million). We pursue a sustainable dividend policy and aim for a target corridor of 20% to 25% of earnings per share pre when determining the amount of the dividend. The average borrowing cost on December 31, 2025 was 3.1% (December 31, 2024: 2.2%).

The development of key balance sheet figures was as follows:

Group

Key balance sheet figures

%		Dec. 31, 2025	Dec. 31, 2024[2]	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Equity ratio[1]	Total equity / Total assets	55.6%	58.1%	55.2%	53.6%	47.2%
Asset ratio[1]	Non-current assets / Total assets	74.3%	73.9%	74.4%	74.9%	75.8%
Asset coverage[1]	Total equity / Non-current assets	74.8%	78.6%	74.1%	71.6%	62.3%
Finance structure[1]	Current liabilities / Liabilities (total)	39.5%	52.3%	40.0%	42.2%	43.6%

[1] Not defined by IFRS Accounting Standards.

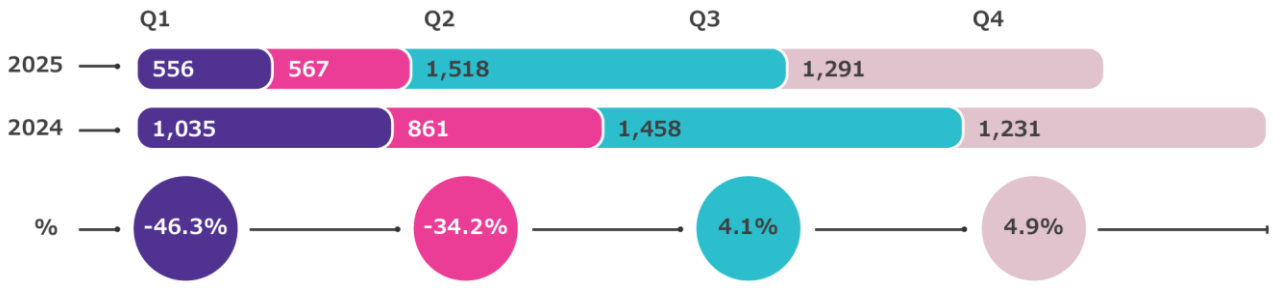
[2] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments** in the Notes to the Consolidated Financial Statements).

In the area of financial risks and opportunities, the Group uses an active management strategy to reduce the effects of fluctuations in exchange and interest rates. This also includes the use of derivative financial instruments. Further details on liquidity and counterparty market risks and opportunities are presented in the **Report on Risks and Opportunities** under **Financial risks and opportunities**.

In fiscal 2025, operating cash flow, which is one of the three most important key performance indicators alongside net sales and EBITDA pre, declined by € -654 million to € 3,932 million (2024: € 4,586 million). This was mainly due to the changes in net working capital, other assets and liabilities and financial income and expenses. Changes in provisions and the development of EBITDA pre had an opposing effect. Further information about the development of the operating cash flow can be found in the **Internal Management System** section in this Combined Management Report under **Consolidated Cash Flow Statement** in the Consolidated Financial Statements and in Note (16) **Operating cash flow** in the Notes to the Consolidated Financial Statements. The distribution of operating cash flow across the individual quarters and the percentage changes in comparison with 2024 were as follows:

Group

Operating cash flow[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Overall assessment of business performance and economic situation

- Despite continued challenging macroeconomic developments and headwinds in individual markets, the Group can look back on a largely positive fiscal 2025 thanks to the diversified nature of its business sectors. Higher demand resulting from new customer projects and a normalization of the market in the Process Solutions business unit led to an increase in net sales in the Life Science business sector. All areas of the Healthcare business sector recorded an organic increase in net sales in fiscal 2025; together with the positive portfolio effect from the acquisition of SpringWorks, this more than offset the negative foreign exchange effects. In the Electronics business sector, the decline in net sales was primarily due to the negative sales development in the Delivery Systems & Services business field, negative foreign exchange effects as well as the divestment of the Surface Solutions business unit.

- Overall, net sales of the Group decreased by € -54 million, or -0.3%, to € 21,102 million in fiscal 2025 and thus remained roughly stable. Our most important key performance indicator, EBITDA pre, rose by 0.6% to € 6,109 million. Organic growth through market opportunities (+5.6%) slightly outweighed the impact of negative foreign exchange effects on earnings (-5.0%). We will propose to the Annual General Meeting an unchanged dividend payment of € 2.20 per share for fiscal 2025.

- The continued solid financing policies of the Group were reflected in robust balance sheet figures. The equity ratio remained at a high level of 55.6% as of December 31, 2025 (December 31, 2024: 58.1%). Net financial debt increased, due primarily to the acquisition of SpringWorks, and amounted to € 8.6 billion at the end of the fiscal year (2024: € 7.2 billion).

- Based on our solid net assets and financial position as well as our diversified operations, we view the economic situation of the Group as positive overall. Thanks to our resilient business model and our clear positioning as a science and technology company, we are well positioned even in economically challenging times.

Life Science

Life Science

Key figures

			Change	
€ million	**2025**	2024	€ million	%
Net sales	8,980	8,916	64	0.7%
Operating result (EBIT)[1]	1,467	1,507	-39	-2.6%
Margin (% of net sales)[1]	16.3%	16.9%		
EBITDA[2]	2,423	2,455	-32	-1.3%
Margin (% of net sales)[1]	27.0%	27.5%		
EBITDA pre[1]	2,585	2,589	-4	-0.2%
Margin (% of net sales)[1]	28.8%	29.0%		

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

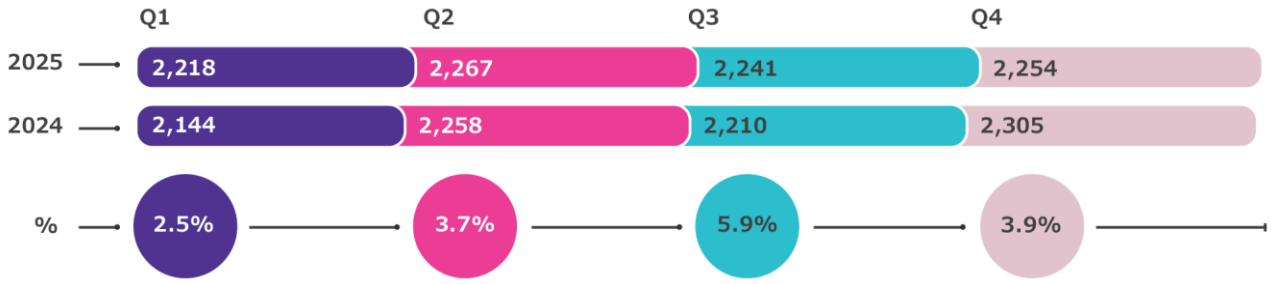
Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2024 as well as the respective organic growth rates are presented in the following chart:

Life Science

Net sales and organic growth[1] by quarter[2]

€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Life Science

Net sales by business unit

€ million	**2025**	**Share**	**Organic growth[1]**	**Exchange rate effects[1]**	**Acquisitions/ divestments[1]**	**Total change**	2024[2]	Share
Science & Lab Solutions	4,536	51%	0.3%	-3.4%	0.2%	-2.9%	4,672	52%
Process Solutions	3,785	42%	10.7%	-3.5%	0.3%	7.5%	3,522	40%
Life Science Services	659	7%	-4.5%	-3.4%	-0.9%	-8.7%	722	8%
Life Science	**8,980**	**100%**	**4.0%**	**-3.4%**	**0.1%**	**0.7%**	**8,916**	**100%**

[1] Not defined by IFRS Accounting Standards.

[2] Previous-year figures have been adjusted owing to an internal realignment.

- Sales of the Science & Lab Solutions business unit, which provides products and services to support life science research for pharmaceutical, biotechnology and academic research laboratories and researchers as well as scientific and industrial laboratories, remained around stable organically in fiscal 2025. This development was mainly affected by two factors: policy changes in the United States negatively impacting spending by academic and government research labs, and an overall challenging market environment, especially in China. Additionally, early-stage biotech funding in the market remained flat. Unfavorable foreign exchange effects in particular contributed to an overall sales decrease to € 4,536 million (2024: € 4,672 million).
- The Process Solutions business unit, which markets products and services for the entire pharmaceutical production value chain, saw organic growth of 10.7% in fiscal 2025. Despite unfavorable foreign exchange effects, net sales increased across all core regions (Europe, North America, Asia-Pacific) in 2025, driven primarily by higher demand from new customer projects and a normalizing market.
- The Life Science Services business unit, which offers fully integrated contract testing, development and manufacturing services, recorded a significant organic sales decline in fiscal 2025. This was mainly driven by the organic decline from our contract testing activities, due mainly to non-repeat projects in the previous year. Including unfavorable foreign exchange effects, the decline in sales was mainly attributable to North America.

Net sales of the business sector by region developed as follows:

Life Science

Net sales by region

€ million	**2025**	**Share**	**Organic growth[1]**	**Exchange rate effects[1]**	**Acquisitions/ divestments[1]**	**Total change**	2024	Share
Europe	3,315	37%	5.8%	–	–	5.7%	3,136	35%
North America	3,065	34%	1.4%	-4.3%	0.4%	-2.6%	3,146	35%
Asia-Pacific (APAC)	2,125	24%	4.5%	-5.4%	–	-0.8%	2,143	24%
Latin America	362	4%	8.2%	-13.6%	–	-5.3%	382	4%
Middle East and Africa (MEA)	112	1%	3.1%	-0.1%	–	3.0%	109	1%
Life Science	**8,980**	**100%**	**4.0%**	**-3.4%**	**0.1%**	**0.7%**	**8,916**	**100%**

[1] Not defined by IFRS Accounting Standards.

The following table presents the composition of EBITDA pre for 2025 in comparison with 2024. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Life Science

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	Pre[1]	IFRS	Elimination of adjustments	Pre[1]	Pre[1]
Net sales	**8,980**	**–**	**8,980**	**8,916**	**–**	**8,916**	**0.7%**
Cost of sales	-4,225	40	-4,185	-4,150	25	-4,125	1.4%
Gross profit	**4,755**	**40**	**4,795**	**4,766**	**25**	**4,791**	**0.1%**
Marketing and selling expenses	-2,199	6	-2,193	-2,238	25	-2,213	-0.9%
Administration expenses	-449	57	-393	-441	58	-382	2.7%
Research and development costs	-401	-1	-402	-388	1	-387	4.0%
Impairment losses and reversals of impairment losses on financial assets (net)	-5	–	-5	-7	–	-7	-23.9%
Other operating income and expenses	-233	160	-73	-186	111	-75	-2.9%
Operating result (EBIT)[1]	**1,467**			**1,507**			
Depreciation/amortization/ impairment losses/reversals of impairment losses	956	-99	857	948	-86	863	-0.7%
EBITDA[2]	**2,423**			**2,455**			
Restructuring expenses	64	-64	–	73	-73	–	
Integration expenses/IT expenses	54	-54	–	46	-46	–	
Gains (-)/losses (+) on the divestment of businesses	24	-24	–	1	-1	–	
Acquisition-related adjustments	5	-5	–	14	-14	–	
Other adjustments	14	-14	–	–	–	–	
EBITDA pre[2]	**2,585**	**–**	**2,585**	**2,589**	**–**	**2,589**	**-0.2%**
of which: organic growth[1]							3.9%
of which: exchange rate effects							-4.3%
of which: acquisitions/ divestments							0.3%

[1] Not defined by IFRS Accounting Standards.

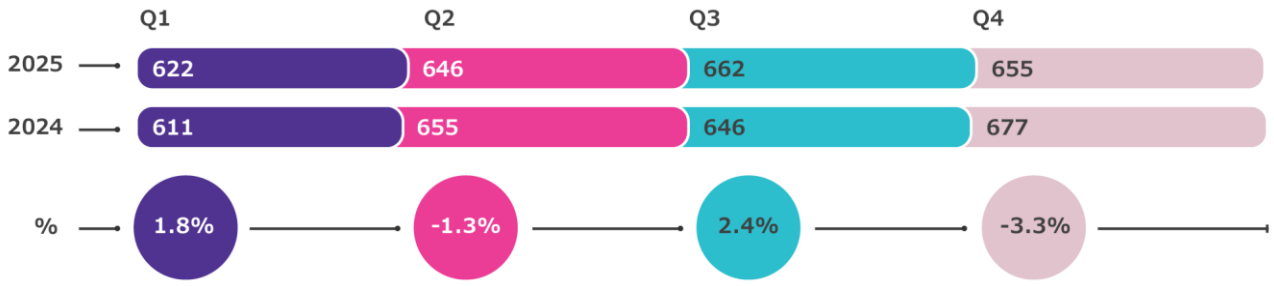
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

- Adjusted gross profit for the Life Science business sector remained around stable in fiscal 2025 compared with the previous year. Positive impacts such as the organic sales growth of Process Solutions in the low-teens percentage range and strict management of production costs were offset by higher tariff charges following the U.S. administration's introduction of increased tariffs as well as unfavorable foreign exchange effects. At 53.4%, the adjusted gross margin in fiscal 2025 was around stable compared with the previous year (2024: 53.7%).
- Marketing and selling expenses declined slightly in fiscal 2025 compared with fiscal 2024. Annual wage and salary increases were offset by saving measures and positive foreign exchange effects. The increase in research and development (R&D) costs was mainly driven by higher expenses for R&D projects to foster innovation and future growth and was also related to the acquisition of Mirus Bio LLC, USA, and Hub Organoids Holding B.V., Netherlands.
- While EBITDA pre saw a moderate organic increase in 2025 in line with the moderate organic sales growth, overall growth was impacted by unfavorable foreign exchange effects which offset the organic performance. Despite the unfavorable foreign exchange effects and the impact from increased tariffs, the EBITDA pre margin of 28.8% (2024: 29.0%) remained around stable overall in fiscal 2025.

The development of EBITDA pre in the individual quarters in comparison with 2024 is presented in the following overview:

Life Science

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Healthcare

Healthcare

Key figures

			Change	
€ million	**2025**	2024	€ million	%
Net sales	8,607	8,455	153	1.8%
Operating result (EBIT)[1]	2,165	2,481	-316	-12.7%
Margin (% of net sales)[1]	25.2%	29.3%		
EBITDA[2]	2,864	3,021	-156	-5.2%
Margin (% of net sales)[1]	33.3%	35.7%		
EBITDA pre[1]	3,080	2,995	85	2.8%
Margin (% of net sales)[1]	35.8%	35.4%		

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

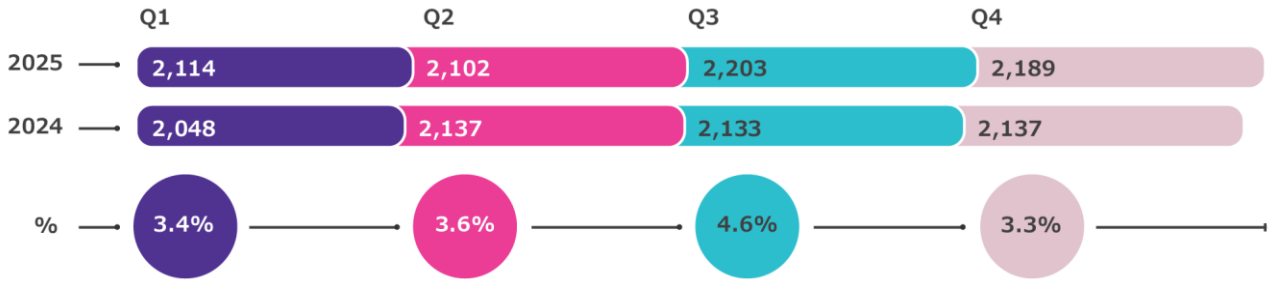
Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2024 as well as the respective organic growth rates are presented in the following chart:

Healthcare

Net sales and organic growth[1] by quarter[2]

€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Net sales of the key product lines and products developed as follows in 2025:

Healthcare

Net sales by major product lines/products

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change[1]	2024	Share
Oncology	**1,926**	**22%**	**0.3%**	**-4.5%**	**–**	**-4.2%**	**2,009**	**24%**
thereof: Erbitux®	1,176	14%	6.6%	-5.5%	–	1.2%	1,162	14%
thereof: Bavencio®	612	7%	-13.8%	-2.9%	–	-16.7%	735	9%
Rare Diseases	**188**	**3%**						
thereof: Ogsiveo®	134	2%						
thereof: Gomekli®	55	1%						
Neurology & Immunology	**1,659**	**19%**	**1.9%**	**-3.6%**	**–**	**-1.7%**	**1,688**	**20%**
thereof: Mavenclad®	1,194	14%	16.6%	-4.1%	–	12.4%	1,062	13%
thereof: Rebif®	465	5%	-23.0%	-2.8%	–	-25.8%	626	7%
Fertility	**1,457**	**17%**	**0.4%**	**-5.1%**	**–**	**-4.6%**	**1,528**	**18%**
thereof: Gonal-f®	735	9%	-6.7%	-5.0%	–	-11.7%	833	10%
thereof: Pergoveris®	329	4%	22.6%	-5.2%	–	17.4%	280	3%
Cardiovascular, Metabolism & Endocrinology	**3,050**	**35%**	**7.3%**	**-3.8%**	**–**	**3.4%**	**2,949**	**35%**
thereof: Glucophage®	975	11%	5.9%	-3.7%	–	2.3%	954	11%
thereof: Concor®	625	7%	4.7%	-2.3%	–	2.4%	611	7%
thereof: Euthyrox®	653	8%	9.4%	-3.9%	–	5.4%	619	7%
thereof: Saizen®	388	5%	13.0%	-6.8%	–	6.2%	366	4%
Other	**328**	**4%**					**280**	**3%**
Healthcare	**8,607**	**100%**	**3.7%**	**-4.1%**	**2.2%**	**1.8%**	**8,455**	**100%**

[1] Not defined by IFRS Accounting Standards.

- The oncology drug Erbitux® (cetuximab) recorded strong organic sales growth in fiscal 2025, supported by the Latin America, Europe and Middle East and Africa regions in particular. Growth in these regions was driven by increased demand compared with the year-earlier period.
- In immuno-oncology, the oncology drug Bavencio® (avelumab) recorded a decline in the mid-teen percentage range in the reporting period. This sales decline was attributable to reduced demand in North America in particular, but also in Asia-Pacific and Europe, as alternative treatment methods for patients with locally advanced or metastatic urothelial carcinoma were increasingly preferred.
- The Rare Diseases franchise includes sales from the products Ogsiveo® (nirogacestat), which is used to treat progressing desmoid tumors, and Gomekli® (mirdametinib), which is the first and only medicine for both adults and children aged two years and older with NF1-associated plexiform neurofibromas (NF1-PN). Both products were gained as a result of the acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks), on July 1, 2025, and have since contributed to our portfolio and overall growth. This is reflected in acquisition-related growth of 2.2% for Healthcare.
- Mavenclad®, for the oral short-course treatment of highly active relapsing forms of multiple sclerosis (MS), generated organic sales growth in the high-teen percentage range in fiscal 2025, maintaining its blockbuster status for the third year in a row with net sales of more than US$ 1 billion. This favorable growth was driven primarily by increasing demand in North America and Europe.
- Sales of the drug Rebif®, which is used to treat relapsing forms of MS, decreased organically in the low-twenties percentage range in fiscal 2025. This was attributable to the ongoing difficult competitive situation in the interferon market due to challenges from oral dosage forms and high-efficacy MS therapies.

- Sales of the Fertility franchise remained around stable organically in fiscal 2025 compared with the year-earlier period. Gonal-f®, the leading recombinant hormone used in the treatment of infertility, saw a strong organic sales decline. This development was primarily influenced by the North America region. In the same period, Pergoveris®, which combines recombinant human follicle-stimulating hormone (r-hFSH) and recombinant human luteinizing hormone (r-hLH), posted organic sales growth in the low-twenties percentage range, to which all regions contributed.

- The Cardiovascular, Metabolism & Endocrinology franchise, which commercializes drugs for the treatment of cardiovascular diseases, thyroid disorders, diabetes, and growth disorders, delivered strong organic sales growth in fiscal 2025 thanks to increased demand. The diabetes medicine Glucophage® posted solid sales growth, driven primarily by the Latin America and Asia-Pacific regions. The beta-blocker Concor® also saw solid organic sales growth, driven mainly by the Asia-Pacific region. The thyroid medicine Euthyrox® achieved strong organic sales growth compared with the year-earlier period, to which all regions except North America contributed. The product Saizen® for the treatment of various growth hormone disorders recorded organic sales growth in the low-teens percentage range compared with the year-earlier period. This was mainly influenced by the development in the Middle East and Africa, Latin America and Europe regions.

Healthcare

Product sales and organic growth[1] of Mavenclad®, Erbitux® and Glucophage® by region – 2025

		Total	Europe	North America	Asia-Pacific (APAC)	Latin America	Middle East and Africa (MEA)
	€ million	1,194	423	635	19	69	48
Mavenclad®	Organic growth[1]	16.6%	13.3%	18.1%	-3.3%	31.9%	14.6%
	Share	100%	35%	53%	2%	6%	4%
	€ million	1,176	483	–	476	138	79
Erbitux®	Organic growth[1]	6.6%	5.5%	–	-1.3%	31.3%	24.9%
	Share	100%	41%	–	40%	12%	7%
	€ million	975	142	–	509	229	95
Glucophage®	Organic growth[1]	5.9%	2.5%	–	5.3%	14.1%	-3.2%
	Share	100%	15%	–	52%	23%	10%

[1] Not defined by IFRS Accounting Standards.

Net sales in the Healthcare business sector by region in 2025 developed as follows:

Healthcare

Net sales by region

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Europe	2,835	33%	4.6%	-0.7%	0.4%	4.3%	2,720	32%
North America	1,810	21%	-4.2%	-4.0%	10.0%	1.8%	1,778	21%
Asia-Pacific (APAC)	2,277	27%	3.0%	-4.3%	–	-1.2%	2,305	27%
Latin America	1,062	12%	13.1%	-12.5%	–	0.5%	1,056	12%
Middle East and Africa (MEA)	622	7%	9.4%	-4.8%	–	4.6%	595	7%
Healthcare	**8,607**	**100%**	**3.7%**	**-4.1%**	**2.2%**	**1.8%**	**8,455**	**100%**

[1] Not defined by IFRS Accounting Standards.

The following table presents the composition of EBITDA pre in fiscal 2025 in comparison with 2024. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the functional costs.

Healthcare

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	Pre[1]	IFRS	Elimination of adjustments	Pre[1]	Pre[1]
Net sales	**8,607**	**–**	**8,607**	**8,455**	**–**	**8,455**	**1.8%**
Cost of sales	-2,368	54	-2,314	-2,201	–	-2,201	5.2%
Gross profit	**6,239**	**54**	**6,293**	**6,254**	**–**	**6,254**	**0.6%**
Marketing and selling expenses	-1,832	62	-1,770	-1,713	3	-1,710	3.5%
Administration expenses	-355	32	-323	-313	12	-301	7.2%
Research and development costs	-1,661	34	-1,627	-1,503	9	-1,493	8.9%
Impairment losses and reversals of impairment losses on financial assets (net)	22	–	22	2	–	2	>100.0%
Other operating income and expenses	-248	229	-18	-247	110	-137	-86.6%
Operating result (EBIT)[1]	**2,165**			**2,481**			
Depreciation/amortization/ impairment losses/reversals of impairment losses	699	-197	502	540	-160	380	32.3%
EBITDA[2]	**2,864**			**3,021**			
Restructuring expenses	65	-65	–	8	-8	–	
Integration expenses/IT expenses	112	-112	–	11	-11	–	
Gains (-)/losses (+) on the divestment of businesses	1	-1	–	-45	45	–	
Acquisition-related adjustments	38	-38	–	–	–	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre[1]	**3,080**	**–**	**3,080**	**2,995**	**–**	**2,995**	**2.8%**
of which: organic growth[1]							11.5%
of which: exchange rate effects							-8.5%
of which: acquisitions/ divestments							-0.1%

[1] Not defined by IFRS Accounting Standards.

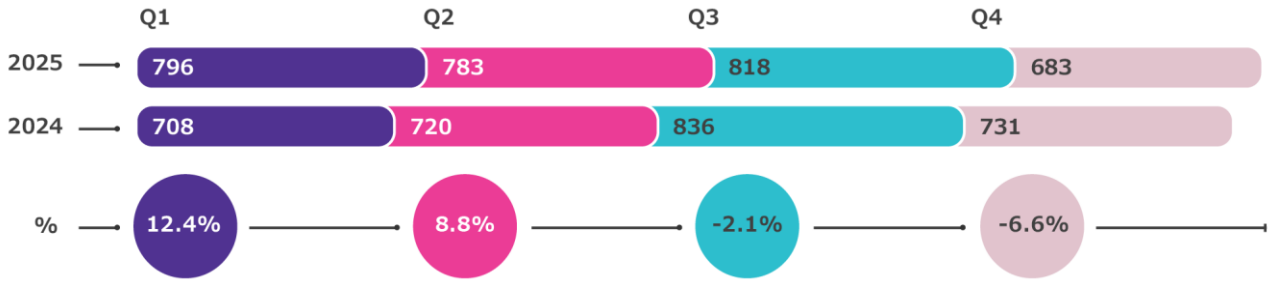
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

- In fiscal 2025, gross profit after the elimination of adjustments remained around stable, whereas the gross margin, at 73.1% (2024: 74.0%), decreased slightly year-on-year.
- After the elimination of adjustments, marketing and selling expenses increased moderately in the reporting period. Moreover, after eliminating adjustments in both cases, research and development costs and administration expenses increased significantly in fiscal 2025. This development was driven primarily by the additional follow-on costs resulting from the acquisition of SpringWorks. The continuous intensification of research and development projects caused an additional increase in research and development costs.
- In fiscal 2025, the negative net balance of other operating expenses and income after eliminating adjustments declined considerably compared with the previous year. This was especially attributable to income of € 61 million from the sale of an intangible asset that entitles the holder to priority review by the U.S. Food and Drug Administration.
- In fiscal 2025, EBITDA pre recorded an organic increase in the low-teens percentage range. However, strong negative foreign exchange effects meant that EBITDA pre increased moderately overall. In fiscal 2025, the EBITDA pre margin was 35.8% (2024: 35.4%) and thus remained around stable.

The development of EBITDA pre in the individual quarters in comparison with 2024 is presented in the following overview:

Healthcare

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Electronics

Electronics

Key figures

€ million	2025	2024	Change € million	Change %
Net sales	3,515	3,785	-271	-7.1%
Operating result (EBIT)[1]	381	360	21	5.9%
Margin (% of net sales)[1]	10.8%	9.5%		
EBITDA[2]	903	887	16	1.8%
Margin (% of net sales)[1]	25.7%	23.4%		
EBITDA pre[1]	833	970	-137	-14.1%
Margin (% of net sales)[1]	23.7%	25.6%		

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

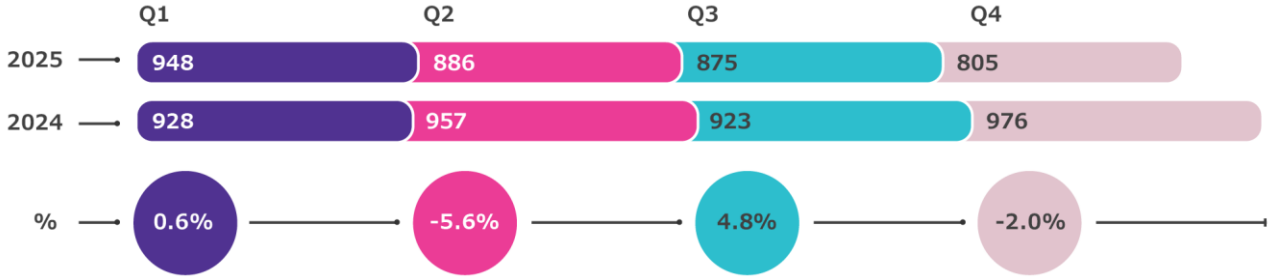
Development of sales and results of operations

The development of net sales in the individual quarters in comparison with 2024 as well as the respective organic growth rates are presented in the following chart:

Electronics

Net sales and organic growth[1] by quarter[2]

€ million/organic growth in %



[1] Not defined by IFRS Accounting Standards.

[2] Quarterly breakdown unaudited.

Electronics

Net sales by business unit

€ million	2025	Share	Organic growth[1]	Exchange rate effects[1]	Acquisitions/ divestments[1]	Total change	2024	Share
Semiconductor Solutions	2,494	71%	-1.4%	-3.7%	-0.1%	-5.2%	2,631	69%
Optronics	772	22%	0.6%	-3.2%	5.8%	3.2%	748	20%
Surface Solutions	249	7%	1.9%	-1.3%	-39.5%	-38.8%	406	11%
Electronics	**3,515**	**100%**	**-0.6%**	**-3.3%**	**-3.2%**	**-7.1%**	**3,785**	**100%**

[1] Not defined by IFRS Accounting Standards.

- The Semiconductor Solutions business unit, which comprises the Semiconductor Materials and Delivery Systems & Services (DS&S) businesses, posted around stable organic sales development in fiscal 2025 compared with the previous year. Semiconductor Materials achieved strong organic sales growth, which was driven by demand for state-of-the-art microchips (advanced nodes) in the field of artificial intelligence as well as for mature microchips (mature nodes). By contrast, DS&S recorded a sales decline in the low double-digit percentage range, caused by ongoing delays to large projects on the part of our customers. Alongside negative foreign exchange effects, this led to a significant overall decline in sales in the Semiconductor Solutions business unit.
- Net sales of the Optronics business unit, consisting mainly of the business with liquid crystals, photoresists for display applications, OLED materials, and metrology and inspection equipment, delivered moderate growth in fiscal 2025. At the end of fiscal 2025, Unity-SC SAS, France, contributed to organic growth for the first time since the acquisition, which was completed October 31, 2024. The continuing price pressure in the field of liquid crystals was partially offset by increased volume.
- The Surface Solutions business unit achieved slight organic sales growth in fiscal 2025. The Coatings business field contributed to this with moderate organic growth, while the Cosmetics business field recorded around stable organic development. Due to the divestment of the business unit to Global New Material International Holdings Ltd., Cayman Islands, which closed on July 31, 2025, and the associated divestment effect, net sales were significantly below the level of the previous year overall.

Net sales of the Electronics business sector by region developed as follows:

Electronics

Net sales by region

€ million	**2025**	**Share**	**Organic growth[1]**	**Exchange rate effects[1]**	**Acquisitions/ divestments[1]**	**Total change**	2024	Share
Europe	266	8%	0.2%	-0.5%	-15.3%	-15.6%	316	8%
North America	642	18%	-11.8%	-3.1%	-3.4%	-18.2%	785	21%
Asia-Pacific (APAC)	2,533	72%	3.5%	-3.7%	-1.1%	-1.4%	2,569	68%
Latin America	23	1%	5.1%	-7.9%	-36.2%	-39.0%	38	1%
Middle East and Africa (MEA)	50	1%	-28.1%	-2.8%	-4.3%	-35.2%	77	2%
Electronics	**3,515**	**100%**	**-0.6%**	**-3.3%**	**-3.2%**	**-7.1%**	**3,785**	**100%**

[1] Not defined by IFRS Accounting Standards.

The following table presents the composition of EBITDA pre for 2025 in comparison with 2024. The IFRS Accounting Standards figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Electronics

Reconciliation EBITDA pre[1]

	2025			2024			Change
€ million	IFRS	Elimination of adjustments	Pre[1]	IFRS	Elimination of adjustments	Pre[1]	Pre[1]
Net sales	**3,515**	**–**	**3,515**	**3,785**	**–**	**3,785**	**-7.1%**
Cost of sales	-2,162	19	-2,143	-2,319	16	-2,303	-6.9%
Gross profit	**1,352**	**19**	**1,371**	**1,466**	**16**	**1,483**	**-7.5%**
Marketing and selling expenses	-519	2	-517	-568	2	-566	-8.7%
Administration expenses	-151	15	-136	-166	33	-133	2.6%
Research and development costs	-291	1	-290	-297	1	-296	-2.1%
Impairment losses and reversals of impairment losses on financial assets(net)	-2	–	-2	-2	2	–	>100.0%
Other operating income and expenses	-9	-34	-43	-75	58	-16	>100.0%
Operating result (EBIT)[1]	**381**			**360**			
Depreciation/amortization/ impairment losses/reversals of impairment losses	522	-73	448	527	-29	498	-9.9%
EBITDA[2]	**903**			**887**			
Restructuring expenses	29	-29	–	22	-22	–	
Integration expenses/IT expenses	15	-15	–	32	-32	–	
Gains (-)/losses (+) on the divestment of businesses	-113	113	–	17	-17	–	
Acquisition-related adjustments	–	–	–	12	-12	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre[1]	**833**	**–**	**833**	**970**	**–**	**970**	**-14.1%**
of which: organic growth[1]							-9.0%
of which: exchange rate effects							-4.4%
of which: acquisitions/ divestments							-0.7%

[1] Not defined by IFRS Accounting Standards.

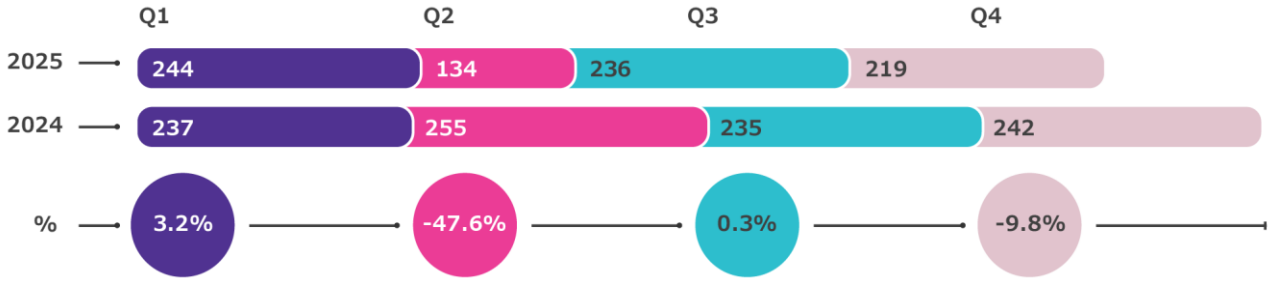
[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

- Due to the aforementioned decline in sales, gross profit of the Electronics business sector after eliminating adjustments declined significantly in fiscal 2025, primarily as a result of lower sales volumes and the poorer coverage of fixed costs associated with this. The gross margin after eliminating adjustments stood at 39.0% and was therefore around stable compared with the previous year (2024: 39.2%).
- Marketing and selling expenses decreased significantly compared with the previous year, which was attributable to the successful implementation of initiatives for lowering costs and raising efficiency. The divestment of the Surface Solutions business unit also had a positive effect. Conversely, administration expenses increased moderately, due primarily to higher project costs for cybersecurity and inflation.
- The negative net balance of other operating income and expenses before adjustments decreased considerably year-on-year. This resulted primarily from the proceeds from the divestment of the Surface Solutions business unit.
- Overall, EBITDA pre declined by € 137 million year-on-year in fiscal 2025. The EBITDA pre margin declined to 23.7% (2024: 25.6%).

The development of EBITDA pre in the individual quarters in comparison with 2024 is presented in the following overview:

Electronics

EBITDA pre[1] and change by quarter[2]
€ million/change in %



[1] Not defined by IFRS Accounting Standards.
[2] Quarterly breakdown unaudited.

Corporate and Other

Corporate and Other comprises administrative expenses for central Group functions that cannot be directly allocated to the business sectors.

Corporate and other

Key figures

			Change	
€ million	**2025**	2024	€ million	%
Operating result (EBIT)[1]	-413	-702	289	-41.2%
EBITDA[2]	-291	-584	293	-50.2%
EBITDA pre[1]	-388	-482	94	-19.4%

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

In particular, the improvement in the operating result and EBITDA in fiscal 2025 in comparison with the previous year was attributable to other operating income from realized gains from currency translation due to an absolute reduction of the share in a foreign business operation, with the corresponding reclassification of the pro rata accumulated currency translation difference. When adjusted for this income, EBITDA pre also improved compared with the previous year. Income from non-income taxes due to changes in legislation in Latin America also had a favorable impact on earnings in all three key performance indicators. These positive effects were partly offset by higher ongoing administrative expenses. Cross-business research and development costs amounting to € 62 million (2024: € 92 million) were allocated to Corporate and Other.

Report on Risks and Opportunities

As a global science and technology company, identifying risks and opportunities is an intrinsic part of making our business sectors resilient and generating value. We operate in a highly complex, global and interconnected business environment that further necessitates the competent management of risks and opportunities. Therefore, managing risks and opportunities is an imperative and a core component of our internal business planning and forecasting. We have processes, tools and responsibilities in place to enable the early identification of risks and to supply effective and efficient mitigation strategies.

In our internal risk reporting framework, we define risks as potential future events or developments that could result in unfavorable deviations from our financial and non-financial targets. Risk parameters in this context are the probability and the financial impact (EBITDA pre/free cash flow) or non-financial impact (e.g. on reputation or environmental, social and governance (ESG) aspects, among other factors).

Opportunities imply favorable deviations from our targets. Future events and expected developments are considered in internal planning if a likely occurrence can be assumed within the planning period. The following section presents the risks and opportunities that could result in favorable and unfavorable deviations from existing plans and targets.

The following report is relevant from the perspective of both Merck KGaA, Darmstadt, Germany, and the overarching Group. For additional information and details regarding the non-financial topics, please refer to the **Sustainability Statement**.

Three Lines of Defense

To organize risk management and controls, we use the well-established “Three Lines of Defense” model, which was developed by the Federation of European Risk Management Associations (FERMA), the European Confederation of Institutes of Internal Auditing (ECIIA) and the Institute of Internal Auditors (IIA). The model divides our company functions for controlling risks properly and effectively into three areas, referred to as lines of defense:

The first line of defense consists of all functions that are responsible for the operational business and whose day-to-day business risks can have an impact. Risk owners (i.e. the heads of the business units, enabling functions and local management) establish processes in accordance with the requirements set by the second line of defense to identify, assess and monitor risks, and to develop measures for proper risk mitigation. Results of these assessments are regularly communicated to the Executive Board.

The second line of defense includes enabling functions at both Group and local level that control and monitor the operational business (first line of defense). This includes the design and implementation of methods and procedures for risk management and the internal control system (financial and non-financial) as well as their regular monitoring.

The third line of defense is our Internal Auditing function. As an objective and independent auditing body, it examines both the operational business (first line of defense) and the controls and monitoring functions (second line of defense) to ensure that risks are effectively identified, evaluated and controlled vis-à-vis the Executive Board and the Supervisory Board.

Both the second and third line of defense functions regularly report to the Executive Board and the Audit Committee of the Supervisory Board.

Internal control system

The objective of the internal control system for the financial reporting process is to implement controls that provide assurance that the financial statements are prepared in compliance with the relevant accounting laws and standards. This system covers measures designed to ensure the complete, correct and timely reporting and presentation of information that is relevant for the preparation of the Consolidated Financial Statements, Annual Financial Statements of the Merck KGaA, Darmstadt, Germany, and the Combined Management Report.

Our internal control system for financial reporting is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, a globally recognized standard divided into five components: control environment, risk assessment, control activities, information and communication, and monitoring activities. Each of these components is regularly documented, reviewed and/or assessed. This control system aims to ensure the accuracy of the consolidated accounting process through functioning internal controls with reasonable assurance.

The Group Reporting function centrally steers and monitors the preparation and requirements of the Consolidated Financial Statements of Merck KGaA, Darmstadt, Germany, as the parent company of the Group. This consolidation process ensures the proper elimination of intragroup transactions. Group-wide accounting guidelines defined by Group Reporting form the basis for the preparation of the financial statements. In accordance with the IFRS Accounting Standards, the guidelines are adapted in a timely manner to reflect changes in the financial regulatory environment and are updated to reflect internal reporting requirements. For special issues, such as the accounting treatment of intangible assets within the scope of business combinations in accordance with IFRS 3 or defined benefit obligations, external experts are additionally involved where necessary.

The individual legal entities, including Merck KGaA, Darmstadt, Germany, have a local internal control system within a global framework. Where financial processes are handled by Global Enterprise Solutions, the internal control system of Global Enterprise Solutions is additionally applied. Both ensure that accounting complies with IFRS Accouting Standards and the Group accounting guidelines.

Group Financial Reporting provides support to the local contacts and ensures a consistently high quality of financial reporting throughout the entire process.

For Group financial reporting purposes, most of our subsidiaries use standard SAP software. SAP software is also used to prepare the Consolidated Financial Statements. A detailed authorization concept ensures the segregation of duties with respect to both single entity reporting and the Consolidated Financial Statements. The accounting process is generally designed to ensure that all units involved adhere to the principle of dual control.

The operational effectiveness of our financial internal control system is regularly tested by our legal entities and enabling functions within the scope of self-assessments. The quality is systematically reviewed by a dedicated enabling function for internal controls and governance. Control deficiencies are properly recorded and, where necessary, adequate countermeasures are taken to remediate them in a timely manner.

In the context of constantly evolving external and internal requirements for the management of non-financial risks, we continued to develop and implement procedural and organizational measures for non-financial risk management. The non-financial risk assessment was further refined in fiscal 2025 as part of the overarching risk management approach.

The non-financial internal control system aligns with the sustainability strategy and is set up in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD). The goal is to continuously prepare for and ensure regulatory compliance, pursuant to existing and upcoming regulatory requirements, by implementing organization-wide measures and controls.

The overall effectiveness of our internal control system with regard to accounting and the compliance of the relevant individual companies' financial reporting is confirmed by both the local Managing Director and the local Chief Financial Officer by signing the single entity reporting and a separate confirmation regarding the effectiveness of the control system. For the accounting treatment of balance sheet items, Group Reporting closely cooperates with Risk Management to reflect potential risks correctly in the balance sheet.

All the structures and processes described in the foregoing relate to the Group Reporting procedures and are subject to regular review by Group Internal Auditing based on an annual audit plan set out by the Executive Board.

The results of the self-assessments, quality reviews and internal audits are dealt with by the Executive Board, the Supervisory Board and the Audit Committee. Our internal control system makes it possible to lower the risk of material misstatements in accounting. However, residual risk cannot be entirely ruled out as no internal control system is infallible, irrespective of its design.

Risk and opportunity management

Group Risk Management provides the organizational framework for risk management and reports to the Group Chief Financial Officer. We have established a holistic risk management system aimed at safeguarding the long-term achievement of our Group's goals and addressing risks to ensure our continued existence and future success. Within the scope of audits, Group Internal Auditing regularly reviews the performance of risk management processes within the company and, at the same time, the communication of relevant risks from the operating businesses to Group Risk Management. Additionally, the external auditor examines the risk early warning system in accordance with section 317 (4) of the German Commercial Code (HGB) as part of the year-end audit of Merck KGaA, Darmstadt, Germany.

Our risk management activities aim to continuously and promptly identify, assess and manage risks so that appropriate measures can be implemented to mitigate their potential negative impact. The responsibilities, objectives and procedures of risk management are outlined in our internal Group standard for risk management. The designated risk owners, including business heads, Managing Directors of the subsidiaries and heads of Group functions, are responsible for overseeing and running risk management processes. These processes encompass various requirements, such as identifying risks while considering internal and external factors (impacting both financial and non-financial targets), analyzing risks, implementing appropriate mitigation actions, establishing preventive measures and contingency plans if applicable, as well as documenting risks and mitigation efforts.

The risk owners continuously assess the status of risks and report their risk portfolio to Group Risk Management twice per year. To facilitate and support these activities, we employ dedicated risk management tools. Group Risk Management coordinates and supervises the bottom-up risk reporting process. This includes validating the plausibility of the reported risks, assessing the effectiveness of mitigation measures and time frames and determining the residual risk. The net risk is then presented in the internal risk report.

For the internal bottom-up risk reporting process, reporting is based on defined thresholds and a variety of distribution functions are used to reflect scenarios with various probabilities. Risks below the global reporting threshold are managed and monitored at a local level. The time frame applied for internal risk and opportunity reporting is five years. In 2025, the time frame was extended to 2030 in order to align with the financial planning process. It may be extended further in specific cases, such as for regulatory risks related to climate change. The outlined risks and their evaluation are based on respective annual values within the reporting period. The assessment of the risks presented relates to December 31, 2025. No significant changes occurred after the balance sheet date that would necessitate an amended presentation of the Group's risk situation.

Group Risk Management analyzes the reported information to determine the current risk portfolio of the Group. This assessment is presented in a comprehensive report, accompanied by detailed explanations, to the Executive Board, the Supervisory Board and relevant committees twice per year. This also encompasses a quantitative aggregation of risks at Group level using a Monte Carlo simulation. Moreover, any notable changes in the assessment of existing risks or the identification of new significant risks can be reported at any time and promptly communicated to the Executive Board.

Our internal controlling processes incorporate the opportunity management process, which is aligned with the Group's strategy within the business units. As part of the strategy and planning processes, the business sectors analyze and evaluate potential business-related opportunities. In this context, investment opportunities are carefully examined and prioritized primarily in terms of their potential value proposition, ensuring optimal resource allocation. We target investment in growth markets to leverage the opportunities of dynamic development and customer proximity at a local level.

Identified opportunities that are deemed likely to occur are integrated into the business plans and forecasts. Additionally, trends and events that have the potential to positively impact EBITDA pre and/or free cash flow are taken into consideration. These opportunities have the potential to have a positive effect on our medium-term prospects.

Overall evaluation

The aim of our internal control system is to prevent and reduce potential risks and to actively steer existing risks in business processes. In this way, it helps ensure that the company's activities comply with laws and regulations. The entire internal control system and the methods applied are refined continuously. The respective senior leaders or risk and process owners are responsible for the effectiveness of the internal control system of the accounting processes and the further development of the non-financial key metrics.

Relevant aspects for evaluating the overall effectiveness of the internal control system and risk management were conducted as a single confirmation process in 2025. This process included respective confirmations by the enabling functions, the local Managing Director, the local Chief Financial Officer, and the business functions. The results of this assessment were presented to the Executive Board, taking the recommended opportunities for improvement into consideration where applicable.

The non-financial internal control system was further enhanced and its maturity increased. Based on risk-based assessments of the financial and non-financial internal control system, compliance and risk management, stakeholder confirmations, and regular general audits by Internal Auditing, as of December 31, 2025, the Executive Board was not aware of any material issues that would indicate that this system is not appropriate or effective.

Risk and opportunity assessment

The significance of a risk is evaluated based on its potential unfavorable deviation from our financial and non-financial targets in conjunction with the probability of occurrence of the respective risk. This evaluation focuses on the most likely risk scenarios.

The underlying scales for measuring these factors are shown below:

Probability of occurrence

Probability of occurrence	Explanation
≤ 1%	Highly improbable
> 1 – 5%	Improbable
> 5 – 20%	Possible
> 20 – 50%	Likely
> 50%	More likely than not

Degree of impact

Degree of impact	Explanation
≥ € 500 million	Critical negative impact on EBITDA pre and/or free cash flow
€ 100 – < 500 million	Significant negative impact on EBITDA pre and/or free cash flow
€ 25 – < 100 million	Moderate negative impact on EBITDA pre and/or free cash flow
€ 10 – < 25 million	Minor negative impact on EBITDA pre and/or free cash flow
< € 10 million	Immaterial negative impact on EBITDA pre and/or free cash flow

To enable a thorough evaluation of both financial and non-financial risks, a qualitative rating scale is available to evaluate the indirect financial impact. The used scale includes dimensions such as ESG, reputational, strategic, and/or operational aspects and is mandatory for the assessment of non-quantifiable and qualitative risks. The scale categorizes the risks' impact as minor, moderate, significant, or critical and provides a comprehensive reference for assessment.

Opportunities are assessed within their respective business environment. General measures of business functions are quantified during short-term and strategic planning, typically in relation to EBITDA pre (earnings before interest, taxes, depreciation, and amortization) and free cash flow. In addition, we identify and leverage opportunities as part of our regular business operations and through our daily observation of internal processes and markets.

Investment opportunities are primarily evaluated and prioritized using metrics such as net present value, internal rate of return, return on capital employed, and the payback period of the investment. These indicators are used to assess the potential of investment projects and to prioritize them accordingly. Similarly, scenarios are used to simulate the impact of potential fluctuations and changes in the respective parameters on results.

Business-related risks and opportunities

Political and regulatory risks and opportunities

As a global company, we face political and regulatory changes in a large number of countries and markets.

Risk of more restrictive regulatory requirements regarding drug pricing and reimbursement as well as pricing-related opportunities

Our business is affected by numerous regulations that are continuously changing – and could even become more stringent. In the field of healthcare, for example, the known trend toward increasingly restrictive requirements in terms of drug pricing, reimbursement and the expansion of rebate groups is continuing. With rising healthcare expenditures worldwide, both in absolute amounts and relative to GDP, healthcare budgets around the world face increasing pressure. These developments can negatively influence the profitability of our products, as can market referencing between countries and the success of market launches. Foreseeable effects are considered as far as possible in the Healthcare business sector's plans. Close communication with health and regulatory authorities serves as a preventive measure to avert such risks. The remaining risks beyond the current plans resulting from restrictive regulatory requirements are improbable to likely with up to a significant impact. Additionally, an event with minor impact is more likely than not to occur. While we consider the possibility of price cuts in our forecasts, there is also an opportunity in the event that price pressure from healthcare systems worldwide is less pronounced than expected or materializes at a later point in time versus the base assumption. Additionally, as a global specialty innovator that pursues a focused leadership approach in attractive therapeutic areas, we are positioned to benefit from attractive pricing schemes for demonstrated major therapeutic improvements.

Risk of stricter regulations for the manufacturing, testing and marketing of products

We adhere to a multitude of regulatory requirements regarding the manufacturing, testing and marketing of our products. In the European Union specifically, we are subject to the EU chemicals regulation REACH. Other regulations are also emerging globally in relevant markets, especially in Asia. The use of chemicals, such as per- and polyfluorinated alkyl substances (PFAS), in production and final products could be restricted, which would negatively impact the ability to manufacture and market certain products. With the EU Chemicals Strategy for Sustainability, an initiative of the European Green Deal, we expect increasing demands such as the substitution of specific hazardous substances or comprehensive testing for chemicals. We are constantly pursuing research and development (R&D) in substance characterization and the possible substitution of substances of concern to mitigate this risk. Further regulatory requirements could potentially lead to additional efforts and/or costs. Nevertheless, risks of stricter regulations are classified as improbable to likely with minor to moderate impacts.

Risk of negative political and macroeconomic developments

Throughout 2025, we have operated in an environment shaped by increased geopolitical fragmentation, shifts in global power dynamics and evolving regulatory priorities across major economies such as the United States, the European Union, China, and a range of emerging markets including India, Brazil and the wider BRICS group. Each region is advancing its own industrial and economic policies, resulting in new patterns of trade, investment and regulatory oversight that directly affect our operations.

Military conflict and regional instability remain significant factors. The ongoing war between Russia and Ukraine continues to influence energy markets and supply chains in Europe. In the Middle East, persistent conflicts present ongoing risks for trade flows and operational stability. In Asia, heightened tensions in the Taiwan Strait and the South China Sea, combined with evolving U.S.-China relations, present further uncertainties for technology and manufacturing networks critical to our business.

At the same time, the regulatory environment is evolving. The expansion of U.S., EU and Chinese export controls, particularly on advanced semiconductors, biotechnology and dual-use goods, has introduced additional compliance complexity and procurement risks. New and overlapping data privacy laws – such as the EU AI Act, U.S. executive orders and China's cross-border data requirements – require careful management of information and technology flows. Chemical regulation, including the EU's PFAS (per- and polyfluoroalkyl substances) restriction initiative and diverse state-level regulations in the United States, has implications for product pipelines and supply continuity, especially in the healthcare and life science sectors.

Governments in core markets are reviewing their healthcare budgets, tax regimes and public procurement policies, which increases volatility in demand, pricing and margin expectations. Investment screening is becoming more stringent in the United States, the EU, China, and India, especially for biotech and advanced technology sectors, resulting in longer lead times and additional requirements for cross-border transactions.

Talent acquisition and mobility are also affected. Global shortages of scientific and technical talent, combined with tighter immigration regulations and changing workforce policies, continue to influence recruitment costs, project timelines and compliance exposure.

Economic nationalism and the drive for greater supply chain localization are reshaping procurement strategies across the industry. Domestic content mandates, industrial subsidies and the emphasis on regional production are contributing to higher input costs and greater planning complexity for our global operations. In addition, the risk landscape now includes hybrid threats, such as disinformation campaigns and cyber intrusions, which require ongoing monitoring and rapid response to maintain business continuity and stakeholder trust.

Our response to this risk landscape is rooted in regional diversification, supply chain resilience and proactive risk management. We are expanding our dual sourcing strategies, strengthening strategic inventories and maintaining close engagement with regulatory authorities and industry associations. Compliance processes are being automated and regularly reviewed, and scenario planning is used to anticipate and adapt to evolving developments across military, regulatory, economic, and reputational domains.

Extreme escalation scenarios are not part of current baseline planning. However, we continue to strengthen our resilience and compliance measures to mitigate potential disruptions and to adapt to the changing geopolitical and macroeconomic environment.

The net risks of negative geopolitical and macroeconomic developments are considered possible to likely and could have minor to significant effects. However, our assumptions on geopolitical developments exclude scenarios with severe escalation of tension. The materialization of such scenarios would jeopardize entire industries and the balance of political and economic structures, posing a substantial challenge for us, as for any other company.

Further details on the macroeconomic development can be found under **Macroeconomic and Sector-Specific Environment**.

Market risks and opportunities

Risks and opportunities in the life science industry

The Science & Lab Solutions business unit serves customers across the pharmaceutical and biotechnology industries, government agencies, scientific institutions, and other industries. We provide them with access to a broad portfolio that includes reagents, consumables, equipment, instruments, software, and services for research, production, and testing. Despite a complex macroeconomic environment and cautious spending among some customer segments, the business unit remains well-positioned to deliver long-term, profitable growth. We aim to provide customers with a streamlined, end-to-end experience and a comprehensive portfolio that supports their research and analytical workflows.

In 2025, we expanded our innovation capabilities and strategic partnerships to better serve evolving scientific needs. The acquisition of Hub Organoids Holding B.V., Netherlands (Hub Organoids), strengthens our position in next-generation biology by advancing access to organoid-based technologies for drug discovery and toxicology research. Our collaboration with Opentrons Labworks, Inc., USA, and the launch of the Advanced Automation Workstation (AAW) demonstrate our commitment to accessible laboratory automation and digitalized workflows. Additionally, our global distribution and collaboration agreement with Rapid Micro Biosystems, Inc., USA, expands our offering in rapid microbiological testing, enhancing quality assurance capabilities for pharmaceutical and biotech customers. For emerging biotechnology companies, the pace and scale of a sustained recovery in funding will influence R&D investment levels, presenting both opportunities for growth and risks related to market timing.

The Process Solutions business unit offers its comprehensive bioprocessing portfolio to biotechnology and pharmaceutical customers that develop and manufacture both traditional and novel therapies, including filtration devices, chromatography resins, single-use assemblies and systems, and excipients. Despite signs of market recovery, excess market capacities persist across the industry and could lead to increased competition with potential price impacts. Additionally, the trend toward multi-sourcing strategies among customers continues to shape the competitive landscape. To address and mitigate these impacts, we have strategically positioned ourselves to capture opportunities arising from the industry’s shift toward biologics and the growing demand for bioproduction capacity driven by an expanding pipeline of drug candidates and regulatory approvals. Our expected acquisition of the chromatography business of JSR Corporation, Japan (JSR), and the expansion of our new filtration manufacturing facility in Blarney, Ireland, strengthen our global network, enhance our supply resilience and expand our production capacity in crucial technologies. Through our multi-year regionalization and smart pricing strategies, we are balancing volume growth with margin protection while improving proximity to our customers. Together, these initiatives reinforce our ability to meet evolving market needs and sustainably support the future of biomanufacturing.

The growing use of biologics is creating a need for more efficient and higher-yield manufacturing processes. This represents an opportunity for us to enable continuous and intensified processing through ongoing innovation in single-use technologies and bioproduction. We also see continued growth potential in high-innovation areas, such as novel modalities, as well as emerging technologies that define the “facility of the future”. While the acceleration of pharmaceutical development could result in faster market expansion than expected, a slowdown in R&D activity may temper near-term market development. In 2025, research spending by pharma and biotech companies was lower than historical averages due to capital constraints and portfolio reprioritizations. Growth in demand is expected to normalize as funding levels stabilize, underpinned by a robust and diverse pipeline of therapies in development.

Continued pricing pressure reflects market overcapacity, rising competition and evolving customer procurement practices. Inflation uncertainty and policy measures in key markets, including China and the United States, add to this environment. We are mitigating these effects through disciplined pricing strategies and ongoing cost reduction initiatives to sustain profitable growth.

Our Life Science Services business unit fully integrates testing services in addition to its services as a contract development and manufacturing organization to support customers across all stages of drug development, from preclinical to commercialization. We enable customers to advance complex therapies for patients worldwide both efficiently and reliably. While continued pressure on biotech funding presents near-term uncertainty, we mitigate this risk through a diversified client portfolio, operational excellence and ongoing investments in specialized capabilities and quality systems that strengthen our position in a dynamic and growing market. Opportunities also arise from our strong U.S. footprint, which enables pharmaceutical companies to access our domestic manufacturing and testing capacity quickly, without the need for lengthy new investments amid a shifting geopolitical landscape.

The market risks for the Life Science business sector are assessed as possible to likely with minor to moderate impact.

Further details on the industry, market developments and associated risks can be found under **Risks Due to Increased Competition and Customer Technology Changes as well as Related Opportunities** and **Macroeconomic and Sector-Specific Environment**.

Risks and opportunities in the semiconductor industry

Our Semiconductor Solutions business unit leverages a broad portfolio of differentiated, complementary technologies. This enables us to supply products for every key step in wafer processing, helping our customers to achieve their technology roadmaps. With the acquisition of Unity-SC SAS, France (Unity-SC), we are expanding our portfolio beyond front-end offerings and now also actively participate in high-end packaging.

The semiconductor industry remains cyclical and the positive recovery in 2025 has been uneven across individual segments. The growth experienced so far has been driven primarily by artificial intelligence (AI), data centers and high-bandwidth memory. At the same time, mature, replacement-led end markets such as PCs and smartphones, as well as demand outside AI in broader server and automotive applications, remained modest. The multilayered macroeconomic effects and lack of full transparency throughout the global supply chain cause a certain degree of uncertainty when estimating the future trajectory of the semiconductor industry. This uncertainty is reinforced by the current dynamic around the trade conflict between the United States and China, as well as tensions in the Taiwan Strait and potential price pressure from Chinese competitors. External and internal assumptions on the shape of the industry recovery and the future escalation of the trade conflict (e.g. further trade restrictions and tariffs) can deviate either positively or negatively. Such deviations present both an inherent opportunity and a risk to our base plan.

Irrespective of the current macroeconomic situation, the positive medium- and long-term growth prospects of our markets remain unchanged. Structural growth is supported by the increasing adoption of AI and the resulting demand for computing performance, which is driving higher materials intensity – particularly in advanced logic and memory devices.

We are also investing in our highly attractive growth markets and selectively expanding production capacities, thus strategically localizing our footprint to further boost customer proximity and strengthen supply resilience. Having the right capacity in the right locations enables us to deliver new products and required volumes efficiently, serving as a key competitive advantage.

The market risks for our Semiconductor Solutions business unit are assesed as possible to likely with up to significant impact.

Risks due to increased competition and customer technology changes as well as related opportunities

In the Healthcare business sector, both our biopharmaceutical products and classic pharmaceutical business are exposed to increased competition, especially in the form of biosimilars and generics but also in innovative R&D. We compete with other pharmaceutical companies in various therapeutic indications and rely on high-quality data to successfully market our products. For this reason, we closely observe our competitive landscape and make respective assumptions. Due to the uncertainty that is inherent to clinical trials, there is the possibility that competitor trials fail to meet primary endpoints in their studies or deliver inferior data to what we initially anticipated. If there are no new competing products or if our competitors deliver less promising data, this could represent opportunities for us in therapeutic areas in which we are active.

In the Life Science and Electronics business sectors, risks are posed not only by cyclical business fluctuations but also changes in the technologies used or customer sourcing strategies. As mitigating measures, we use close customer relationships and internal development capabilities as well as proximity to the market, including precise market analyses.

The risks due to increased competition and customer technology changes are assessed as being possible to more likely than not with up to a significant impact.

Further details on the industry and market development can be found under **Macroeconomic and Sector-Specific Environment**.

Risks and opportunities of research and development

Innovation driven by R&D is a major element of the Group strategy – including fostering innovation at the intersection of our business sectors – and is particularly important in the Healthcare business sector. In regular portfolio management reviews, we continually evaluate and, if necessary, realign research areas and R&D pipeline projects to focus our investments in areas where patient needs are served best. Nevertheless, R&D projects can experience delays, expected budgets can be exceeded or targets can remain unmet. Sometimes, development projects are discontinued after high levels of investment at a late phase of clinical development. Decisions – such as those relating to the transition to the next clinical phase – are taken with a view to balancing risks and opportunities.

In addition to in-house R&D efforts, strategic alliances with external partners and the in- and out-licensing of programs also form part of the catalog of measures to develop innovative medicine and ensure the efficient allocation of resources. Strategic alliances with partners as well as in- and out-licensing transactions always follow a stringent selection process along clear strategic and financial decision criteria. In general, however, forecasting the exact number of transactions per year is challenging and, furthermore, we may not be able to identify a sufficient number of in-licensing assets on financially acceptable terms.

The aforementioned development opportunities are associated with different types of risks. There is the risk of regulatory authorities not granting approval, delaying approval or granting only restricted approval. The risk that undesirable side effects of a pharmaceutical product could remain undetected until after approval or registration could result in a restriction of approval or withdrawal from the market. Furthermore, we cannot guarantee that all the assets we are currently developing will achieve the desired commercial success. Failure to meet targets in this area could have significant effects due to lower net sales or the non-occurrence of milestone payments from collaboration agreements, for example.

In Electronics, we will continue to invest in R&D with a strong focus on leading-edge material solutions. The aim is to seize growth opportunities arising from the increasing global demand for innovative semiconductors. Promising opportunities for innovation are constantly emerging throughout our Semiconductor Solutions business unit, and we work closely with our customers to exploit these. Technology inflection points bring new opportunities to our material solutions and the chance to differentiate ourselves.

The pace of innovation in the semiconductor industry remains high, with system design, high-performance packaging and front-end chip manufacturing all increasing in importance. Demand for advancements in 3D advanced packaging, metrology and process control is accelerating. The acquisition of Unity-SC positions us to capture these innovation shifts and respond effectively to changing market needs.

Beyond semiconductor materials, we see opportunities in display devices, especially augmented reality applications, which require a broad set of new materials. The increasing convergence of optical and semiconductor technologies enables us to leverage existing competencies in these fields and benefit from growing demand.

The risks of research and development are evaluated with probabilities ranging from possible to more likely than not with a moderate to significant impact. More detailed descriptions on our R&D activities worldwide can be found under **Research and Development** in **Fundamental Information about the Group**.

Risks and opportunities related to the quality and availability of products

Opportunities arising from capacity expansion

We make targeted investments worldwide to expand our regional capacities and drive sustainable growth in all three of our business sectors.

In fiscal 2025, we strengthened our Life Science business through several strategic expansions and acquisitions that enhance our production capabilities, supply resilience and innovation potential – and we will continue to do so. These include the expected acquisition of the chromatography business of JSR, which will broaden our purification offering and strengthen our downstream processing portfolio, the expansion of our filtration manufacturing facility in Blarney, Ireland, which increases production capacity for critical bioprocessing products, and the acquisition of Hub Organoids, which advances our expertise in next-generation biology and organoid-based technologies. For our Electronics business sector, we also invested in the new precursor R&D site in Sheboygan, Wisconsin, USA, and new manufacturing capacities in Jade Park, Taiwan.

Having the right capacity in the right place secures a more reliable and effective supply chain and helps meet growing customer demand in key markets. These initiatives create opportunities to strengthen our competitive position, while also requiring careful management of utilization, integration and evolving market dynamics. We therefore review our expansion and investment plans regularly to ensure alignment with long-term growth objectives and industry needs.

Risks arising from project execution

In today’s dynamic business environment, we prioritize innovation and growth. Projects are essential for achieving our strategic objectives, including driving innovation, expansion and promoting sustainable development. To effectively support further business growth and enhance efficiency, we continuously invest in production facilities and equipment, IT systems, distribution centers, office buildings, and other projects. However, project execution involves significant capital expenditures, making effective project management critical to avoid delays and higher costs. Inadequate planning, execution errors and ineffective change management can lead to inefficiencies and disruptions, resulting in increased costs and lower sales.

In a rapidly evolving market, delaying or deferring investments poses a risk of missing out on market opportunities and development. To mitigate this risk, we actively monitor industry trends, conduct market research and maintain a flexible project portfolio. By aligning our investment decisions with market dynamics, we aim to capture opportunities and minimize the risk of being left behind. This is particularly important in economic sectors such as the semiconductor industry, where market cycles present substantial risks. Overall, the risks are possible to likely and could have a moderate impact.

To proactively address project execution risks, we apply well-established project planning, effective oversight and internal control practices, while collaborating closely with stakeholders and conducting regular project reviews through teams and steering committees. This approach enables us to detect risks early on and implement corrective actions or discontinue projects that are unlikely to succeed. Through comprehensive planning, accurate cost estimations and re-evaluations, we monitor costs and ensure efficient resource allocation. Effective project governance and prioritization further contribute to desired project outcomes.

Risk of a temporary ban on products, production facilities or of non-registration of products due to non-compliance with quality standards

We are required to comply with the highest standards of quality in the manufacturing of pharmaceutical products (Good Manufacturing Practice or official pharmacopoeia). In this regard, we are subject to the supervision of the regulatory authorities. Conditions imposed by national regulatory authorities could result in a temporary ban on products or production facilities and potentially affect new registrations with the respective authority. We make the utmost effort to ensure compliance with regulations by regularly performing our own internal audits and carrying out external inspections. Due to these quality assurance processes, the occurrence of a risk with a moderate impact is highly improbable to possible.

Risks of production availability

Further risks include operational failures due to fire or force majeure, for example natural disasters such as floods, droughts or earthquakes, which could lead to a substantial interruption or restriction of business activities. As far as possible and economically viable, the Group limits its damage risks with insurance coverage, the nature and extent of which is constantly adapted to current requirements. Likewise, we are exposed to risks of production outages and the related supply bottlenecks that can be triggered by technical problems in production facilities with very high-capacity utilization. Furthermore, there are risks of supply bottlenecks due to a lack or loss of capacity. We work toward the continual mitigation of such risks by making regular investments, setting up alternative sourcing options and maintaining sufficient inventory levels.

The occurrence of these risks with up to significant impact is considered improbable to likely, while a highly improbable individual extreme event could have up to a critical negative effect and a more likely than not event could have a moderate impact.

Supply chain integrity

In 2025, we successfully navigated a complex landscape of challenges, including ongoing geopolitical tensions, supply chain disruptions due to natural disasters, and evolving regulatory environments. Our commitment to building resilient supply chains has been pivotal in ensuring uninterrupted service across all business sectors.

In Life Science, our supply resilience activities have enabled us to monitor several potential impact events closely, ensuring that we remain responsive to challenges rooted in geopolitical factors and regulatory changes. Our proactive engagement with suppliers has been crucial in maintaining service continuity and adapting to evolving circumstances.

In the Healthcare business sector, we effectively managed the supply of our medicines, ensuring that patients have access to essential therapies. Through proactive measures such as diversifying sourcing options and maintaining close relationships with suppliers, we fortified our supply reliability.

In Electronics, we avoided major disruptions due to our strong supplier relationships and ongoing efforts to enhance resilience. Our focus on diversifying sourcing and strengthening partnerships has positioned us to navigate these challenges effectively.

We acknowledge that certain vulnerabilities persist and are therefore committed to investing in our supply chain resilience across all business sectors. Overall, the improbable to likely risks could have a minor to significant impact.

Risks due to product-related crime

As a leading global science and technology company and manufacturer of innovative products, we face various security and crime-related risks due to the complexities of international trade and global supply chains. Our products are vulnerable to counterfeiting, theft, illegal diversion, and misuse. If unaddressed, these risks could lead to financial loss, reputational damage and business disruption and could even compromise patient safety. To mitigate these threats, we have implemented technical, operational and procedural measures to protect our product integrity and supply chains while ensuring that emerging threats are managed effectively.

Overall, the threat resulting from product-related crime is likely with a moderate impact.

Risks from the use of social media

We and our employees are active on numerous social media platforms. The consistent and legally compliant use of such platforms and their content is important for increasing awareness of our brand, among other things. We take all necessary precautions and have implemented processes to ensure awareness of the proper handling of social media as well as actively managing and controlling our publications and communication.

Nevertheless, reputational risks could result from public dialogues on social media, for example. On the qualitative rating scale, we thus rate this possible risk with up to critical impact.

Financial risks and opportunities

As we operate internationally and due to our presence in the capital markets, we are exposed to various financial risks and opportunities. Above all, these include liquidity and counterparty risks, financial market risks and opportunities, risks of fluctuations in the market values of operational tangible and intangible assets, as well as risks and opportunities from pension obligations.

In the area of financial risks and opportunities, we use an active management strategy to reduce the effects of fluctuations in exchange and interest rates. The management of financial risks and opportunities by using derivatives is regulated through extensive guidelines. Speculation is prohibited, and derivative transactions are subject to constant risk controls. The strict segregation of functions between trading, settlement and control is ensured.

Liquidity risks

To ensure continued existence, we must be able to fulfill our commitments arising from operating and financial activities at any time. Therefore, to reduce potential liquidity risks, we have a central Group-wide liquidity management system in place and a balanced maturity profile. The maturities of our financial liabilities are aligned with our planned free cash flow. Furthermore, we have a syndicated loan facility of € 2.5 billion with a term until 2029, which ensures continuing solvency if any liquidity bottlenecks occur. As our loan agreements do not contain any financial covenants, these agreed lines of credit can be accessed even if our credit rating should deteriorate. Additionally, we have a commercial paper program with a maximum volume of € 2.5 billion at our disposal. The occurrence of liquidity risk is assessed as highly improbable and with only immaterial impact.

Counterparty risks

Counterparty risks arise from the potential default by a partner in connection with financial investments, loans and financing commitments on the one hand as well as receivables in operating business on the other hand.

As for counterparty risks from financial transactions, we review all central positions relating to trading partners and their credit ratings daily. We manage financial risks of default by diversifying our financial positions and through the related active management of our trading partners. Significant financial transactions involving credit risk are entered into with banks and industrial companies that have a good credit rating. Moreover, our large banking syndicate – the loan facility of € 2.5 billion was syndicated among 15 banks – reduces possible losses in the event of default.

The solvency and operational development of trading partners are regularly reviewed as part of the management of operational counterparty risks. Sovereign risks are also analyzed. The volume of receivables of each customer is capped in line with their credit ratings. Risk-mitigating measures, such as credit insurance, are implemented, as appropriate. Nevertheless, defaults by isolated trading partners, even those with outstanding credit ratings, cannot be entirely ruled out.

Minor counterparty risks are classified as unlikely to likely and could have minor to moderate effects.

Financial market risks and opportunities

As a result of our international business activities, we are exposed to risks and opportunities from fluctuations in exchange rates. These result from financial transactions, operating receivables and liabilities as well as future cash flows from sales and expenses in foreign currency. We use derivatives to manage these risks and opportunities (further information can be found under **Derivative Financial Instruments** in the **Notes to the Consolidated Financial Statements**). Foreign exchange rate risks are rated as likely with a significant effect on EBITDA pre and free cash flow.

Variable interest and current financial liabilities are exposed to the risks and opportunities of interest rate fluctuations. Interest rate risks have a negative impact, are considered possible and pose a minor risk overall.

Risks of impairment of balance sheet items

The carrying amounts of individual balance sheet items are subject to the risk of changing market and business conditions and thus to changes in fair values as well. Necessary impairments could have a significant negative non-cash impact on earnings and affect the accounting ratios. This applies specifically to the high level of intangible assets including goodwill, which mainly derive from the purchase price allocations made in connection with past acquisitions (further information can be found under **Goodwill** and **Other Intangible Assets** in the **Notes to the Consolidated Financial Statements**). This possible qualitative risk could have a significant effect on reputation.

Risks and opportunities from pension obligations

We have commitments in connection with pension obligations. The present value of defined benefit obligations can be significantly increased or reduced by changes in the relevant valuation parameters, such as the interest rate or future salary increases. Pension obligations are assessed as part of annual actuarial reports. The obligations are covered by the pension provisions reported in the balance sheet based on the assumptions as of the balance sheet date. Some of these obligations are funded by plan assets (further information can be found under **Provisions for Pensions and Other Post-Employment Benefits** in the **Notes to the Consolidated Financial Statements**).

To the extent that pension obligations are covered by plan assets consisting of interest-bearing securities, shares, real estate, and other financial assets, decreasing or negative returns on these assets can adversely affect the fair value of plan assets and thus result in further additions to pension provisions. By contrast, rising returns increase the value of plan assets, thereby resulting in excess cover of plan liabilities. We increase the opportunities of fluctuations in the market value of plan assets on the one hand and reduce the risks by using a diversified investment strategy on the other hand. The possible risk due to pension obligations could have minor effects.

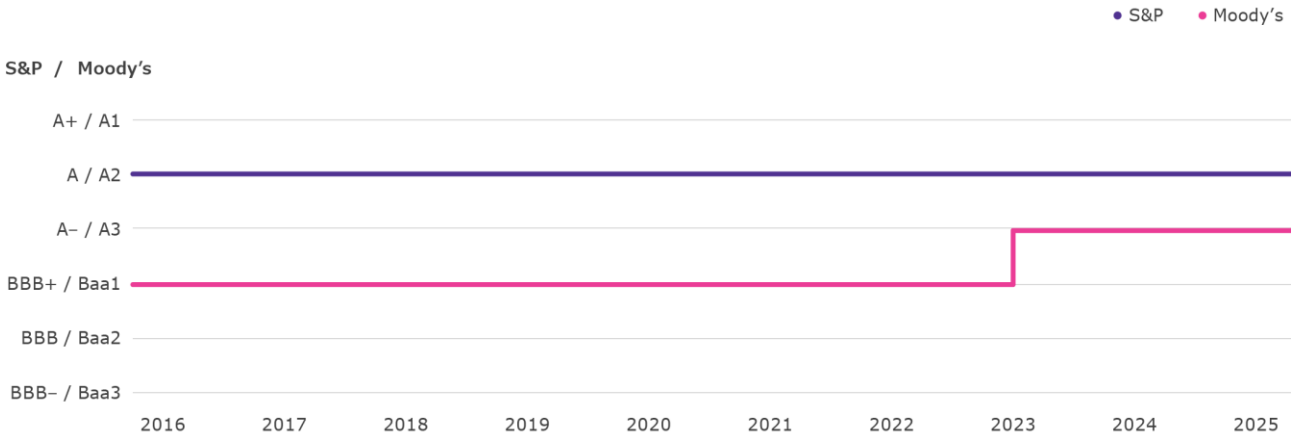
Risks due to the divestment, acquisition and integration of companies and businesses

The successful acquisition and integration of new businesses inherently involve risks, due primarily to the uncertainty of meeting business objectives and synergy targets as well as adhering to the planned integration budget (e.g. the integration of SpringWorks Therapeutics, Inc., USA, with its highly innovative product pipeline for the treatment of rare diseases). Conversely, divestments (e.g. the Surface Solutions business unit) may result in liabilities and additional expenses arising from potential indemnifications and commitments assured in the sale transaction or from separation costs exceeding expectations. We mitigate transaction-related risks by leveraging our robust track record, conducting rigorous due diligence and employing representations and warranties insurance in our merger and acquisition transactions. Furthermore, we ensure seamless integration through strategic planning and execution, facilitating the alignment of the acquired entities with our organizational goals. At present, only moderate negative impacts are likely.

Assessment by independent rating agencies

The capital market uses the assessments published by rating agencies to help lenders assess the risks of financial instruments used by us. We are currently rated by Standard & Poor's and Moody's. Standard & Poor's has issued a long-term credit rating of A with a stable outlook and Moody's has issued a rating of A3 with a stable outlook. In line with market procedures, our financing conditions are closely tied to our rating. The better the rating, the more favorably we can generally raise funds on the capital market or from banks.

Overview of rating development



Tax risks

Merck KGaA, Darmstadt, Germany, and its subsidiaries operate worldwide and are consequently subject to different national tax laws and regulations. National tax audits of our entities are conducted on an ongoing basis by the tax authorities of the respective countries in which we operate. Tax risks originate particularly from the changes in national tax laws and regulations as well as case laws and interpretations by national tax authorities and from significant transactions such as acquisitions, divestments and reorganizations.

Findings of the national tax authorities of the various countries may lead to higher tax expenses and payments and may also have an impact on the amount of tax receivables, tax liabilities and deferred tax assets and liabilities.

Our Group Tax function regularly and systematically assesses the relevant tax risks. Appropriate standards are put in place to identify tax risks at an early stage in order to review, assess and mitigate them effectively and efficiently. Group Tax coordinates mitigation measures with the subsidiaries. Risks in addition to those already accounted for in the balance sheet are classified as improbable to possible with a moderate to significant impact.

Information on the accounting and measurement policies for income taxes can be found under **Income Tax** in the **Notes to the Consolidated Financial Statements**.

Legal risks

Our Legal, Compliance and Data Privacy team plays a crucial role in safeguarding our business integrity and ensuring adherence to legal standards. We are committed to fostering a culture of compliance and risk awareness across the organization. By aligning our strategies with our overarching goals, we empower our teams to make informed decisions while navigating the complexities of the regulatory landscape. Our proactive approach not only helps mitigate potential legal risks but also supports our mission to drive innovation and deliver value to our stakeholders.

We strive to minimize and control our legal risks by taking the necessary precautions to identify threats and defend our rights where necessary. However, we remain exposed to risks from litigation and legal proceedings, particularly in such areas as product liability, competition and antitrust law, pharmaceutical law, patent law, trademark law, insider law, data protection law and tax law, as well as environmental protection.

As a research-based company, we possess a valuable portfolio of industrial property rights, patents and trademarks that may be vulnerable to infringements. The outcome of current or future proceedings is difficult to predict. For example, we are currently involved in litigation with Merck & Co. Inc., Rahway, New Jersey, USA (known as MSD outside the United States and Canada), with lawsuits filed in various countries. This company has also initiated a trademark infringement lawsuit against us in the United States.

Due to long statutes of limitations, or their absence in some cases, we cannot rule out facing third-party claims related to the same issue even after legal proceedings have concluded. Court or official rulings or settlements deemed unlikely to possible could result in moderate to significant expenses impacting our business and earnings. Despite extensive precautionary measures, the risk of non-compliance with laws and regulations and the consequences thereof can never be completely excluded.

Product liability risks

We face product liability risks that can lead to substantial claims for damages and defense costs. To mitigate these risks, we have obtained liability insurance. However, it is possible that the insurance coverage may be insufficient in certain cases. Although the instances of product liability claims exceeding existing insurance coverage are deemed highly improbable to improbable, individual cases could still have a critical impact on our operations.

Human resources risks

The company’s future growth relies significantly on its innovative strength, making employee expertise and engagement essential for its success in all business sectors. The market for qualified specialists and talented young staff is characterized by fierce competition, while the company is also faced with the challenge of being viewed as an attractive employer. To retain critical skills and expertise, it is important to proactively identify and address country- and industry-specific fluctuation risks.

We prioritize recruiting and retaining specialists and talent through strategies such as employer branding initiatives, global talent management, succession planning, and competitive compensation packages. However, there are potential employee-related risks that could affect business activities, which are assessed as possible with a moderate impact on a qualitative rating scale.

Information technology risks

We use a variety of IT systems and processes to optimally support our globalization. Trends in information technology offer various opportunities but also harbor risks.

Risks due to cybercrime and the failure of business-critical IT applications

Increasing international networking and the related possibility of IT system abuse are resulting in cybercrime risks for us. Such risks include the failure of central IT systems, the loss of data integrity or the disclosure of confidential data from R&D or business activities, the manipulation of IT systems in process control, and an increased burden or adverse impact on IT systems as a result of virus attacks.

We maintain and operate an information protection management system based on ISO 27001. Our governance framework contains organizational, process-related and technical information security countermeasures based on recognized international standards. In addition, we employ harmonized electronic and physical security controls (e.g. access control and security monitoring) to bolster our ability to handle sensitive data, such as trade secrets.

Cybersecurity is part of our Corporate Security Office. In addition, we have a Group Chief Information Security Officer and a network of Information Security Officers within the business sectors, each supported by dedicated networks. The individual sectors hold risk ownership and act as our first line of cybersecurity defense. Our Corporate Cybersecurity function acts as a second line of defense and has responsibilities regarding cybersecurity risk governance and oversight. Our third line of defense consists of internal audits.

Globally used IT applications form the basis for the contractual delivery of products and solutions. The failure of business-critical IT applications could therefore have a direct influence on our ability to deliver and on the quality of our products. This also applies to the failure of a data center. To achieve the required service quality, we use a quality management system certified in accordance with ISO 9001 that also applies to the provision of IT. In addition, to reduce the risk of failure, we operate several redundantly designed data centers. Furthermore, insurance solutions for cybercrime offenses are in place at Group level.

Likewise, complications with the changeover of IT systems could negatively impact the earnings situation. Close monitoring of critical IT projects serves to mitigate this risk.

The risks of cybercrime or the failure of business-critical IT applications and their influence on EBITDA pre and free cash flow are considered to be improbable to likely and with a moderate impact, while highly improbable events could lead to significant or critical impacts.

Artificial intelligence risks

We increasingly use artificial intelligence (AI) – including generative AI and machine learning – across our Life Science, Healthcare and Electronics business sectors and the Group functions to streamline operations, accelerate R&D and improve decision-making. As we embrace innovation, we recognize that new technologies come with risks and uncertainties. We proactively manage associated risks through secure-by-design enablement (e.g. our myGPT generative AI companion), clearly defined ethical guardrails (our Group Code of Digital Ethics and the independent Digital Ethics Advisory Panel), robust data and AI quality, governance and security controls, and broad upskilling via our Group Data & Digital Academy.

Nevertheless, potential AI-related risks remain. These include model and data quality issues, bias and limited explainability, evolving regulation across various jurisdictions (e.g. the EU AI Act), and cyber security threats. If not appropriately managed, these could lead to operational, legal or reputational impacts or hinder effective scaling of AI. Our mitigation measures are designed to reduce these risks while enabling responsible adoption of AI in our business processes and product offerings. While residual risks remain, we continue to refine our controls and practices as the technology and regulatory landscape evolve. Failure to successfully adopt these

technologies into our business processes and product offerings or the inability to scale AI effectively could result in competitive disadvantages.

Based on current risk exposure and mitigations, we assess the probability on EBITDA pre and free cash flow as highly improbable; however, should risk materialize, the potential impact could be significant. We therefore maintain disciplined monitoring, regularly reviewing our AI risk and adopting a roadmap to ensure responsible scaling consistent with our vision: “Sparking Discovery, Elevating Humanity”.

Environmental, climate-related and safety risks

As a company with global production operations, we are exposed to risks of possible damage to personnel, goods and our reputation. These include physical risks from droughts, storms, floods, extreme heat, and wind. Mitigation measures such as audits, consultations and training on environmental protection and occupational health and safety minimize these risks to people and the environment. We monitor these risks at our sites and those of our suppliers and contract manufacturers, ensuring continuity of plant and equipment. By adhering to high technical standards, our Code of Conduct, and all legal requirements in environmental protection alongside occupational health and safety, we preserve goods and assets with comprehensive insurance policies providing further financial protection.

We continuously monitor regulatory risks associated with the transition to a low-carbon economy, which could materialize, in particular, through rising carbon prices via emissions trading systems, taxes or changes in energy legislation. We aim to mitigate these risks through comprehensive strategies, including our energy and CO2 management initiatives and efforts to reduce process emissions, all of which are included in the implementation of our inaugural transition plan. Mainly, we classify these as possible to likely risks with moderate impacts. However, highly improbable cases with a significant or critical impact on EBITDA pre or free cash flow cannot be fully ruled out.

Climate resilience analysis is a vital tool for identifying and evaluating the risks and opportunities that climate change presents to our business. In 2022, we conducted a qualitative assessment of climate risks and vulnerabilities across our upstream and downstream activities and our own operations. Building on this foundation, we aligned our efforts with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by undertaking quantitative climate scenario analyses, specifically focusing on upstream activities and our own operations, while excluding downstream activities. This assessment identified climate-related risks and opportunities across three potential climate pathways: a 1.5°C Paris Agreement-aligned scenario, a 2.7°C current trajectory scenario and a 4.0°C fossil-fueled development scenario, using a 2050 time horizon. All three scenarios are based on those created by the Intergovernmental Panel on Climate Change (IPCC). Our analysis encompasses both transition and physical risks and opportunities related to our business activities.

In line with our commitment to risk mitigation, we continue to develop innovative and sustainable approaches, foreseeing no relevant short-term deviations from our expectations regarding impacts on EBITDA pre or free cash flow.

For further details on climate-related risks, please see our **Climate Resilience Analysis**.

Overall view of the risk and opportunity situation and management assessment

The most significant individual risks or risk clusters have been outlined in this report with business- and market-related risks being the most significant alongside IT, supply chain and legal risks. Of particular significance are the still ongoing global macroeconomic and geopolitical developments, increasing existing risks related to more restrictive regulatory requirements regarding drug pricing and reimbursement, the demand for our products, business interruptions at our production sites, lack of availability of high-quality materials or services, and risks related to R&D.

By implementing risk mitigation measures, such as continually improving management actions (organizational responsibilities and process improvements), utilizing existing insurance coverage and taking accounting precautions, we have successfully taken countermeasures against significant individual risks in particular.

The overall risk of the Group, which is derived from the aggregation of the identified risks applying a Monte Carlo simulation, leads to the assessment that an existence-threatening risk scenario, for which coverage and financing of the losses are questionable, is improbable. We are convinced that we will also successfully manage the aforementioned challenges in the future and benefit from diversification through our different products and markets.

Based on our assessment, we believe that the most promising opportunities are business-related. The activities described hold significant opportunities for us in the medium to long term, beyond the forecast period. We actively pursue the opportunities that arise and specify their expected effects in the forecast development of EBITDA pre and free cash flow. Additionally, we proactively seek out new opportunities, assess their feasibility and pursue them where appropriate. If opportunities arise in addition to the forecast developments, or these occur more quickly than anticipated, this could have positive effects on our EBITDA pre and/or our free cash flow.

Report on Expected Developments

The following report provides a forecast for the development of net sales and EBITDA pre for the Group and the individual business sectors Life Science, Healthcare and Electronics as well as a forecast of Group free cash flow for fiscal 2026.

€ million	Net Sales	EBITDA pre[1]	Free cash flow
Group	• ~20,000 to 21,100 • Organic -1% to +2% • Foreign exchange effect -4% to -2% • Portfolio ~0%	• ~5,500 to 6,000 • Organic -4% to +1% • Foreign exchange effect -7% to -3% • Portfolio ~0%	• ~1,500 to 2,000
Life Science	• ~8,900 to 9,300 • Organic +3% to +6% • Foreign exchange effect -4% to -1% • Portfolio ~0%	• ~2,500 to 2,700 • Organic +2% to +6% • Foreign exchange effect -4% to -1% • Portfolio ~+1%	
Healthcare	• ~7,900 to 8,300 • Organic -7% to -4% • Foreign exchange effect -4% to -1% • Portfolio ~+2%	• ~2,500 to 2,700 • Organic -14% to -10% • Foreign exchange effect -6% to -3% • Portfolio ~0%	
Electronics	• ~3,200 to 3,400 • Organic +3% to +7% • Foreign exchange effect -5% to -2% • Portfolio ~-7%	• ~900 to 1,000 • Organic +21% to +27% • Foreign exchange effect -7% to -4% • Portfolio ~-4%	
Corporate and Other		• ~ -450	

[1] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

EPS pre € 7.10 to € 8.00, based on an underlying tax rate of 22%.

Fundamental assumptions

Against the backdrop of the ongoing highly dynamic development of macroeconomic, geopolitical and industry-specific conditions, the forecast is again subject to high uncertainty in fiscal 2026.

As of March 2026, the forecast no longer takes into account sales of Mavenclad® in the United States and furthermore excludes the potential commercialization of Pergoveris® in the United States.

The acquisition of SpringWorks Therapeutics, Inc., USA, (SpringWorks) on July 1, 2025 and the divestment of our Surface Solutions business unit on July 31, 2025 are both reflected as a portfolio effect in this forecast in the first half of 2026 in particular, contributing to organic performance in the second half of 2026. Both of these transactions will lead to material portfolio effects in the Healthcare and Electronics business sectors. The effects virtually cancel each other out at Group level.

We expect a more volatile environment as regards the development of foreign exchange rates. For 2026, we assume negative foreign exchange effects compared with the previous year. The main driver compared with 2025 is the development of the U.S. dollar. Moreover, numerous Asian currencies and foreign exchange developments in various emerging and developing economies will contribute to the foreign exchange effects. With respect to the average euro–U.S. dollar exchange rate for fiscal 2026, we assume increased volatility and an exchange rate in a range of 1.16 to 1.20.

Net sales

For fiscal 2026, we expect an organic net sales development of between -1% and +2%. We forecast organic growth in the Life Science and Electronics business sectors; by contrast, we expect a decline in Healthcare. In fiscal 2026, organic growth within Life Science will once again be mainly attributable to the Process Solutions business unit as a result of a solid demand trend. We also expect organic growth for the Advanced Solutions business unit and a roughly stable development in Discovery Solutions. The Advanced Solutions and Discovery Solutions business units result from the further development of our business units within the Life Science business sector. Further information can be found in the chapter Company Profile and Structure under the section Life Science. The organic sales decline in the Healthcare business sector will be driven largely by the significant decline of Mavenclad®. This is as a result of a court decision on October 30, 2025, which declared two of our patents for Mavenclad® dosing regimens invalid in the United States. This now enables further competitors and generics to enter the market. Furthermore, we forecast an organic sales decline in the Oncology franchise. This will be partly offset by expected organic growth in the Cardiovascular, Metabolism and Endocrinology franchise and the Rare Diseases franchise, the latter of which will report organic growth from the second half of 2026. We expect the Electronics business sector to return to organic growth, attributable mainly to the sustained growth dynamics in our semiconductor business within the Semiconductor Solutions business unit. This development will mainly be driven by demand for state-of-the-art microchips (advanced nodes) in the field of artificial intelligence. For the project business within Semiconductor Solutions, we assume a roughly stable development. Taking into account foreign exchange effects between -4% and -2%, we forecast net sales for the Group within the range of € 20.0 billion and € 21.1 billion (2025: € 21.1 billion).

EBITDA pre[1]

For EBITDA pre, we forecast an organic development within a range of -4% and +1%. Expected organic growth in the Life Science and Electronics business sectors will partly offset the organic decline in Healthcare. Organic growth in Life Science will follow organic sales growth, supported by continuing cost discipline. The organic decline in Healthcare will result primarily from the loss of patent protection for Mavenclad® in the United States and the associated organic sales decline and negative mix effects. The development also reflects growth investments; these are especially visible in research and development costs and marketing and selling expenses, for example in connection with the market launches of pimicotinib, Ogsiveo® and Gomekli® (the latter two of which will be represented in organic growth from the second half of the year). In addition, a higher starting basis from the sale of a right to priority review by the U.S. Food and Drug Administration in fiscal 2025 will have a mid-double-digit million euro impact on the organic development. Strict cost discipline and prioritization of resource allocation will have a mitigating effect. Double-digit organic growth rates in Electronics will result from expected organic sales growth and the sale of a patent in a mid-double-digit million euro amount. Moreover, negative one-time effects in the previous year will result in positive growth effects. Efficiency measures and active cost management will also contribute to this development. The year-on-year decrease in earnings under Corporate and Other (2025: € -388 million) will be primarily attributable to one-time income in fiscal 2025 due to changes in legislation in Latin America. We expect positive effects from currency hedging transactions to mitigate this. Including forecast foreign exchange effects of between -7% and -3%, we expect EBITDA pre for the Group of € 5.5 billion to € 6.0 billion (2025: € 6.1 billion).

Free cash flow

As of fiscal 2026, free cash flow will be our key performance indicator at the level of the Group, replacing operating cash flow. Free cash flow is defined as operating cash flow less payments made for investments in intangible assets and property, plant and equipment, and plus payments received for the sale of intangible assets, property, plant and equipment and leases. To obtain the best possible understanding of the underlying actual performance of liquid assets, certain payments made and received in connection with the purchase and sale of intangible assets and property, plant and equipment, especially in connection with collaboration and licensing agreements, are not included in free cash flow. The forecast for free cash flow is generally subject to a higher fluctuation corridor than the forecast for EBITDA pre. We provide an estimate of the development of free cash flow only for the Group as a whole.

The development of free cash flow essentially follows the decline in EBITDA pre due to both a potential organic decline and foreign exchange effects. Moreover, higher payments made for previously announced efficiency programs and the consideration of financing-related payments as part of the SpringWorks acquisition are a burden on free cash flow throughout the fiscal year. For fiscal 2026, we forecast free cash flow within a corridor of € 1.5 billion to € 2.0 billion (2025: € 2.1 billion).

As regards the composition of free cash flow and the transition, we refer to the Internal Management System section in this report.

[1] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

Report in accordance with section 315a HGB

The following information is provided in accordance with section 315a in conjunction with section 289a of the German Commercial Code (HGB) and the explanatory report pursuant to section 176 (1) sentence 1 of the German Stock Corporation Act (AktG).

As of December 31, 2025, the subscribed capital of Merck KGaA, Darmstadt, Germany, is divided into 129,242,251 no-par value bearer shares plus one registered share. Each share therefore corresponds to € 1.30 of the share capital. The holder of the registered share is E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany. It is entitled and obliged to appoint one-third of the members of the Supervisory Board representing the limited liability shareholders. If the holder of the registered share is a general partner, they have no such right of appointment. The transfer of the registered share requires the company's approval. The approval is granted at the sole discretion of the personally liable general partner with an equity interest, namely E. Merck KG, Darmstadt, Germany.

Pursuant to the information on voting rights submitted to us in accordance with the German Securities Trading Act (WpHG), no shareholders owned direct or indirect investments exceeding 10% of the voting rights as of December 31, 2025.

According to the Articles of Association of Merck KGaA, Darmstadt, Germany, the general partners not holding an equity interest who form the Executive Board are admitted by E. Merck KG, Darmstadt, Germany, with the consent of a simple majority of the other general partners. A person may be a general partner not holding an equity interest only if they are also a general partner of E. Merck KG, Darmstadt, Germany. In addition, at the proposal of E. Merck KG, Darmstadt, Germany, and with the approval of all general partners not holding an equity interest, further persons who are not general partners not holding an equity interest may be appointed to the Executive Board.

The Articles of Association of Merck KGaA, Darmstadt, Germany, can be amended by a resolution at the Annual Meeting that requires the approval of the general partners. Notwithstanding any statutory provisions to the contrary, the resolutions of the Annual General Meeting are adopted by a simple majority of the votes cast. Where the law requires a capital majority in addition to the voting majority, resolutions are adopted by a simple majority of the share capital represented in the vote. The Articles of Association of Merck KGaA, Darmstadt, Germany, encompass authorized and contingent capital.

The Executive Board is authorized to increase the company's share capital with the approval of the Supervisory Board and of E. Merck KG, Darmstadt, Germany, on one or more occasions, up to and including April 21, 2027, by a total of up to € 56,521,124.19 by issuing new no-par value bearer shares in exchange for cash and/or non-cash contributions (Authorized Capital 2022). Limited liability shareholders are generally granted statutory rights to subscribe to the new shares. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude limited liability shareholders' subscription rights, either in full or in part, in the case of a capital increase in exchange for cash contributions pursuant to or by analogous application of section 186 (3) sentence 4 AktG, if the issue price of the new shares is not substantially lower than the stock exchange price of the company's shares already listed and if the new shares issued under exclusion of these subscription rights do not exceed a proportional amount of 10% of the share capital, either at the time of Authorized Capital 2022 taking effect or being utilized.

This restriction to 10% of the share capital shall include the proportional amount of the share capital that is attributable to shares that are issued under exclusion of subscription rights or sold during the term of Authorized Capital 2022, based on an authorization to issue new shares or to sell own shares by direct or analogous application of section 186 (3) sentence 4 AktG. This restriction shall also include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation, if the bonds are issued during the term of Authorized Capital 2022 under exclusion of limited liability shareholders' subscription rights by analogous application of section 186 (3) sentence 4 AktG.

It is likewise possible to exclude the subscription rights of limited liability shareholders with the approval of the Supervisory Board in the case of capital increases in exchange for non-cash contributions, particularly for the purpose of acquiring enterprises, parts of enterprises or interests in enterprises. In addition, with the approval of the Supervisory Board, limited liability shareholders' subscription rights can be excluded in order to enable E. Merck KG, Darmstadt, Germany, to exercise its right pursuant to Article 32 (3) of the Articles of Association of Merck KGaA, Darmstadt, Germany, to participate in a capital increase by issuing shares or freely transferable share subscription rights.

It is also possible to exclude, with the approval of the Supervisory Board, the subscription rights of limited liability shareholders in order to enable E. Merck KG, Darmstadt, Germany, to exercise its right pursuant to Article 33 of the Articles of Association of Merck KGaA, Darmstadt, Germany, to convert its equity interest into share capital, either in full or in part.

Moreover, with the approval of the Supervisory Board, the subscription rights of limited liability shareholders can be excluded if and to the extent this is necessary to grant the holders or creditors of conversion or option rights, and/or the holders or creditors of financing instruments carrying conversion or option obligations, which were or are issued by the company or by a domestic or foreign company in which the company directly or indirectly holds the majority of the votes and capital, subscription rights to the extent to which they would be entitled after the exercise of the conversion or option rights or after the performance of a conversion or option obligation.

Finally, with the approval of the Supervisory Board, the subscription rights of limited liability shareholders can be excluded in order to offset any fractional amounts resulting from a capital increase.

The sum of shares issued on the basis of Authorized Capital 2022 under exclusion of limited liability shareholders' subscription rights must not exceed a proportional amount of 10% of the share capital, taking into account other shares of the company which, during the term of Authorized Capital 2022, are sold or issued under exclusion of subscription rights or which are to be issued under bonds issued after April 22, 2022, under exclusion of subscription rights; this limitation shall apply both at the time of the authorization taking effect and at the time of the authorization being exercised.

To the extent that subscription rights are not excluded under the above provisions, they may also be granted to limited liability shareholders by way of indirect subscription rights pursuant to section 186 (5) AktG, or in part by way of direct subscription rights, and otherwise by way of indirect subscription rights pursuant to section 186 (5) AktG. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to determine the additional details of the capital increase and its implementation, including the content of rights attached to the shares as well as the terms and conditions of the share issue.

The Articles of Association of Merck KGaA, Darmstadt, Germany, also encompass contingent capital. The share capital is contingently increased by up to € 66,406,298.40, composed of 51,081,768 shares (Contingent Capital I). The contingent capital increase serves to grant exchange rights to E. Merck KG, Darmstadt, Germany, in accordance with Article 33 of the Articles of Association of Merck KGaA, Darmstadt, Germany, to enable it to convert its equity interest into shares. The shares carry dividend rights from the beginning of the fiscal year following the year in which the conversion option is exercised.

Moreover, the share capital is contingently increased by up to € 16,801,491.20, composed of up to 12,924,224 no-par value bearer shares (Contingent Capital II). This contingent capital increase is only to be implemented insofar as the bearers or creditors of option or conversion rights, or with an obligation to convert or exercise options on warrant bonds, option participation certificates, option participation bonds, convertible bonds, convertible participation certificates, or convertible participation bonds that are issued or guaranteed by the company or a subordinate Group company on the basis of the authorization resolution of the Annual General Meeting from April 28, 2023, to April 27, 2028, to utilize their option or conversion rights, or to fulfill their conversion obligation or obligation to exercise options insofar as they are obliged to fulfill their conversion or option exercise obligation, or insofar as the company exercises an option, in full or in part, to grant shares in the company instead of paying the sum of money due, and to the extent that in each case a cash settlement is not granted, or own shares or other forms of fulfillment are used. Each issue of new shares shall take place at the determined option or conversion price, pursuant to the aforementioned authorization resolution. The new shares participate in the profit from the beginning of the fiscal year in which they are created; insofar as this is legally permissible, the Executive Board may, with the approval of the Supervisory Board and in deviation from section 60 (2) AktG, stipulate that the new shares also participate in the profit for a past fiscal year. The Executive Board is authorized, with the approval of the Supervisory Board and of E. Merck KG, Darmstadt, Germany, to stipulate the further details of the implementation of the increase in contingent capital.

The company is not authorized to acquire its own shares.

The company has not entered into any material agreements subject to a change of control pursuant to a takeover offer, and it has not entered into any compensation agreements with the members of the Executive Board or employees in the event of a takeover offer.

(Group) Sustainability Statement**

The following contents are addressed within the (Group) Sustainability Statement:

** The Combined Sustainability Statement was not subject to a content review as part of the audit of the financial statements but was subject to a separate limited assurance audit by Deloitte.

General

Introduction

The Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group for fiscal 2025 includes a Combined Sustainability Statement. The Combined Sustainability Statement was prepared in order to meet the requirements set forth in Directive (EU) 2022/2464 of the European Parliament and of the Council dated December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD), in Article 8 of Regulation (EU) 2020/852 and in sections 289b to 289e, 315b and 315c of the German Commercial Code (HGB) regarding a Combined Non-financial Statement. The Combined Sustainability Statement comprises the Group Sustainability Statement and the Non-financial Statement of the parent company. When preparing the Group Sustainability Statement, the first set of European Sustainability Reporting Standards (ESRS) was implemented in full. No specific framework was used when preparing the Non-financial Statement of Merck KGaA, Darmstadt, Germany; instead, conclusions drawn from the Group were used for support.

The scope of consolidation of this Combined Sustainability Statement corresponds to that of the Annual Report for fiscal 2025. The concepts and results presented relate to both Merck KGaA, Darmstadt, Germany, and the Group. We explicitly state when, in individual cases, the information provided deviates from this.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, conducted a limited assurance engagement of the Combined Sustainability Statement. References to information not included in the Combined Management Report are not part of the Sustainability Statement. The information based on the standards of the **Sustainability Accounting Standards Board (SASB)**, the **Task Force on Climate-related Financial Disclosures (TCFD)** and the **Global Reporting Initiative (GRI)** can be found in the Annual Report under **Other Information**. These as well as the additional content provided on both the company's websites and external websites that are linked in this report were not part of the limited assurance engagement performed by Deloitte.

Pursuant to section 289c (3) and section 315c (2) HGB, we are obliged to review topics for their double materiality. In 2025, we carried out a materiality analysis in accordance with the ESRS and thus identified the topics that are material for us. Further information on the process and the detailed results of the materiality analysis can be found under **ESRS 2 IRO-1**.

Pursuant to section 315c (1) HGB in conjunction with section 289c (2) HGB, the report contents are classified as follows: We report environmental matters in accordance with section 315c HGB in conjunction with section 289c (2) sentence 1 HGB under **E1**, **E2**, **E3** and **E5**. We report on employee matters in accordance with section 315c HGB in conjunction with section 289c (2) sentence 2 HGB under **S1** and **S2**. We report on social matters in accordance with section 315c HGB in conjunction with section 289c (2) sentence 3 HGB under **S1**, **S2** and **S4**. We report on respect for human rights in accordance with section 315c HGB in conjunction with section 289c (2) sentence 4 HGB under **S1**, **S2** and **S4**. We report on the topic of anti-corruption and anti-bribery in accordance with section 315c HGB in conjunction with section 289c (2) sentence 5 HGB under **G1**.

In order to adopt the terminology of the ESRS, we also use the term Sustainability Statement instead of Non-financial Statement in the following.

General Disclosures (ESRS 2)

Basis for preparation

General basis for preparation of the Sustainability Statement (BP-1)

Our Sustainability Statement was prepared on a consolidated basis. The scope of consolidation corresponds to that of our financial reporting. The Sustainability Statement covers our own business operations. Based on our double materiality analysis, the reporting extends to the upstream and downstream value chain where applicable in the respective policies, actions, metrics, and targets.

Disclosures in relation to specific circumstances (BP-2)

Time horizons

We define the time horizon of the impacts, risks and opportunities (IROs) in our materiality analysis in accordance with the requirements of the European Sustainability Reporting Standards (ESRS): short-term (1–2 years), medium-term (3–5 years) and long-term (more than 5 years). With regard to risks and opportunities, we use a more detailed definition for long-term time horizons in order to harmonize them with our risk management approach: We additionally distinguish between 5–15 years and more than 15 years.

Use of estimates

- To calculate our energy mix, we use estimates based on external sources such as the International Energy Agency (IEA).
- We have used estimates for the metrics related to the production of renewable and non-renewable energies, which are also based on industry-specific average data.
- For Scope 3 categories 3.1 (purchased goods and services) and 3.2 (capital goods), emissions are calculated via a spend-based approach, using a procurement data management system and environmentally extended input-output (EEIO) data (source: US Environmentally-Extended Input-Output (USEEIO) Technical Content, United States Environmental Protection Agency). USEEIO provides emission factors on a spend basis for various industrial sectors and does not consider regional differences.
- With regard to the Scope 3.11 emissions (use of sold products), we use estimates based on in-house expert assessments of greenhouse gas emissions (GHG), energy consumption and sales volume.
- For resource inflows metrics, we use an approximation to determine the percentage of biological, reused or recycled materials (see **E5-4**).
- For individual small office locations that are not connected to the central EHS data management systems, estimates have been made for E1, E3, E5, and S1, and if material, added to the corresponding metrics.

There are no significant measurement uncertainties in relation to quantitative data including financials.

Basis and standards of reporting

Our reporting takes place according to the requirements of the German Commercial Code (HGB) as per sections 315b and 315c in conjunction with 289b to 289e and in line with the ESRS. All metrics that we already disclosed in 2024 have been presented in the current report together with the corresponding year-earlier figures in order to enable a direct comparison. Metrics that we are disclosing for the first time in 2025 have been presented without the corresponding year-earlier figures. In the event of changes to the methodology or calculation basis of individual metrics, these are explicitly indicated at the respective points in the report.

In fiscal 2024, there was an error in the calculation of key figures related to resource inflows and outflows. The corrected values can be found under **E5-4** and **E5-5**. Another error occurred in fiscal 2024 in the recording of the number of days lost due to work-related injuries. The corrected values are shown under **S1-14**.

Information on the use of phase-in options can be found under ESRS 2 IRO-2. While we use the phase-in option for **S1-13**, we voluntarily report on the participation rate of employees in regular performance and development discussions. For **S1-15**, we use the phase-in option and voluntarily report on employees' entitlement to work leave for family reasons.

In addition to the information as per the ESRS, we also provide information according to the standards of the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI). In doing so, we intend to meet the transparency expectations of various investor groups and other stakeholders. The GRI, TCFD and SASB disclosures can be found under **Other Information** and were not part of the audit with limited assurance performed by Deloitte for our Sustainability Statement. We also base our processes and data on the ISO standards ISO 9000 Quality management systems – Fundamentals and vocabulary, ISO 9001 Quality Management System – Requirements, ISO 14001 Environmental management systems, ISO 45001 Occupational health and safety management systems and ISO 50001 Energy management systems as part of our global integrated management system. Compliance with the requirements of these ISO standards is audited annually within the scope of external surveillance and/or recertification audits.

Recording of information by reference

We have included information on the following disclosure obligation by reference:

Information about the core elements of our business model and our value chain (ESRS 2 SBM-1 38, 40a i-ii and 42a-c) can be found under Company profile and Structure in the section **Fundamental Information about the Group**.

Our governance

The role of the administrative, management and supervisory bodies (GOV-1)

The following table shows the composition and diversity of members of the administrative, management and supervisory bodies. In our company, these include the Executive Board and Supervisory Board of Merck KGaA, Darmstadt, Germany, and the Board of Partners of E. Merck KG, Darmstadt, Germany: Owing to the special characteristics of our corporate structure at Merck KGaA, Darmstadt, Germany, the relevant boards do not have executive and non-executive members but only members as such. They all have similar rights and obligations. The Board's gender diversity ratio reflects the average ratio of female to male members.

	2025	2024
Number of Executive Board members	–	–
Number of non-Executive Board members	–	–
Board's gender diversity ratio (in %)	38.2	35.6
Percentage of independent Board members	100	100

The following table shows the share of members of Executive Board and Supervisory Board of Merck KGaA, Darmstadt, Germany, and the Board of Partners of E. Merck KG, Darmstadt, Germany, broken down by gender:

	2025	2024
Male (in %)	61.3	63.3
Female (in %)	38.7	36.7
Other (in %)	–	–
Total number	**31**	**30**

The following table shows the share of members of Executive Board and Supervisory Board of Merck KGaA, Darmstadt, Germany, and the Board of Partners of E. Merck KG, Darmstadt, Germany, broken down by age group:

	2025	2024
under 30 years old (in %)	–	–
30-50 years old (in %)	25.8	30.0
over 50 years old (in %)	74.2	70.0
Total number	**31**	**30**

Supervisory Board and the associated Audit Committee

Our Supervisory Board currently comprises 16 members and performs a monitoring function. It consists of eight shareholder representatives and eight employee representatives.

The Audit Committee is composed of three shareholder representatives and three employee representatives who are responsible for monitoring the impacts, risks and opportunities (IRO). The Audit Committee is generally responsible for accounting and auditing matters. Its other tasks include auditing the Annual Financial Statements, the Consolidated Financial Statements and the respective reports of the auditor as well as the half-yearly financial report and the quarterly financial statements. Its duties also include monitoring the sustainability reporting.

The Audit Committee is informed about the risk report at least once a year and about the status report on risk management at least twice a year. In addition, the committee informs the Supervisory Board about the Sustainability Statement at least once a year. Further meetings are convened as and when necessary.

Regular updates and reports should show the status quo and any progress made based on trend descriptions and comparative values. In this way, the Supervisory Board and/or Audit Committee monitors sustainability goals and the achievement thereof.

The Supervisory Board aims to optimally fulfill its monitoring function through the diversity of its members. Their expertise covers aspects including various sustainability topics and is determined bi-annually through a self-assessment of relevant criteria for Supervisory Board members using a qualification matrix. The latest self-assessment revealed that 14 members of the Supervisory Board have sustainability-related expertise. In the self-assessment, five members indicated having good to very good knowledge in the field of sustainability, which is based mainly on training, memberships in relevant associations and substantive practical experience in committees and boards that deal with sustainability matters. These members possess specific expertise in topics such as climate change, social issues and corporate governance. This indicates that the Supervisory Board as a body has the appropriate skills and expertise to monitor sustainability matters.

Executive Board

The Executive Board is made up of six members, whose areas of responsibility are listed in detail in the responsibility distribution plan. The members of the Executive Board are jointly responsible for the entire corporate governance. They work together as specialists and regularly brief one another on important matters in their areas of responsibility. This shared responsibility applies in particular to the areas of sustainability and risk management. Within the scope of the individual management responsibilities specified in the responsibility distribution plan, the sustainability matters of the company are allocated to the Chief People Officer as of March 2025. The Chief Financial Officer is responsible for the risk management of the company and the sustainability reporting.

The Executive Board provides the Supervisory Board and its Audit Committee with regular, up-to-date and comprehensive reports about all company-relevant issues concerning strategy, planning, business development, the risk situation, risk management, and compliance. The rules of procedure of the Executive Board and of the Supervisory Board govern the further details and ensure that the Supervisory Board is kept adequately informed by the Executive Board.

Our Diversity Policy stipulates that the Executive Board should demonstrate internationality through leadership experience or background, relative to our key sales markets or those locations that are organizationally and culturally relevant to our employee development efforts. For both criteria, Europe, North America and Asia-Pacific are currently the key regions.

The Executive Board meets this objective with management experience in the aforementioned regions, and especially in the following countries: Belgium, China, France, India, Israel, Italy, Japan, Malaysia, Singapore, Spain, Switzerland, the United Kingdom, and the United States. In addition, 67% of Executive Board members are not of German origin.

Detailed reporting obligations exist below the Executive Board level for senior executives who are specifically responsible for governance processes, controls and procedures.

The Executive Board exchanges information in regular meetings. At least once per year, members are briefed about the work of the Human Rights Officer and the results of the human rights risk analysis. They also meet once per year to approve the Group-wide policy statement on respecting human rights. Regular reporting monitors our goals and the achievement of the goals.

When identifying potential candidates for the Executive Board and when they are subsequently appointed by E. Merck KG, Darmstadt, Germany, we take sustainability-related capabilities and specialist knowledge into account. This includes in-depth expertise and experience related to the requirements for the transformation toward climate-neutral business models as well as industry-specific knowledge.

Board of Partners

The Board of Partners of E. Merck KG, Darmstadt, Germany, complements the competencies and activities of the Supervisory Board and, like the Supervisory Board, fulfills an independent advisory and monitoring role vis-à-vis the Executive Board. It has three committees, to which individual tasks can be delegated: the Personnel Committee, the Finance Committee and the Research and Development Committee. The whole Board of Partners is involved in the annual corporate planning, including the corporate strategy, where sustainability plays an important role and IROs are considered.

At our company, in contrast to German stock corporations, it is not the Supervisory Board but rather the Board of Partners of E. Merck KG, Darmstadt, Germany, that is responsible for designing and reviewing the compensation system and for the amount and composition of compensation received by Executive Board members. The Board of Partners has assigned this task to its Personnel Committee. Moreover, the Board of Partners has to monitor the Executive Board in its management of the company. It informs itself about the affairs of Merck KGaA, Darmstadt, Germany, and may inspect and examine the company’s accounts, other business documents and assets for this purpose.

By providing regular updates and reporting, including presenting the status quo, the Board of Partners monitors progress toward goals and the achievement thereof.

When appointing members of the Board of Partners, the Family Board of E. Merck KG, Darmstadt, Germany, takes into account capabilities and expertise in relation to sustainability matters. With regard to the current members of the Board of Partners, expertise is largely based on internal and external training courses on sustainability matters as well as long-term experience from membership of relevant boards and committees.

With regard to industry and product knowledge, the Board of Partners complements the expertise, experience and activities of the Supervisory Board with members who have in-depth expertise and experience in the Life Science, Healthcare and Electronics business sectors as well as strong management and leadership skills.

When selecting the administrative, management and supervisory bodies described above, we take into account sustainability-related expertise and competencies that are relevant to our identified IROs. Their expertise in relation to this is made available to the Group via knowledge transfer in the form of discussions, training and expert meetings.

More information on the various boards can be found under **Statement on Corporate Governance** (content is not audited).

Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies (GOV-2)

The Supervisory Board, the Executive Board and the Board of Partners deal with sustainability matters in different ways. The Audit Committee of the Supervisory Board is presented with an assessment of the Group's current risk portfolio once per year and the current implementation status of risk management twice per year. The Executive Board is briefed on the risk report at least twice per year.

In the meeting in February 2025, the Supervisory Board and the Audit Committee intensively dealt with the Annual Financial Statements and Consolidated Financial Statements prepared by the Executive Board. In this context, the Sustainability Statement was also discussed. The Sustainability Statement is presented to the Supervisory Board once per year. Previously, the Head of Corporate Sustainability, Quality and Trade Compliance (SQ) was responsible for the Sustainability Statement. She reports to the Chief People Officer. While the sustainability strategy and its implementation remain under SQ´s responsibility, the responsibility for the sustainability statement was transferred to the Head of Group Reporting on September 1, 2025. She reports to the Chief Financial Officer.

The Executive Board is responsible for preparing the Annual Financial Statements of the Group, including the Sustainability Statement. Our Human Rights Officer, the Head of SQ is responsible for monitoring due diligence obligations concerning human rights and environmental matters. The Executive Board is informed about the work of the Human Rights Officer and the implementation status of risk management and due diligence at least once per year.

Our Board of Partners and our Supervisory Board regularly monitor and discuss sustainability aspects and the sustainability strategy as part of the corporate strategy. Sustainability aspects, as part of the executive board's compensation in the form of key performance indicators, fall under the responsibility of the Board of Partners.

When making decisions on major transactions, the administrative, management and supervisory bodies regularly consider the IROs and weigh them against one another by examining the advantages and disadvantages of the respective transaction. We also take sustainability matters into account when evaluating potential acquisitions, allocating operating expenditure, making decisions on capital expenditure, and in research and development. The following material IROs (see the respective identifiers in brackets) were addressed by the administrative, management and supervisory bodies or their relevant committees during the reporting period.

Executive Board

- Transition plan for climate change mitigation, see E1 (E1-NI-01 to E1-NI-03; E1-R-01 and E1-R-02; E1-O-01)
- Approval of the new sustainability key indicator for health and safety, see S1 (S1-PI-03)
- Human rights, see **S2** (S2-NI-01; S2-NI-02; S2-NI-03; S2-NI-04; S2-NI-05; S2-NI-06)
- Adjustment of the first goal of the sustainability strategy, see **S4** and **G1** (S4-PI-05; G1-NI-01)

Supervisory Board

- Climate change and emission reduction, see **E1** (E1-NI-01 to E1-NI-06; E1-R-01 and E1-R-02; E1-O-01)
- Transition plan for climate protection, see **E1** (E1-NI-01 to E1-NI-06; E1-R-01 and E1-R-02; E1-O-01)
- Geopolitical risks and their significance for business development, see **S2** (S2-R-01)

Integration of sustainability-related performance in incentive schemes (GOV-3)

Sustainability matters are an integral component of the compensation of our Executive Board. As such, we have anchored our sustainability strategy in the performance-related compensation: This is composed of profit sharing and a Long-Term Incentive Plan (LTIP) and is therefore carried out with sustainability goals in mind.

To determine the profit sharing, the Personnel Committee of the Board of Partners of E. Merck KG, Darmstadt, Germany, can take an individual adjustment factor into account. This makes it possible to reward outstanding individual performance of members of the Executive Board as well as the overachievement of certain sustainability goals. For an increase in the profit sharing, it is assessed to what extent the respective member of the Executive Board has contributed to our three strategic sustainability goals. Metrics regarding the reduction of our GHG emissions are used, among others. If the sustainability goals were not achieved, penalty criteria apply for a reduction in the profit sharing.

In addition to financial performance indicators, the LTIP includes a sustainability factor that measures performance regarding the achievement of our three strategic sustainability goals over a period of three years. This can cause the variable compensation of our Executive Board to increase or decrease by up to 20% (2024: 20%) depending on the achievement of the goals.

In the current reporting period, a percentage of the variable compensation was therefore tied directly to climate-related aspects, especially goals regarding the reduction of GHG emissions as reported under E1–4. The goal on the reduction of GHG emissions (Scope 1 and 2), which is anchored in the LTIP for the Executive Board and for managers, was taken into account for the first time in fiscal 2022. It is intended to contribute to the achievement of our overarching climate goals by 2030. At the beginning of each three-year period of the LTIP, a goal is determined that should ultimately be achieved. Each of these goals is oriented toward the absolute reduction of GHG emissions, with new, more ambitious goals being decided every year. The potential payment for the LTIP granted for the Executive Board in 2022 is to take place in 2026 after an additional one-year holding period. In fiscal 2025, climate-related aspects were not yet part of the compensation of our executive board. For the first time in 2026, the amount of the climate-related compensation of our executive board will be determined.

The fact that we integrate climate-related goals into the compensation reflects our commitment to climate change mitigation and climate change adaptation and highlights the responsibility of our managers to achieve our overarching climate goals. They are aligned with our commitment to the Science Based Targets initiative (SBTi) to limit global warming to 1.5°C. The Executive Board is responsible for overseeing the implementation of goals for climate change mitigation. The Group Sustainability Committee (MSC) regularly monitors the progress made toward implementing the goals. The board is headed by the Chief Sustainability Officer. Its objective is to ensure that our sustainability strategy and the individual business strategies are coordinated with one another – with the objective of further intensifying actions for climate change mitigation and adaptation.

Further information on the integration of sustainability-related performance into the incentive schemes of our Executive Board can be found in our **Compensation Report** (not audited as part of the audit of the Sustainability Statement).

Statement on due diligence (GOV-4)

Core elements of due diligence	Paragraphs in the Sustainability Statement
Embedding due diligence in governance, strategy and business model	**ESRS 2 GOV-2** **ESRS 2 GOV-3** **ESRS 2 SBM-3**
Engaging with affected stakeholders in all key steps of the due diligence	**ESRS 2 GOV-2** **ESRS 2 SBM-2** **ESRS IRO-1** **E1-2** **E2-1 (Pollution of water)** **E2-1 (Pollution of soil)** **E2-1 (Substances of concern and substances of very high concern)** **E3-1** **E5-1** **S1-1** **S2-1** **S4-1 (Health and safety of our patients)** **S4-1 (Access to our products and services and access to (quality) information)** **G1-1 (Corporate culture)** **G1-1 (Animal welfare)** **G1-1 (Corruption and bribery)** **MDR-P (Digital ethics)** **MDR-P (Bioethics**)
Identifying and assessing adverse impacts	**ESRS 2 IRO-1** **E1 SBM-3** **E2 SBM-3** **E3 SBM-3** **E5 SBM-3** **S1 SBM-3** **S2 SBM-3** **S4 SBM-3** **G1 SBM-3** **SBM-3 (Digital ethics)** **SBM-3 (Bioethics)**
Taking actions to address those adverse impacts	**E1-3** **E2-2 (Pollution of water)** **E2-2 (Pollution of soil)** **E2-2 (Substances of concern and substances of very high concern)** **E3-2** **E5-2** **S1-4** **S2-4** **S4-4 (Health and safety of our patients)** **S4-4 (Access to our products and services and access to (quality) information)** **G1-MDR-A (Corporate culture)** **G1-MDR-A (Animal welfare)** **G1-3** **MDR-A (Digital ethics)** **MDR-A (Bioethics)**
Tracking the effectiveness of these efforts and communication	Targets: **E1-4** **E2-3 (Pollution of water)** **E2-3 (Pollution of soil)** **E2-3 (Substances of concern and substances of very high concern)** **E3-3** **E5-3** **S1-5** **S2-5** **S4-5 (Health and safety of our patients)** **S4-5 (Access to our products and services and access to (quality) information)** **G1-MDR-T (Corporate culture)** **G1-MDR-T (Animal welfare)** **MDR-T (Digital ethics)** **MDR-T (Bioethics)** Metrics: **E1-5** **E1-6** **E1-7** **E1-8** **E2-4 (Pollution of water)** **E2-5 (Substances of concern and substances of very high concern)** **E3 MDR-M** **E5-4** **E5-5** **S1-6** **S1-8** **S1-9** **S1-10** **S1-13** **S1-14** **S1-15** **S1-16** **S1-17** **G1 MDR-M (Animal welfare)** **G1 MDR-M (Corporate culture)** **G1-3** **G1-4**

Risk management and internal controls over sustainability reporting (GOV-5)

In the context of constantly evolving external and internal requirements for the management of non-financial risks, work continued on the development of a procedural and organizational concept in fiscal 2025. The non-financial internal control system is aligned with the sustainability strategy and oriented toward the requirements of the Corporate Sustainability Reporting Directive (CSRD). The objective is to continuously improve compliance with CSRD requirements by implementing organization-wide actions and controls. Our internal control system is based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission), a globally recognized standard that is divided into five components: control environment, risk assessment, control activities, information and communication, and monitoring. Compared with the previous year, we have further formalized the internal controls for the sustainability reporting and further advanced their integration into the overall internal control system.

Our risk assessment follows predefined approaches for quantitative and qualitative assessments. Based on the impact and probability, a subsequent prioritization is possible. Remedial actions for all relevant identified risks are key for their appropriate management and thus contribute to reducing their impact or likelihood. Moreover, to reduce relevant risks, the following actions can also be implemented: setting up provisions to reduce gross impacts or adjusting insurance coverage.

Based on the remaining risk, the risk owners and, if applicable, the Executive Board decide whether the implemented actions are sufficient or whether the remaining risk requires further remedial actions. Furthermore, each remedial action is validated twice per year to confirm its effectiveness and to determine whether additional actions are required. Group Risk Management monitors the aggregated remedial actions and is regularly informed whenever deviations in the implemented remedial actions are determined.

Responsibility for the effectiveness of the internal control system and the further development of the non-financial metrics lies with the responsible managers or the risk and process owners. In fiscal 2025, we once again took non-financial aspects into consideration when confirming the overall effectiveness of the internal control system, with the responsible Group functions, the respective local Managing Director and/or the respective local Chief Financial Officer signing relevant confirmations.

Our strategy

Strategy, business model and value chain (SBM-1)

Responsible action is an integral part of our corporate culture. This also includes respecting the interests of our employees, customers, investors, and society. Our goal is to attach the same importance to environmental, safety and ethical aspects as to economic success. We want to reduce ethical, economic, environmental, and social risks as far as possible. We integrate sustainability into the innovation process and into the steps of the value chain.

Today, our products are already contributing to progress and health worldwide – most notably, our medicines and our biological and chemical innovations that are based on the latest technologies.

From the early stages of development, we keep an eye on the entire life cycle of our products. We want to continuously improve the way we measure our progress by adapting to existing and upcoming legal regulations and integrating quantitative sustainability-related criteria into our product development processes across all business sectors. Within our research and development (R&D) processes, we are committed to continuously improving and integrating sustainability and circular economy criteria to assess the sustainability performance of our products and portfolio, enabling us to create more sustainable products for our customers and society. We work toward these ambitions by embedding circularity indicators into R&D scorecards and advancing packaging sustainability through dedicated initiatives. By doing so we want to enhance circularity and monitor the circularity of production waste in line with the waste hierarchy. More information can be found under **E5**.

We aim to drive health equity. We understand health equity as a concerted effort to ensure communities have access to quality care and to address inequities in health and living conditions. We work with partners to tackle these complex challenges and are committed to systematically integrating the interests and perspectives of our stakeholders into our strategy and business model. More information can be found under **S4**.

A key element of our strategy is our commitment to advancing human progress through our employees, who engage with complex challenges while nurturing a culture of innovation and inclusion. Our business model is designed to empower our employees through fair working conditions, including health and safety, alongside our dedication to belonging and inclusion. This approach enables our employees to pursue careers that resonate with their individual aspirations, skills and passions. More information can be found under **S1**.

The following table shows the number of employees by region:

	2025[1]	2024[1]
Europe	27,444	28,138
North America	14,583	14,187
Asia-Pacific (APAC)	15,802	15,593
Latin America	3,467	3,502
Middle East and Africa (MEA)	1,165	1,137

[1] The Group also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.

Our procurement activities are governed by strict sustainability standards that are embedded in our strategies, processes and guidelines. We aim to identify, prevent, remediate or otherwise address adverse impacts on the environment, as well as on the labor and human rights of workers and rightsholders in our supply chain. We are committed to creating transparency in all our sourcing regions, and to help build resilient and sustainable supply chains. Therefore, we actively engage with our direct suppliers regarding sustainability issues and systematically manage our relationship with them. We also have implemented targeted measures for indirect suppliers of conflict minerals. More information can be found under **S2**.

We analyze our negative environmental impacts precisely: As a result of our business activities, emissions are released into the air and water, while wastewater and waste are generated. In addition, we use materials that can adversely affect the environment if not handled properly. Minimizing these negative environmental impacts and implementing appropriate climate change mitigation actions requires a holistic strategic approach that takes into account practices and processes in research, production and the operation of our sites. This includes making the most efficient use of increasingly scarce resources. Our goal is to decouple company growth from negative environmental impacts to the greatest possible extent. Further information can be found in **E1**, **E2**, **E3**, and **E5**.

Our world is increasingly characterized by macroeconomic and geopolitical dynamics. At the same time, we are faced with developments such as an aging population, new technologies and climate change. In this environment, which presents us with both challenges and opportunities, we consider scientific breakthroughs to be more urgent than ever. We closely monitor new global trends and challenges and use tools such as scenario analyses to understand the complex nature of potential impacts. In addition, we participate in dialogues and initiatives, consult with other organizations in our industry and assess media and news coverage. This enables us to minimize risks while also leveraging new business opportunities.

Our sustainability strategy

The extensive challenges facing both society and the environment require a clear objective for the coming years. The following three key goals of our sustainability strategy are intended to fulfill this task:

Overall, our sustainability strategy is centered on seven focus areas. Within these focus areas, we are currently realizing numerous initiatives and projects and plan to continue doing this in the future. We constantly review the relevance and applicability of these goals and focus areas and adjust them where necessary. Thus, in 2025, we revised our first goal and refined our ambition to provide more sustainable solutions through our portfolio. We measure our progress using a range of sustainability key indicators that we publish on our **website** (content of the website is not audited). We developed our key performance indicators in the financial year, including another key performance indicator for sustainability and transparency in the supply chain.

The following table shows the part of the sustainability key indicators that is mandatory for our ESRS reporting:

Strategic goal	Value chain	Sustainability key indicator	**2025**	2024[3]	More information
1	Downstream	Number of people treated with our Healthcare products (in million)[1]	182	184	S4
1	Own operations	Reduction of number of animals used compared to 2021 (in %)[2]	25		G1
2	Own operations	Environment, health and safety (EHS) incident rate	1.85	2.23	S1
2	Own operations	Lost time injury rate (LTIR)	0.98	1.16	S1
2	Own operations	Injury Count Rate (ICR)[2]	2.15		S1
2	Upstream	Percentage of relevant suppliers (in terms of number) that are covered by a valid sustainability assessment[1]	73	75	S2
2	Upstream	Percentage of relevant suppliers (in terms of spend) that are covered by a valid sustainability assessment[1]	96	94	S2
2	Upstream	Share of procurement spend attributable to suppliers with a valid sustainability assessment of "good" or higher (in %)[1 2]	59		S2
2	Own operations	Violations of Global Social and Labor Standards Policy	60	57	S1
3	Own operations	Greenhouse gas emissions Scope 1 and 2 (in metric tons)[1]	854,908	1,085,124	E1
3	Upstream; downstream	Indirect greenhouse gas emissions (Scope 3 intensity: metric tons CO_2eq per € million gross profit)	316	359	E1
3	Upstream	Percentage of purchased electricity from renewable sources (in %)	63.9	52.2	E1
3	Own operations	Circularity rate (in %)	70.1	69.2	E5
3	Own operations	Water efficiency (m^3 per € million net sales)[4]	490	588	E3

[1] The key indicator is used to determine the sustainability factor for the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany (LTIP).

[2] New Key Indicator in fiscal 2025.

[3] The gray background indicates that the value was not yet collected.

[4] 2025: excluding Surface Solutions; 2024: including Surface Solutions.

Generally, our sustainability strategy is implemented Group-wide. Specific activities are defined for our three business sectors with their different product and service portfolios. Unless stated otherwise, the sustainability key indicators apply globally. Where appropriate, we differentiate by geographical region or relationships with stakeholders. For example, this applies to our strategy in the Healthcare business sector, with which we aim to improve access to our products and services as well as medical information in low- and middle-income countries. The goals that we have defined in this context relate to the interests of our stakeholders, for example the end-users that benefit from our schistosomiasis elimination program in sub-Saharan Africa in particular.

Our Life Science business sector takes a holistic life cycle approach, embedding sustainability matters across the entire value chain: from the selection of raw materials and the supply chain to research and development, production, packaging, distribution, product use, and the end-of-life cycle and disposal. We do not only concentrate on the product life cycle but also work to improve global access to science and Science, Technology, Engineering and Mathematics (STEM) education. We support our customers on their own path toward sustainability through targeted actions such as our Design for Sustainability framework, our SMASH Packaging program or our EDISON program for energy and water efficiency. Through global collaboration with cross-functional teams, industry partners, suppliers, and customers, we act as a sustainability multiplier for the life science industry. Further information can be found under **E1**, **E2**, **E3**, and **E5**.

In our Healthcare business sector, we are working to improve medicinal provision for patients and harmonize our business activities with the environment while simultaneously driving long-term company growth. Throughout our value chain, we strive to develop medicines with a high health impact while also minimizing their environmental footprint. We advocate for global access to medicines, also in low- and middle-income countries, by investing in stronger health systems and anchoring health equity firmly in our business strategy. Through personalized health solutions and digital health technologies, we are creating a seamless, patient-centered supply offer. Collaboration is the key to this strategy: We maintain transparent partnerships with suppliers and contract manufacturing organizations and work actively with political decision-makers, governments, municipalities, academic institutions, and charitable organizations. Further information can be found under **S4**.

In our Electronics business sector, we are committed to shaping the digital transformation. We consider sustainability to be a core aspect of our technology roadmap and endeavor to address the critical industry challenges that lie ahead. We use data and digital tools to accelerate the development of new solutions, such as process gases with lower global warming potential or substitutes for substances of concern. As a major supplier to the electronics industry, we are committed to reducing the environmental impact of our business activities, focusing on GHG emissions, water consumption, energy use, and waste. Further information can be found under **E1**, **E2**, **E3**, and **E5**.

Details on our business model and our value chain can be found in our Management Report under **Fundamental Information about the Group**.

Interests and views of stakeholders (SBM-2)

Engaging with our various stakeholders is crucial for us. Through this dialogue, we communicate our decisions and actions transparently in order to secure our social license to operate. We aim to conciliate divergent interests while also building trust and sustaining it in the long term. We pursue a continuous dialogue with our stakeholders and use this exchange to identify trends and developments in society and in our business fields so as to take them into account in our sustainability endeavors. We regularly conduct a systematic materiality analysis to learn about our stakeholders' expectations. In doing so, we identify the economic, social and environmental issues that are important to our stakeholders – and thus also to us.

We have established guidelines and principles for interacting with certain stakeholders, with a focus on compliance. For example, we have defined internal guidelines and review processes for our relationship with patients, for interactions in the healthcare sector and for business partnerships.

Our most important stakeholders:

- Associations/political decision-makers
- Communities
- Competitors
- Customers
- Employee representatives
- Employees
- Healthcare systems
- Media
- Non-governmental organizations (NGOs)
- Patient organizations
- Patients
- Sales and business partners
- Scientists
- Shareholders
- Supervisory authorities
- Suppliers
- The Merck family

We organize interactions with our stakeholders on a decentralized basis – based on business requirements, legal framework conditions (for example, interactions with patients or political decision-makers), relevance, and the type of interaction. We communicate regularly with our stakeholders through a variety of channels. For instance, we conduct stakeholder surveys and organize topic-specific dialogues at regional, national and international level. We also participate in exchange through discussions and informational forums as well as through our advocacy work and industry coalitions.

We believe that the interests, views and rights of our workforce are integral components of our strategy and business model. We engage in regular dialogue with our employees through different formats such as surveys or Employee Resource Groups to gather insights into their needs and concerns. This feedback directly informs our policies and initiatives, which are aimed at continuously enhancing employee welfare, belonging, and inclusion. By integrating employee perspectives into our decision-making processes, we aim to ensure that our business model not only drives financial performance but also fosters a culture of respect and empowerment.

We are committed to promoting a strong sense of belonging among our employees. Therefore, we approach Belonging & Inclusion with the same sense of purpose as our Group's other business objectives. For example, we aim to help every employee maximize their potential, regardless of their backgrounds and identities, including gender identity, ethnicity, race, religion, faiths, sexual orientation, national origin, socioeconomic and family status, different mental or physical abilities, neurodiversity spectrum, age, military service, and political perspective. We believe that our Belonging & Inclusion approach inspires progress, strengthens our ability to innovate in all areas of our business sectors and fuels our efforts to make positive impacts in the communities where we live and work.

In our Human Rights Charter and the complementary policies, we outline our commitment to uphold the rights of our employees, aiming to ensure a safe, equitable, and inclusive work environment. For example, our Social and Labor Standards Policy states that our company does not tolerate any form of discrimination, physical or verbal harassment or intolerance. We conduct regular risk assessments to identify and mitigate any potential human rights risks within our workforce. More information on our own workforce can be found under **S1**.

Our commitment to respecting and protecting the human rights of workers in our value chain is a core element of our overall strategy. Our objective is to ensure that no violations of human rights occur at our business operations or at those of our suppliers and business partners. This objective is embedded in applicable company policies and operational guidelines. In 2025, for example, we integrated sustainability criteria into our procurement decision-making processes for selecting suppliers and evaluating their performance. In addition, we are active members in multi-stakeholder groups to gather and share information about the interests of workers and vulnerable groups in our supply chains. We conduct supplier sustainability audits and provide training programs to promote equal treatment, ethical business practices and compliance with applicable laws. More information on our processes for engaging with workers in our supply chain can be found under **S2**.

With regard to consumers and end-users, we want to conduct high-quality clinical research that complies with applicable laws and regulations. We set Group-wide requirements that aim to ensure that high ethical and scientific standards are met when we conduct our clinical trials. Our top priority is the safety, well-being, dignity, and rights of the sick and healthy people who take part in our clinical trials. Once our products are commercially available, they can only be purchased from a pharmacy with a prescription from a licensed physician. This is to ensure the safe use of our medicinal products for our end-users as access to the drug is only given when medically justified. We aim to ensure that our products are effective in combating a disease, while posing the lowest possible risk for the end-users.

Furthermore, we prioritize access to our products and services as well as access to (quality) information based on their impact on patients – particularly in low- and middle-income countries. We focus on availability, accessibility and affordability. Alongside access to our healthcare portfolio, our health equity ambition focuses on diseases that disproportionately affect underserved populations. Our approach involves close cooperation with governments of various countries, non-governmental organizations and other stakeholders. In the context of access to (quality) information, our business model focuses on strengthening healthcare systems and local healthcare capabilities with the aim of enhancing the skills and capacities of scientific and medical professionals through a network of experts. More information on processes for engaging with consumers and end-users can be found under **S4**.

In order to gain a comprehensive understanding of our internal and external stakeholders, we identified and classified stakeholders and users of sustainability statements as part of the materiality analysis. Further information can be found in the process description for determining and evaluating our material IROs under step 3 **Listing and involving relevant stakeholders**.

Information from the administrative, management and supervisory bodies on the views and interests of the stakeholders concerned regarding the company's sustainability impacts

Our Executive Board assumes Group-wide responsibility for our sustainability strategy. It approved our **three strategic sustainability goals** in fiscal 2020. The Group Corporate Sustainability unit is responsible for the development and design of the sustainability strategy and informs the Executive Board about the progress and need for action at least once per year. Group Corporate Sustainability is part of the Group function SQ that reports to the Chief People Officer – who represents the entire Executive Board. At Executive Board level, responsibility for environmental, social and corporate governance (ESG) aspects also lies with the Chief People Officer. The Head of SQ also acts as Chief Sustainability Officer. She informs the Executive Board about relevant sustainability topics such as climate change mitigation.

Group Corporate Sustainability is also responsible for coordinating the Group Sustainability Committee (MSC), which is chaired by the Chief Sustainability Officer. The committee consists of representatives from our business sectors and from key Group functions, such as Procurement, Communications and Reporting. Members of the Executive Board may participate in the meetings of the MSC.

The MSC steers and monitors the Group-wide implementation of the sustainability strategy, defines priorities and approves globally applicable sustainability policies. Moreover, it ensures that the initiatives of our various business sectors, Group functions and subsidiaries are in harmony with our global sustainability strategy. In addition, it recommends relevant actions and projects to the Executive Board. Within their respective area of responsibility, each Executive Board member is also responsible for sustainability, reviews the priorities that have been set and decides on the implementation of initiatives.

Material impacts, risks and opportunities and their interaction with our strategy and business model (SBM-3)

The following table provides an overview of our materialIROs identified as part of the materiality analysis. These will be described in detail in the respective topic sections. We describe the methodology of our double materiality analysis under **Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)**.

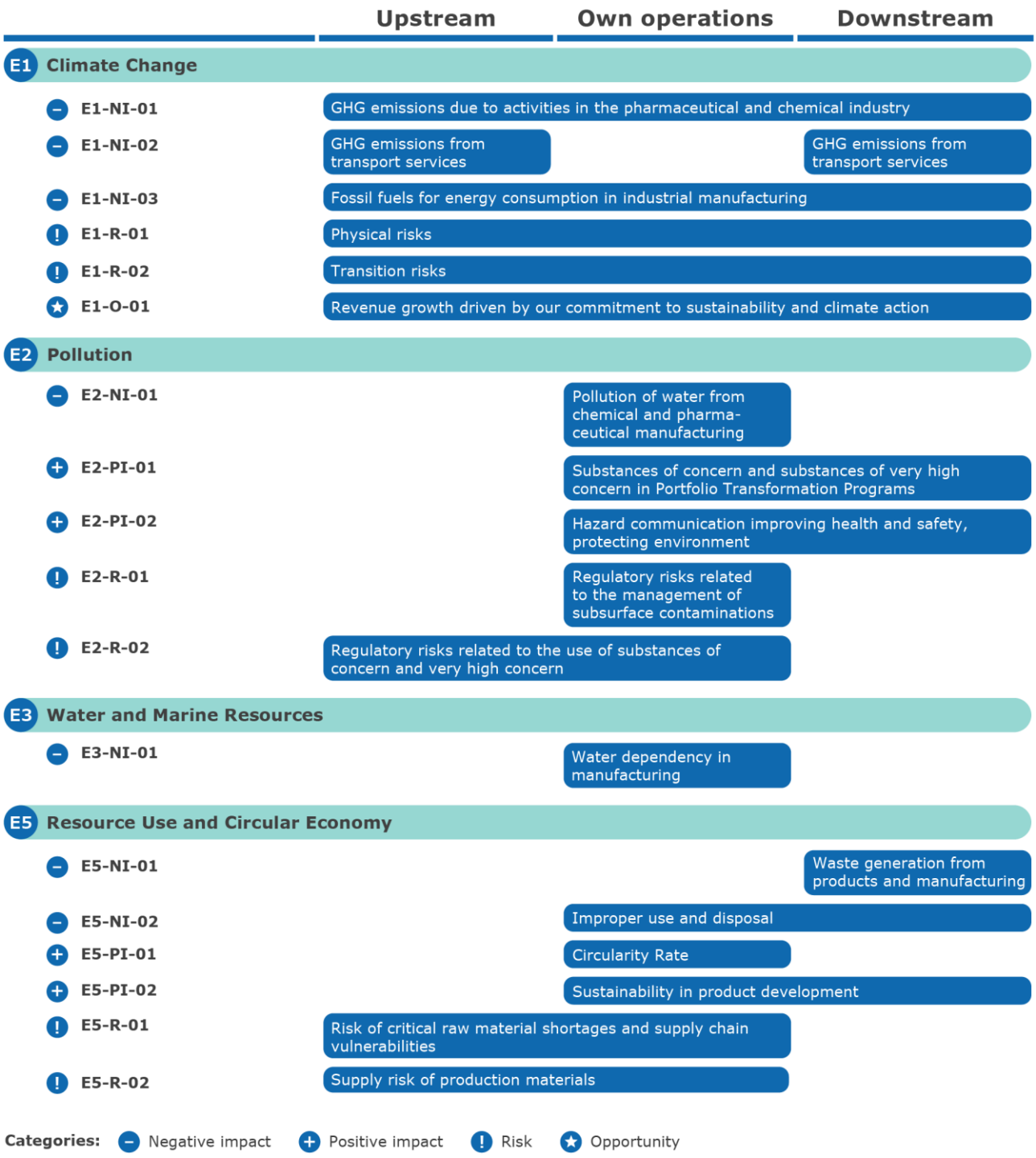
Impact, risk and opportunities (IRO) identifier	Type of IRO	Sustainability matter	Reference chapter
E1-NI-01	Actual negative impact	Climate change mitigation	**E1 Climate Change**
E1-NI-02	Actual negative impact	Climate change mitigation	**E1 Climate Change**
E1-NI-03	Actual negative impact	Energy	**E1 Climate Change**
E1-R-01	Risk	Climate change adaptation	**E1 Climate Change**
E1-R-02	Risk	Climate change mitigation	**E1 Climate Change**
E1-O-01	Opportunity	Climate change adaptation; climate change mitigation	**E1 Climate Change**
E2-NI-01	Actual negative impact	Pollution of water	**E2 Pollution**
E2-PI-01	Potential positive impact	Substances of concern; Substances of very high concern	**E2 Pollution**
E2-PI-02	Potential positive impact	Substances of concern; Substances of very high concern	**E2 Pollution**
E2-R-01	Risk	Pollution of soil	**E2 Pollution**
E2-R-02	Risk	Substances of concern; Substances of very high concern	**E2 Pollution**
E3-NI-01	Actual/potential negative impact	Water withdrawal	**E3 Water and marine resources**
E5-NI-01	Actual negative impact	Resource outflows related to products and services; Waste	**E5 Resource Use and Circular Economy**
E5-NI-02	Actual/potential negative impact	Waste	**E5 Resource Use and Circular Economy**
E5-PI-01	Actual positive impact	Waste	**E5 Resource Use and Circular Economy**
E5-PI-02	Actual positive impact	Resource outflows related to products and services	**E5 Resource Use and Circular Economy**
E5-R-01	Risk	Resource inflows, including resource use	**E5 Resource Use and Circular Economy**
E5-R-02	Risk	Resource inflows, including resource use	**E5 Resource Use and Circular Economy**
S1-NI-01	Potential negative impact	Equal treatment and opportunities for all: Gender equality and equal pay for work of equal value	**S1 Own Workforce**
S1-NI-02	Potential negative impact	Working conditions: Work-life balance	**S1 Own Workforce**
S1-NI-03	Potential negative impact	Working conditions: Secure employment; Working time; Adequate wages; Collective bargaining, including rate of workers covered by collective agreements	**S1 Own Workforce**
S1-PI-01	Actual positive impact	Equal treatment and opportunities for all: Diversity	**S1 Own Workforce**
S1-PI-02	Actual positive impact	Equal treatment and opportunities for all: Training and skills development	**S1 Own Workforce**
S1-PI-03	Actual positive impact	Working conditions: Health and safety	**S1 Own Workforce**
S1-PI-04	Actual positive impact	Equal treatment and opportunities for all: Work-life balance	**S1 Own Workforce**
S1-R-01	Risk	Working conditions: Health and Safety, Collective bargaining, Working time; Equal treatment and opportunities for all: Diversity	**S1 Own Workforce**

Impact, risk and opportunities (IRO) identifier	Type of IRO	Sustainability matter	Reference chapter
S2-NI-01	Actual negative impact	Equal treatment and opportunities for all: Diversity; Employment and inclusion of persons with disabilities	**S2 Workers in the value chain**
S2-NI-02	Actual negative impact	Equal treatment and opportunities for all: Measures against violence and harassment in the workplace	**S2 Workers in the value chain**
S2-NI-03	Potential negative impact	Other work-related rights: Child labor; Forced labor	**S2 Workers in the value chain**
S2-NI-04	Potential negative impact	Other work-related rights: Adequate housing; Water and sanitation; Privacy	**S2 Workers in the value chain**
S2-NI-05	Actual negative impact	Working conditions: Secure employment; Working time; Adequate housing	**S2 Workers in the value chain**
S2-NI-06	Actual negative impact	Working conditions: Health and safety	**S2 Workers in the value chain**
S2-R-01	Risk	Working conditions: Health and safety	**S2 Workers in the value chain**
S4-PI-01	Actual positive impact	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
S4-PI-02	Potential positive impact	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
S4-PI-03	Potential positive impact	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
S4-PI-04	Potential positive impact	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
S4-PI-05	Actual positive impact	Social inclusion of consumers and/or end-users: Access to products and services	**S4 Consumers and End-users**
S4-PI-06	Actual positive impact	Information-related impacts for consumers and/or end-users: Access to (quality) information	**S4 Consumers and End-users**
S4-R-01	Risk	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
S4-R-02	Risk	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
S4-O-01	Opportunity	Personal safety of consumers and/or end-users: Health and safety	**S4 Consumers and End-users**
G1-NI-01	Actual negative impact	Animal welfare	**G1 Business conduct**
G1-NI-02	Actual negative impact	Corruption and bribery	**G1 Business conduct**
G1-PI-01	Potential positive impact	Corporate culture	**G1 Business conduct**
Entity-PI-01	Potential positive impact	Bioethics	**Bioethics**
Entity-PI-02	Actual positive impact	Digital ethics	**Digital ethics**

We assessed the identified material risks and opportunities for their potential impacts on our results of operations, financial positions, net assets, and liquidity. Beyond the provisions for environmental protection reported under **E2**, provisions for follow-up costs are recognized following the discontinuation of a drug candidate. Details can be found under **S4**. For the next reporting period, we do not anticipate any significant changes regarding environmental protection provisions. Furthermore, at this point in time, additional financial impacts from risks related to the potential future discontinuation of development projects in the Healthcare business sector cannot be estimated.

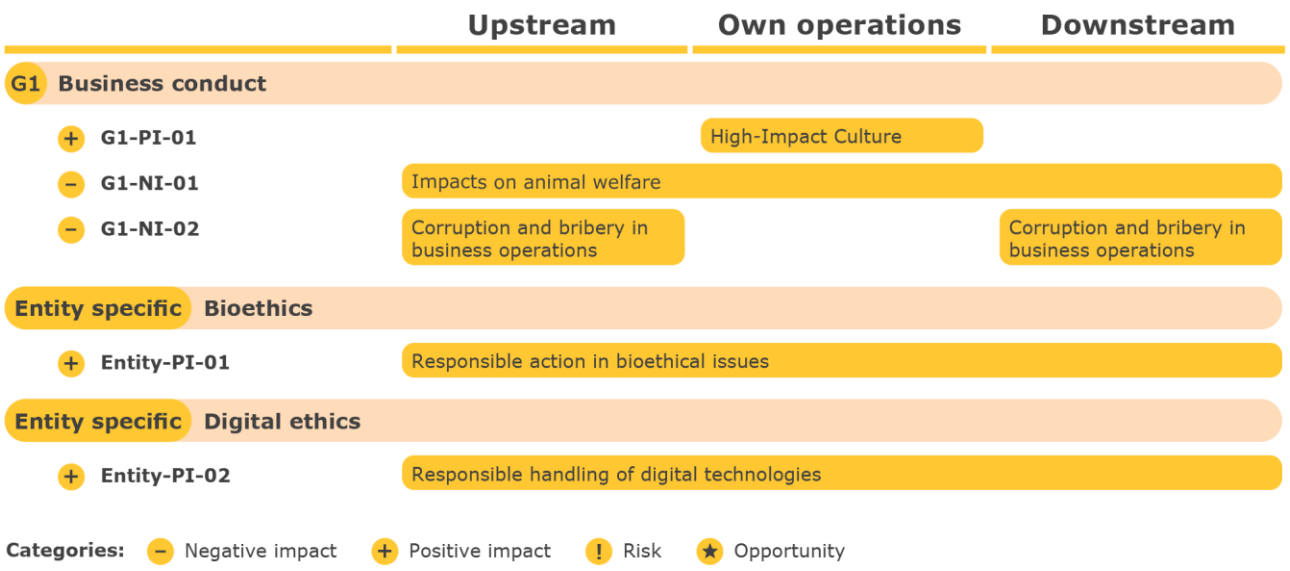
In the reporting period, we monitored the assessment of our IROs. In this context, the standard E4 Biodiversity and ecosystems was classified as not material, which is why this report provides no details about it. The same applies to the sub-topic Employment and inclusion of persons with disabilities in the **S1** standard. At the same time, we have identified new material topics. This includes the sustainability matter of corruption and bribery in the **G1** standard and the entity-specific topics of bioethics and digital ethics.

Overview of our material impacts, risks, and opportunities



	Upstream	Own operations	Downstream
S1 Own Workforce			
− S1-NI-01		Equal pay	
− S1-NI-02		Work-life imbalance	
− S1-NI-03		Inadequate working conditions	
! S1-R-01		Compliance with workplace-related laws	
+ S1-PI-01		Inclusive workplace culture	
+ S1-PI-02		Professional development	
+ S1-PI-03		Employee health and well-being	
+ S1-PI-04		Work-life balance beyond legal obligations	
S2 Workers in the Value Chain			
− S2-NI-01	Discrimination		
− S2-NI-02	Violence and harassment		
− S2-NI-03	Forced and child labor		
− S2-NI-04	Inadequate living standards		
− S2-NI-05	Social protection gaps		
− S2-NI-06	Hazardous working conditions		
! S2-R-01	Geopolitical disruption risks		Geopolitical disruption risks
S4 Consumers and End-Users			
+ S4-PI-01		Health innovation	
+ S4-PI-02		Patient-focused development	
+ S4-PI-03			Pharmacovigilance
+ S4-PI-04			Product-related crime
+ S4-PI-05			Access to health
+ S4-PI-06			Health awareness and capacity
! S4-R-01		Liability claims	
! S4-R-02		Pharmaceutical research and development risk	
★ S4-O-01		Developing innovative medicinal products	

Categories: − Negative impact + Positive impact ! Risk ★ Opportunity



Due to our robust business model with three business sectors operating in different markets and our clear positioning as a science and technology company, we are well positioned even in economically difficult times. In 2025, we updated our climate resilience analysis to include a middle-of-the-road (SSP2-RCP4.5) scenario, integrated the scenario results into risk reporting and progressed toward site-level collection of climate-adaptation measures. For details see **E1**.

Our management of impacts, risks and opportunities

Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)

In 2025, we once again performed a double materiality analysis to determine our material topics. We refined the current process and used an ESG data analysis tool to identify relevant IROs, describe new IROs and combine or clarify existing IROs where necessary. The process of the double materiality analysis occurred according to the following detailed steps.

Step 1 – List of sustainability topics and identification of IROs

The sustainability matters according to ESRS 1 AR 16 and the results of the materiality analysis of the previous year served as a basis for creating a list of relevant sustainability topics. We critically examined whether additional sustainability matters could be relevant for us, both from a company-specific and from a stakeholder perspective, and whether changes may have ensued regarding relevance and completeness. The list of topics formed the starting point for identifying IROs. We reviewed our business activities, among other things, with regard to IROs in connection with pollution, water and marine resources, the use of resources, and circular economy. We followed an open-ended approach throughout the process. Where necessary, we included new insights contributed by internal subject matter experts or external stakeholders in all steps of the approach and took them into account when assessing the listed topics. In general, material risks and opportunities occur as a result of impacts, dependencies or other factors. Examples of this include exposure to climate hazards or regulatory changes that relate to systemic risks. Physical and transitional risks were also taken into account. Among other things, we used our risk report and the TCFD risk report as sources.

Step 2 – Mapping the value chain

In this analytical step, we took our entire value chain into consideration, from our own operations to our upstream and downstream value chain. Due to the differing business models of our business sectors, we determined the value chain separately for each sector. Based on this, we identified the business activities and the associated industries. We then determined the underlying ESRS sectors and industries by consulting the ESRS-SEC 1 standard on sector classification. As far as possible, we also indicated dependencies on countries, geographical regions and sites as regards pollution, for example. Potential significant changes to the value chain were reviewed. These included, for example, the divestment of the Surface Solutions business unit and the acquisition of Springworks in fiscal 2025.

Step 3 – Listing and involving relevant stakeholders

We identified internal and external stakeholders and divided them into two groups depending on their integration in the overall assessment process of the materiality analysis: Internal experts from Group functions, such as Procurement, Human Resources and Finance (including Risk Management, Financial Reporting and Controlling) and specialists from the three business sectors were involved in the detailed identification, validation and assessment of IROs in their respective specialist area. Further external and internal stakeholders were involved in validating the results via questionnaires. We considered nature to be a silent stakeholder in the IRO assessment of relevant topics such as biodiversity. No direct consultations with affected communities took place during the process.

Step 4 – Assessing the impacts

As described in step 3, the identified IROs were evaluated by internal experts in their respective specialist area based on coordinated quantified assessment criteria and qualitative insights along the value chain. We selected a gross approach when identifying and assessing the IROs, meaning that no remedial actions were taken into consideration.

The assessment of the impacts was carried out based on an evaluation sheet in which all assessment criteria specified in the ESRS were applied. According to this, negative impacts occur if the company has caused damage to society and/or the environment through its direct or indirect business activities. We consider positive impacts to be activities that go far beyond compliance with legislation and create clear added value for the environment and/or society. For the assessment we considered whether the impact is actual or potential and evaluated the severity based on scale and scope, as well as the likelihood of potential impacts. For negative impacts, we also considered the irreversibility of the effects. Moreover, our assessment of the impacts took human rights aspects and the strategic relevance of the sub-topic into account.

We performed the assessment along the entire value chain for all our business sectors. In doing so, we considered our product and service portfolio, our assets, our diverse business relationships, and our geographical location. To determine which sustainability matters are material for reporting, we defined a threshold and assessed every actual and every potential impact that was identified. Impacts rated as significant or critical were considered material for reporting purposes.

Step 5 – Assessing risks and opportunities

The assessment of risks and opportunities for determining financial materiality also followed predefined approaches for quantitative and qualitative assessments. We performed them for our entire value chain.

We evaluated the risks and opportunities as per the ESRS requirements according to their likelihood and the potential extent of the financial effects that they would cause. We assessed the magnitude of a risk or opportunity and the associated implications for EBITDA pre and/or operating cash flow based on five categories: not material, minor, moderate, significant, or critical. Accordingly, risks classified as significant or critical in terms of their magnitude each have an impact on EBITDA pre and/or operating cash flow above € 100 million. We determined the likelihood of risks by classifying them as highly improbable, improbable, possible, likely, or more likely than not. The total financial impact was calculated by multiplying the magnitude by the likelihood. We aligned the assessment criteria with our risk management and took its risk matrix into account. We determined the threshold for financial materiality for all sustainability matters with risks and opportunities classified as significant or critical.

The results of the financial materiality assessment were validated by internal and external stakeholders.

According to our company's risk management, all business sectors are obliged to ensure an adequate level of local risk management. This comprises regular and continuous efforts to identify, assess, monitor, and control local risks. The business sectors are required to analyze risks in an aggregated manner to enable a realistic overview of our overall risk profile. Our opportunities are identified as part of the strategy development or forecasting processes. We then evaluate the potential, taking opportunities and risks into account and using scenarios to obtain a holistic view of possible developments.

Step 6 – Subsequent review and approval

Finally, we validated the results of the double materiality analysis. To this end, results went through various quality controls, such as review and validation by the management of the business sectors, before they were ultimately approved by the MSC.

We review the results of our materiality analysis annually; the next review is scheduled for the first half of 2026.

Our process to identify and assess climate-related impacts, risks and opportunities

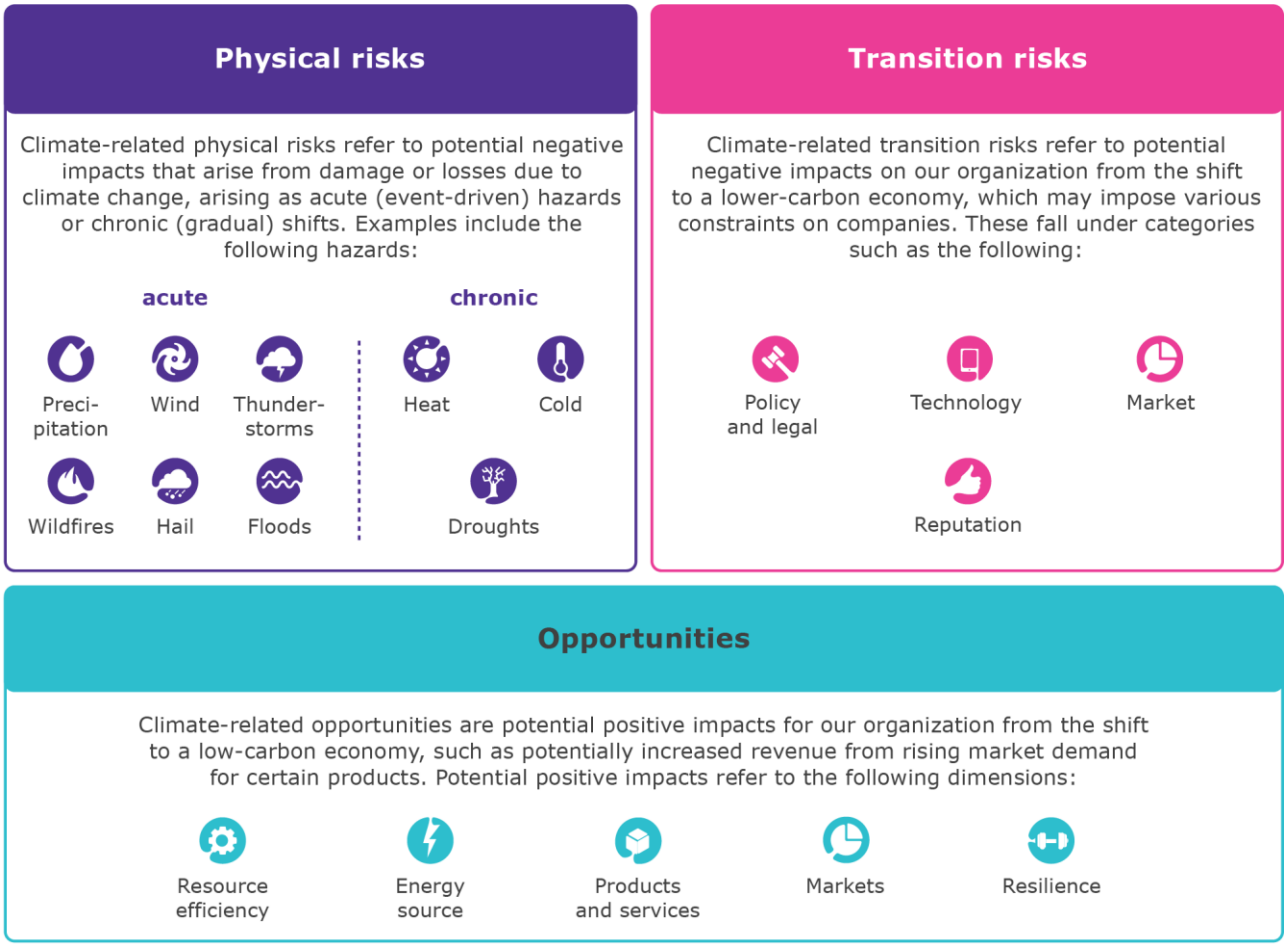
Our approach to identifying and evaluating climate-related impacts, risks and opportunities comprises several key steps. We define short-term (to 2030), medium-term (to 2040) and long-term (to 2050) time horizons, and quantify them using scenario-based financial and risk models. We used a Climate Risk and Opportunity Assessment (CROA) methodology and external models to quantify physical as well as transition risks and opportunities across various time horizons. The assessment considers the upstream value chain and our own operations.

Step 1: Identification of critical sites and GHG inventory analysis

We shortlisted the sites most significant to our global operations, also considering their total insured value. Using our internal GHG inventory analysis, we evaluated emissions across our business to better understand their sources and magnitude.

Step 2: Identification of physical and transition risks, and opportunities

Climate risks and opportunities refer to potential financial impacts stemming from climate change, categorized as follows:



Step 3: Assessment of physical and transition risks and opportunities

Physical hazards are linked to the expected lifetime of assets, strategic planning and capital allocation. Our identification of climate-related hazards and the assessment of exposure and sensitivity were informed by high-emission climate scenarios and relevant regional climate projections. This process involved detailed analysis using climate models to evaluate the potential frequency and severity of hazards. We conducted a systematic assessment of the exposure and sensitivity of our assets and business activities by evaluating geographic, operational and temporal factors. The scenarios used are subject to limitations, notably data availability and spatial granularity, modeling and scenario-assumption uncertainties, and necessary simplifying assumptions, so results should be treated as directional and refined as better data and models become available. This structured approach enabled us to determine whether our assets and business activities may be exposed to potential hazards, considering their likelihood, magnitude and duration. Our analysis of physical climaterelated risks was based on geospatial coordinates specific to our locations, allowing for a detailed assessment of vulnerabilities.

We identified and quantified the assets at risk, including buildings, infrastructure, inventory and other physical or financial assets that could be affected by climate events. We then assessed the vulnerability of exposed assets to understand how different asset types respond to hazards and estimated their susceptibility to damage or loss. To further understand potential impacts, we simulated climate-related events by combining hazard characteristics, such as intensity and duration, with the specific vulnerability of our assets to estimate possible losses. Based on these simulations, we calculated the expected costs, considering property damage, business interruption, liability claims and other relevant factors.

We implemented a comprehensive process to identify and quantify climate-related transition risks and opportunities within our operations and value chain. We identified potential transition drivers, such as increased taxes on Scope 1 GHG emissions, substituting existing products with lower-emission alternatives, changing customer behavior, and shifts in consumer preferences. This identification spanned short-, medium- and long-term time horizons. Our identification of transition drivers and the assessment of exposure were informed by a climate-related scenario analysis. We utilized three different scenarios: A 1.5°C Paris Agreement-aligned scenario, a 2.7°C middle-of-the-road scenario, and a 4.0°C fossil-fueled development scenario. Our scenario analysis considered several critical forces and drivers impacting our operations and strategic planning. These included (but were not limited to) policy assumptions, which involve analyzing potential impacts of regulatory frameworks and climate policies that may emerge in response to climate change; macroeconomic trends, which consider broader economic factors such as GDP growth, changes in consumer spending patterns that influence market demand, or changes in energy consumption patterns toward renewables. Furthermore, we recognize the potential impact of transition risks on our financial statements and overall asset vulnerability as we adapt to a changing regulatory and market landscape.

We then evaluated how our activities and financials may be exposed to these variables, with related quantifications of gross transition risks or opportunities. We analyzed historical data, scientific research and expert opinions to determine the likelihood and characteristics of potential catastrophic events in specific areas. For relevant risks, we evaluated their potential impacts, both with and without mitigation actions, such as considering strategic investments in renewable energy and enhancing energy efficiency.

Disclosure requirements in ESRS covered by the non-financial statement (IRO-2)

The following table lists the disclosure requirements covered when preparing the Sustainability Statement based on our materiality analysis:

Standard	No.	Designation of DRs	Reference
ESRS 2	BP-1	General basis for preparation of sustainability statements	**ESRS 2 BP-1**
ESRS 2	BP-2	Disclosures in relation to specific circumstances	**ESRS 2 BP-2**
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	**ESRS 2 GOV-1**
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	**ESRS 2 GOV-2**
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	**ESRS 2 GOV-3**
ESRS 2	GOV-4	Statement on due diligence	**ESRS 2 GOV-4**
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	**ESRS 2 GOV-5**
ESRS 2	SBM-1	Strategy, business model and value chain	**ESRS 2 SBM-1**
ESRS 2	SBM-2	Interests and views of stakeholders	**ESRS 2 SBM-2**
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**ESRS 2 SBM-3** **E1 SBM-3** **E2 SBM-3** **E3 SBM-3** **E5 SBM-3** **S1 SBM-3** **S2 SBM-3** **S4 SBM-3** **G1 SBM-3 (Corporate culture)** **G1 SBM-3 (Animal welfare)** **G1 SBM-3 (Corruption and bribery)** **SBM-3 (Digital ethics)** **SBM-3 (Bioethics)**
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	**ESRS 2 IRO-1**
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	**ESRS 2 IRO-2**
ESRS 2	MDR-P	Policies adopted to manage material sustainability matters	**E1-2** **E2-1 (Pollution of water)** **E2-1 (Pollution of soil)** **E2-1 (Substances of concern and substances of very high concern)** **E3-1** **E5-1** **S1-1** **S2-1** **S4-1 (Health and safety of our patients)** **S4-1 (Access to our products and services and access to (quality) information)** **G1-1 (Corporate culture)** **G1-1 (Animal welfare)** **G1-1 (Corruption and bribery)** **MDR-P (Digital ethics)** **MDR-P (Bioethics)**

Standard	No.	Designation of DRs	Reference
ESRS 2	MDR-A	Actions and resources in relation to material sustainability matters	**E1-3** **E2-2 (Pollution of water)** **E2-2 (Pollution of soil)** **E2-2 (Substances of concern and substances of very high concern)** **E3-2** **E5-2** **S1-4** **S2-4** **S4-4 (Health and safety of our patients)** **S4-4 (Access to our products and services and access to (quality) information)** **G1-MDR-A (Corporate culture)** **G1-MDR-A (Animal welfare)** **G1-3** **MDR-A (Digital ethics)** **MDR-A (Bioethics)**
ESRS 2	MDR-M	Metrics in relation to material sustainability matters	**E1-5** **E1-6** **E1-7** **E1-8** **E2-4 (Pollution of water)** **E2-5 (Substances of concern and substances of very high concern)** **E3 MDR-M** **E5-4** **E5-5** **S1-6** **S1-8** **S1-10** **S1-14** **S1-17** **S1-9** **S1-13** **S1-15** **S1-16** **G1-4** **G1 MDR-M (Animal welfare)**
ESRS 2	MDR-T	Tracking effectiveness of policies and actions through targets	**E1-4** **E2-3 (Pollution of water)** **E2-3 (Pollution of soil)** **E2-3 (Substances of concern and substances of very high concern)** **E3-3** **E5-3** **S1-5** **S2-5** **S4-5 (Health and safety of our patients)** **S4-5 (Access to our products and services and access to (quality) information)** **G1-MDR-T (Corporate culture)** **G1-MDR-T (Animal welfare)** **MDR-T (Digital ethics)** **MDR-T (Bioethics)**
ESRS E1	GOV-3	Integration of sustainability-related performance in incentive schemes	**ESRS 2 GOV-3**
ESRS E1	E1-1	Transition plan for climate change mitigation	**E1-1**
ESRS E1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**E1 SBM-3**
ESRS E1	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	**ESRS 2 IRO-1**
ESRS E1	E1-2	Policies related to climate change mitigation and adaptation	**E1-2**
ESRS E1	E1-3	Actions and resources in relation to climate change policies	**E1-3**
ESRS E1	E1-4	Targets related to climate change mitigation and adaptation	**E1-4**
ESRS E1	E1-5	Energy consumption and mix	**E1-5**
ESRS E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	**E1-6**
ESRS E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	**E1-7**

Standard	No.	Designation of DRs	Reference
ESRS E1	E1-8	Internal carbon pricing	**E1-8**
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-In
ESRS E2	IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	**ESRS 2 IRO-1**
ESRS E2	E2-1	Policies related to pollution	**E2-1 (Pollution of water)** **E2-1 (Pollution of soil)** **E2-1 (Substances of concern and substances of very high concern)**
ESRS E2	E2-2	Actions and resources related to pollution	**E2-2 (Pollution of water)** **E2-2 (Pollution of soil)** **E2-2 (Substances of concern and substances of very high concern)**
ESRS E2	E2-3	Targets related to pollution	**E2-3 (Pollution of water)** **E2-3 (Pollution of soil)** **E2-3 (Substances of concern and substances of very high concern)**
ESRS E2	E2-4	Pollution of air, water and soil	**E2-4 (Pollution of water)**
ESRS E2	E2-5	Substances of concern and substances of very high concern	**E2-5 (Substances of concern and substances of very high concern)**
ESRS E2	E2-6	Anticipated financial effects from pollution-related risks and opportunities	Phase-In
ESRS E3	IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	**ESRS 2 IRO-1**
ESRS E3	E3-1	Policies related to water and marine resources	**E3-1**
ESRS E3	E3-2	Actions and resources related to water and marine resources	**E3-2**
ESRS E3	E3-3	Targets related to water and marine resources	**E3-3**
ESRS E3	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Phase-In
ESRS E5	IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	**ESRS 2 IRO-1**
ESRS E5	E5-1	Policies related to resource use and circular economy	**E5-1**
ESRS E5	E5-2	Actions and resources related to resource use and circular economy	**E5-2**
ESRS E5	E5-3	Targets related to resource use and circular economy	**E5-3**
ESRS E5	E5-4	Resource inflows	**E5-4**
ESRS E5	E5-5	Resource outflows	**E5-5**
ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phase-In
ESRS S1	SBM-2	Interests and views of stakeholders	**ESRS 2 SBM-2**
ESRS S1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**S1 SBM-3**
ESRS S1	S1-1	Policies related to own workforce	**S1-1**
ESRS S1	S1-2	Processes for engaging with own workers and workers' representatives about impacts	**S1-2**
ESRS S1	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	**S1-3**
ESRS S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	**S1-4**
ESRS S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	**S1-5**
ESRS S1	S1-6	Characteristics of the undertaking's employees	**S1-6**

Standard	No.	Designation of DRs	Reference
ESRS S1	S1-7	Characteristics of non-employees in the undertaking's own workforce	Phase-In
ESRS S1	S1-8	Collective bargaining coverage and social dialogue	**S1-8**
ESRS S1	S1-9	Diversity metrics	**S1-9**
ESRS S1	S1-10	Adequate wages	**S1-10**
ESRS S1	S1-11	Social protection	Phase-In
ESRS S1	S1-13	Training and skills development metrics	**S1-13**
ESRS S1	S1-14	Health and safety metrics	**S1-14**
ESRS S1	S1-15	Work-life balance metrics	**S1-15**
ESRS S1	S1-16	Remuneration metrics (pay gap and total remuneration)	**S1-16**
ESRS S1	S1-17	Incidents, complaints and severe human rights impacts	**S1-17**
ESRS S2	SBM-2	Interests and views of stakeholders	**ESRS 2 SBM-2**
ESRS S2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**S2 SBM-3**
ESRS S2	S2-1	Policies related to value chain workers	**S2-1**
ESRS S2	S2-2	Processes for engaging with value chain workers about impacts	**S2-2**
ESRS S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	**S2-3**
ESRS S2	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	**S2-4**
ESRS S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	**S2-5**
ESRS S4	SBM-2	Interests and views of stakeholders	**ESRS 2 SBM-2**
ESRS S4	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	**S4 SBM-3**
ESRS S4	S4-1	Policies related to consumers and end-users	**S4-1 (Health and safety of our patients)** **S4-1 (Access to our products and services and access to (quality) information)**
ESRS S4	S4-2	Processes for engaging with consumers and end-users about impacts	**S4-2 (Health and safety of our patients)** **S4-2 (Access to our products and services and access to (quality) information)**
ESRS S4	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	**S4-3 (Health and safety of our patients)**
ESRS S4	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	**S4-4 (Health and safety of our patients)** **S4-4 (Access to our products and services and access to (quality) information)**
ESRS S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	**S4-5 (Health and safety of our patients)** **S4-5 (Access to our products and services and access to (quality) information)**
ESRS G1	GOV-1	The role of the administrative, supervisory and management bodies	**ESRS 2 GOV-1**
ESRS G1	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	**ESRS 2 IRO-1**
ESRS G1	G1-1	Business conduct policies and corporate culture	**G1-1 (Corporate culture)** **G1-1 (Animal welfare)** **G1-1 (Corruption and bribery)**
ESRS G1	G1-3	Prevention and detection of corruption and bribery	**G1-3**
ESRS G1	G1-4	Confirmed incidents of corruption or bribery	**G1-4**

The following table contains all data points resulting from other EU legislation, as listed in ESRS 2, Appendix B. It indicates where the data points can be found in our report and which of these are classified as “not material”.

Disclosure Requirement	Data point	Topic of Disclosure Requirement	SFDR Reference	Pillar 3 Reference	Bench-mark Regula-tion reference	EU Climate Law reference	Materiality	Reference
ESRS 2 GOV-1	21d	Board's gender diversity	x		x		applicable	**ESRS 2 GOV-1**
ESRS 2 GOV-1	21e	Percentage of board members who are independent			x		applicable	**ESRS 2 GOV-1**
ESRS 2 GOV-4	30	Statement on due diligence	x				applicable	**ESRS 2 GOV-4**
ESRS 2 SBM-1	40d-i	Involvement in activities related to fossil fuel activities	x	x	x		not applicable	
ESRS 2 SBM-1	40d-ii	Involvement in activities related to chemical production	x		x		not applicable	
ESRS 2 SBM-1	40d-iii	Involvement in activities related to controversial weapons	x		x		not applicable	
ESRS 2 SBM-1	40d-iv	Involvement in activities related to cultivation and production of tobacco			x		not applicable	
E1-1	14	Transition plan to reach climate neutrality by 2050[1]				x	material	**E1-1**
E1-1	16g	Undertakings excluded from Paris-aligned Benchmarks		x	x		material	**E1-1**
E1-4	34	GHG emission reduction targets	x	x	x		material	**E1-4**
E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				material	**E1-5**
E1-5	37	Energy consumption and mix	x				material	**E1-5**
E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				material	**E1-5**
E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		material	**E1-6**
E1-6	53-55	Gross GHG emissions intensity	x	x	x		material	**E1-6**
E1-7	56	GHG removals and carbon credits				x	material	**E1-7**
E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		not reported (phase-in option)	
E1-9	66a 66c	Disaggregation of monetary amounts by acute and chronic physical risk/Location of significant assets at material physical risk		x			not reported (phase-in option)	
E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			not reported (phase-in option)	
E1-9	69	Degree of exposure of the portfolio to climate- related opportunities			x		not reported (phase-in option)	
E2-4	28	Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				material	**E2-4**

Disclosure Requirement	Data point	Topic of Disclosure Requirement	SFDR Reference	Pillar 3 Reference	Bench-mark Regula-tion reference	EU Climate Law reference	Materiality	Reference
E3-1	9	Water and marine resources	x				material	**E3-1**
E3-1	13	Dedicated policy	x				material	**E3-1**
E3-1	14	Sustainable oceans and seas	x				material	**E3-1**
E3-4	28c	Total water recycled and reused	x				not material	
E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				not material	
ESRS 2 SBM-3 E4	16a-i		x				not material	
ESRS 2 SBM-3 E4	16b		x				not material	
ESRS 2 SBM-3 E4	16c		x				not material	
E4-2	24b	Sustainable land/agriculture practices or policies	x				not material	
E4-2	24c	Sustainable oceans/seas practices or policies	x				not material	
E4-2	24d	Policies to address deforestation	x				not material	
E5-5	37d	Non-recycled waste	x				not material	
E5-5	39	Hazardous waste and radioactive waste	x				not material	
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labour	x				material	**S1 SBM-3**
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labour	x				material	**S1 SBM-3**
S1-1	20	Human rights policy commitments	x				material	**S1-1**
S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			x		material	**S1-1**
S1-1	22	Processes and measures for preventing trafficking in human beings	x				material	**S1-1**
S1-1	23	Workplace accident prevention policy or management system	x				material	**S1-1**
S1-3	32c	Grievance/complaints handling mechanisms	x				material	**S1-3**
S1-14	88b 88c	Number of fatalities and number and rate of work-related accidents	x		x		material	**S1-14**
S1-14	88e	Number of days lost to injuries, accidents, fatalities or illness	x				material	**S1-14**
S1-16	97a	Unadjusted gender pay gap	x		x		material	**S1-16**
S1-16	97b	Excessive CEO pay ratio	x				material	**S1-16**
S1-17	103a	Incidents of discrimination	x				material	**S1-17**
S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		material	**S1-17**

Disclosure Requirement	Data point	Topic of Disclosure Requirement	SFDR Reference	Pillar 3 Reference	Bench-mark Regula-tion reference	EU Climate Law reference	Materiality	Reference
ESRS 2 SBM3 – S2	11b	Significant risk of child labour or forced labour in the value chain	x				material	**ESRS 2 SBM-3 S2**
S2-1	17	Human rights policy commitments	x				material	**S2-1**
S2-1	18	Policies related to value chain workers	x				material	**S2-1**
S2-1	19	Non-respect of UNGPs on Business and Human Rights Principles and OECD Guidelines	x		x		material	**S2-1**
S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8	x				material	**S2-1**
S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				material	**S2-4**
S3-1	16	Human rights policy commitments	x				not material	
S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD Guidelines	x		x		not material	
S3-4	36	Human rights issues and incidents	x				not material	
S4-1	16	Policies related to consumers and end-users	x				material	**S4-1**
S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		material	**S4-1**
S4-4	35	Human rights issues and incidents	x				material	**S4-4**
G1-1	10b	United Nations Convention against Corruption	x				material	**G1-1**
G1-1	10d	Protection of whistleblowers	x				material	**G1-1**
G1-4	24a	Fines for violation of anti-corruption and anti-bribery laws	x		x		material	**G1-4**
G1-4	24b	Standards of anti-corruption and anti-bribery	x				material	**G1-4**

[1] We intend to reach Climate Neutrality by 2040.

The requirements of standard S3 “Affected communities” are very strongly oriented toward human rights topics in local communities in which a company is active or which are potentially affected by the supply chain of the company. In general, our business activities within our supply chains do not go so far that we influence human rights aspects of the local communities. We interpret the disclosure requirements of the standard in a broader sense and track our activities in the area of **community engagement**. In the materiality analysis, we identified and assessed impacts related to the mandatory disclosures as per S3; however, these were below the stated threshold. The standard is therefore not material for our reporting.

Environment

Reporting in Accordance with the EU Taxonomy Regulation

Fundamentals

The EU taxonomy for sustainable activities (hereinafter "EU taxonomy") is a classification system that translates the climate and environmental objectives of the European Union (EU) into criteria for sustainable economic activities. For this purpose, the EU taxonomy defines various key figures and qualitative information that the Group must disclose. The introduction of the disclosure obligation under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the European Council dated June 18, 2020, which establishes a framework to facilitate sustainable investment and amends Regulation (EU) 2019/2088 (hereinafter "EU Taxonomy Regulation") and the Delegated Acts adopted in this regard, was carried out in several phases:

- For the 2021 reporting year, key figures were initially stated only for what are known as taxonomy-eligible economic activities and were limited to those that make a substantial contribution to climate change mitigation or climate change adaptation, as defined by the EU Taxonomy Regulation. An economic activity is considered taxonomy-eligible if it falls within the regulatory scope of the EU taxonomy.

- For the 2022 reporting year, in addition to the degree to which economic activities making a substantial contribution to climate change mitigation or climate change adaptation as defined by the EU Taxonomy Regulation are taxonomy-eligible, it was also necessary to report the extent to which the identified economic activities are taxonomy-aligned. According to the EU taxonomy, an economic activity qualifies as taxonomy-aligned if it is taxonomy-eligible and makes a substantial contribution to one of the environmental objectives without causing significant harm to the other objectives or failing to fulfill minimum social standards.

- As well as the aforementioned information, the degree of taxonomy eligibility for economic activities making a substantial contribution to the following four additional environmental objectives of the EU were included in the disclosure obligation in the 2023 reporting year: 1) sustainable use and protection of water and marine resources, 2) transition to a circular economy, 3) pollution prevention and control, and 4) protection and restoration of biodiversity and ecosystems. Furthermore, new economic activities for the environmental objectives of climate change mitigation and climate change adaptation were added, for which the degree of taxonomy eligibility was required to be disclosed in the 2023 reporting year. Reporting on the degree of taxonomy alignment for these newly added environmental objectives was not required at that time.

- From the 2024 reporting year, the degree of taxonomy eligibility and taxonomy alignment must be reported for all six environmental objectives.

- From the 2025 reporting year, the reporting obligation will be scaled back in accordance with the new Delegated Regulation on the EU taxonomy. These adjustments aim to reduce the complexity and length of the reporting templates and simplify the requirements for companies. In particular, non-material economic activities will be excluded from the reporting requirement. Specifically, a de minimis threshold of 10% has been introduced for the net sales, capital expenditure and operating expenditure key performance indicators. This is intended to enable companies to forego assessing the taxonomy eligibility or alignment of activities that together account for less than 10% of the denominator of the relevant key performance indicator.

Approach

To ensure the legally compliant fulfillment of its disclosure obligations, the Group has established an interdisciplinary project team that continuously analyzes the existence of taxonomy-eligible and taxonomy-aligned economic activities in close coordination with representatives of the business sectors and various Group functions.

Identification of taxonomy-eligible economic activities

When implementing the EU taxonomy requirements, the business model of the Group was subjected to a comprehensive analysis. Taxonomy-eligible economic activities were identified using a top-down approach on the basis of structured inquiries submitted to the relevant specialist departments. For the environmental objectives of climate change mitigation and climate change adaptation, the results of this analysis were supplemented by big data-supported analyses as part of a bottom-up approach. Among other things, the information referred to is also used in connection with the requirements of the REACH Regulation and in the context of customs declarations. The economic activities for the other four environmental objectives were also identified by referring to existing reporting structures and hierarchies.

As a result of this process, material taxonomy-eligible activities generating net sales were identified only in conjunction with one economic activity:

- Manufacture of medicinal products in the Healthcare business sector (environmental objective “pollution prevention and control”)

In the context of applying the simplification measures, insignificant non-material taxonomy-eligible activities, amounting to less than 10% of total revenue, were identified in connection with the following economic activities:

- Manufacture of active pharmaceutical ingredients in the Healthcare and Life Science business sectors (environmental objective “pollution prevention and control”)
- Manufacture of electrical and electronic equipment in the Life Science business sector (environmental objective “transition to a circular economy”)

The EU Taxonomy Regulation differentiates between three categories of capital expenditure:

- Capital expenditure that relates to assets or processes associated with taxonomy-aligned economic activities (category A)
- Capital expenditure that is part of a plan to expand taxonomy-aligned economic activities or to transform taxonomy-eligible economic activities into taxonomy-aligned economic activities (category B)
- Capital expenditure related to the acquisition of products from taxonomy-eligible economic activities and individual actions that enable the target activities to be performed in a low-carbon manner or that reduce greenhouse gas emissions (category C)

On account of its business model, the Group only engages in notable taxonomy-eligible economic activities in conjunction with the manufacture of medicinal products, meaning it has only limited material taxonomy-eligible capital expenditure in category A. Non-material taxonomy-eligible capital expenditure in Category A is also attributable to the manufacture of active pharmaceutical ingredients. There is no capital expenditure in category B to date, as we are not preparing any plans for capital expenditure to transform taxonomy-eligible economic activities into taxonomy-aligned economic activities. Furthermore, the Group has capital expenditure resulting from the acquisition of products of taxonomy-eligible economic activities or attributable to qualifying individual actions (category C). In order to be taxonomy-eligible, this capital expenditure must correspond to one of the economic activities named in the Delegated Acts and must be implemented and operational within 18 months.

In the Group, such capital expenditure exists only to a non-material extent in connection with the environmental objective of climate change mitigation and covers the following areas:

- Electricity generation from fossil gaseous fuels (activity 4.29 of the Delegated Act on the “climate change mitigation” environmental objective)
- Transport by motorbikes, passenger cars and light commercial vehicles (activity 6.5 of the Delegated Act on the “climate change mitigation” environmental objective)
- Renovation of existing buildings (activity 7.2 of the Delegated Act on the “climate change mitigation” environmental objective and activity 3.2 of the Delegated Act on the “circular economy” environmental objective)

Determination of taxonomy alignment

Technical screening criteria

In order to examine the taxonomy alignment of the taxonomy-eligible economic activities, a systematic analysis was conducted of the relevant regulations for the technical screening criteria, which are used to determine whether an economic activity contributes substantially to the environmental objective as well as whether the activity causes no significant harm to any of the other environmental objectives. This was based on the Delegated Acts on the EU taxonomy, which were used to identify taxonomy-eligible economic activities. They define corresponding requirements for the respective economic activities that must be fulfilled in order for them to be classified as taxonomy-aligned. For this purpose, interviews were conducted with business and project managers, and the physical climate risks at the sites were analyzed. Numerous documents were also inspected, including operating permits, product data sheets, environmental product declarations, energy performance certificates, and internal training documents.

No material taxonomy-aligned activities were identified. Given the current state of the art, the taxonomy alignment of the activities identified by the Group as materially taxonomy-eligible cannot be achieved. This is due, in particular, to the stringent requirements profile of the technical screening criteria and the criteria for examining whether the activities cause significant harm to other environmental objectives set out in the catalog of the Taxonomy Regulation for the respective activities. With regard to the manufacture of medicinal products, the requirements concerning biodegradability and suitability for substitution with a similar active ingredient with the same efficacy cannot be met.

Minimum safeguards

The frameworks for determining minimum safeguards include the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization, and the International Bill of Human Rights. The requirements profile of the frameworks has been systematized and compared with internal documents, including an analysis of the Code of Conduct, work instructions, guidelines, and training documents. Compliance with the due diligence process required by the framework in the area of human rights is ensured with respect to the individual economic activities. Risk analyses are carried out with regard to the minimum safeguard requirements and appropriate actions are derived from them.

Determination of the taxonomy KPIs

The three key performance indicators (KPIs), namely net sales, capital expenditure and operating expenditure, were derived mainly from existing financial reporting systems; the capital expenditure KPI was derived partly from inquiries made to the Investment Controlling unit. The principle of materiality was applied.

Accounting and measurement policies

The EU Taxonomy Regulation and the corresponding Delegated Acts contain wording and requirements that are subject to interpretation, even taking into account the supplementary publications of the European Commission and the EU Platform on Sustainable Finance, and/or for which clarifications have not yet been published in every case. The most significant interpretive issues and the approach that the Group is taking are presented below.

Taxonomy eligibility

Ancillary activities that are operationally necessary for our core business do not qualify as independent taxonomy-eligible economic activities. This applies, for example, to the transport of our products to our customers, research and development activities, and the acquisition or construction of production buildings in areas that cannot be allocated to a taxonomy-eligible target activity.

To examine the taxonomy eligibility of an economic activity, the Group applies an end product-oriented approach for manufacturing-related activities. This means the end product must result from one of the economic activities specified in the Delegated Act in order to qualify as being taxonomy-eligible. In the case of organic basic chemicals, the Group deems the corresponding economic activities taxonomy-eligible only if the manufacturing activities for the named chemical products involve a significant transformation process. In our interpretation, products that are merely passed on for sale, repackaged or mixed are taxonomy-non-eligible within the meaning of the EU Taxonomy Regulation.

The purchase or performance of contract manufacturing services for active pharmaceutical ingredients or medicinal products in the Healthcare and Life Science business sectors typically does not give rise to a taxonomy-eligible economic activity, as the Group does not control the circumstances under which the contract manufacturing is performed in many cases.

In the area of fossil gas, the Group operates a gas turbine and a cogeneration facility at its site in Darmstadt, Germany, to generate electricity and heat from fossil gaseous fuels for its own use. These activities in the area of electricity generation from fossil gaseous fuels as well as the operation of cogeneration facilities with fossil gaseous fuels have been classified as not material. Additional activities in the field of nuclear energy and fossil gas are either not performed or are performed to an insignificant extent only.

Net sales

The net sales KPI represents the ratio of net sales from taxonomy-eligible or taxonomy-aligned economic activities in a fiscal year to the total net sales of the same fiscal year. The definition of relevant net sales for the purposes of the EU Taxonomy Regulation corresponds to the definition of net sales in the Consolidated Financial Statements (see Note (9) **Net sales** in the Notes to the Consolidated Financial Statements).

Capital expenditure

The share of capital expenditure for assets or processes associated with economic activities classified as taxonomy-eligible or taxonomy-aligned is determined as follows: The share of total capital expenditure that is taxonomy-eligible or taxonomy-aligned is divided by the total capital expenditure according to the EU Taxonomy Regulation. In the Group and within the meaning of the EU Taxonomy Regulation, capital expenditure in the reporting period comprises additions to property, plant and equipment (IAS 16), rights of use from leases (IFRS 16) and intangible assets (IAS 38) with the exception of goodwill. Apart from the additions, advance payments for the named assets are also included. The denominator also includes additions to property, plant and equipment and intangible assets resulting from business combinations. The additions can be seen in the statements of changes in property, plant and equipment and intangible assets published in the Consolidated Financial Statements (see Note (20) **Property, plant and equipment** and Note (19) **Other intangible assets** in the Notes to the Consolidated Financial Statements).

In order to systematically exclude double counting, capital expenditure on products from taxonomy-aligned economic activities and individual actions that have already been examined under category A (i.e. capital expenditure relating to assets or processes associated with taxonomy-aligned economic activities) is included under this category only. For example, this means that capital expenditure for production buildings is examined for taxonomy eligibility under category A only, while capital expenditure for administrative buildings is included under category C.

Operating expenditure

The share of operating expenditure for assets or processes associated with economic activities classified as taxonomy-eligible or taxonomy-aligned is determined as follows: The share of total operating expenditure that is taxonomy-eligible or taxonomy-aligned is divided by total operating expenditure according to the EU Taxonomy Regulation. Operating expenditure relevant within the scope of reporting under the EU Taxonomy Regulation includes direct, non-capitalized research and development costs, low-value leases, building renovations, maintenance and repair, and all other direct internal and external expenses related to the day-to-day maintenance of property, plant and equipment that are necessary to ensure the continuous and effective functioning of these assets. During the clinical and preclinical development phases in the Healthcare business sector, it is unclear as to whether the activities will ever lead to regulatory approval and hence to marketable products. Accordingly, the corresponding research and development activities are not included as taxonomy-eligible operating expenditure in the numerator for economic activities relating to active pharmaceutical ingredients and medicinal products.

For our business model, operating expenditure as defined by the EU Taxonomy is not material in any segment.

Taxonomy KPIs

The following tables present the share of net sales, capital expenditure (CapEx) and operating expenditure (OpEx) attributable to taxonomy-eligible and taxonomy-aligned economic activities. A breakdown of capital expenditure (CapEx) and operating expenditure (OpEx) is not provided in accordance with the applicable exemptions.

Financial year (N)	2025				Breakdown by environmental objectives of Taxonomy aligned activities											
KPI (1)	**Total (2)**	**Propotion of Taxonomy eligible activities (3)**	**Taxonomy aligned activities (4)**	**Proportion of Taxonomy aligned activities (5)**	**Climate Change Mitigation (6)**	**Climate Change Adaptation (7)**	**Water (8)**	**Circular Economy (9)**	**Pollution (10)**	**Biodiversity (11)**	**Proportion of enabling activities (12)**	**Proportion of transitional activities (13)**	**Not assessed activities considered non-material (14)**	**Taxonomy aligned activities in previous financial year (N-1) (15)**	**Proportion of Taxonomy aligned activities in previous financial year (N-1) (16)**
Turnover	21,102	27.8%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1	0.0%
CapEx	4,752	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2	0.7%
OpEx	2,792	0.0%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%	1	0.0%

Reported KPI: Turnover		Turnover											
Financial year (N)		2025			Environmental objective of Taxonomy aligned activities								
Economic Activities (1)	**Code (2)**	**Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover) (3)**	**Taxonomy aligned KPI (monetary value of Turnover) (4)**	**Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover (5)**	**Climate Change Mitigation (6)**	**Climate Change Adaptation (7)**	**Water (8)**	**Circular Economy (9)**	**Pollution (10)**	**Biodiversity (11)**	**Enabling activity (12)**	**Transitional activity (13)**	**Proportion of Taxonomy aligned in Taxonomy eligible (14)**
Manufacture of medicinal products	PPC 1.2	27.8%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0.0%
Sum of alignment per objective					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total KPI: Turnover		27.8%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0.0%

Climate Change (E1)

Climate change is one of the most profound challenges facing society in the 21st century. In response, we are committed to supporting the transition to a low-emission future for the benefit of both the environment and our business. By carefully and consistently integrating our climate transition plan (CTP) into our corporate strategy, we are dedicated to supporting the global effort to limit global warming to 1.5° C above pre-industrial levels.

Our material impacts, risks and opportunities related to climate change (E1 SBM-3)

Climate change mitigation

Identifier	E1-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream; own operations; downstream
Description	Greenhouse gas (GHG) emissions due to activities in the pharmaceutical and chemical industry: In the pharmaceutical and chemical industry, GHG emissions are generated by activities in the upstream value chain (for example upstream services within the industry, agricultural processes for the extraction of raw materials or energy sources), at the company's own site (for example production, logistics, mobility), and in the downstream value chain. These GHG emissions (Scope 1, 2 and 3) could adversely impact local communities and the environment through climate change effects like extreme weather events.

Climate change mitigation

Identifier	E1-NI-02
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream; downstream
Description	GHG emissions from transport services: The use of air freight and road freight services in our upstream and downstream value chain has notable environmental implications. Compared to other modes of transport, road freight has a more localized negative effect on air quality through its emissions of sulphur oxides (SO_x), nitrogen oxides (NO_x) and particulate matter (PM). While essential for the timely delivery of medical supplies and equipment, air freight is associated with significant GHG emissions due to high fuel consumption, contributing to climate change. These emissions can cause health problems, intensify climate change and damage natural ecosystems.

Energy

Identifier	E1-NI-03
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream; own operations; downstream
Description	Fossil fuels for energy consumption in industrial manufacturing: The industrial manufacturing sector requires significant amounts of energy for production, primarily through the combustion of fossil fuels such as natural gas and electricity from a grid mix. As such, we rely on energy-intensive upstream industries such as transport, mining and product manufacturing, which also depend heavily on fossil fuels. In our downstream value chain, energy-intensive activities such as transport, storage, waste management and distribution use predominantly fossil fuels. Overall, our reliance on fossil fuels throughout the value chain contributes to its environmental impact.

Climate change adaptation

Identifier	E1-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Long-term
Value chain step	Upstream; own operations; downstream
Description	Physical risks: As a company with global production operations, we are exposed to physical climate risks such as precipitation, wind, droughts, thunderstorms, heat, wildfires, cold, hail, and floods. Under the 2.7°C (aligned with SSP2 – RCP4.5) and the 4°C scenarios (aligned with SSP5 – RCP8.5), these climate-related hazards may damage our personnel, our assets and our reputation.

Climate change mitigation

Identifier	E1-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Long-term
Value chain step	Upstream; own operations; downstream
Description	Transition risks: As a result of the transition to a low-carbon economy, we may face a cost increase. Under the 2.7°C (aligned with SSP2 – RCP4.5) and 1.5°C scenarios (aligned with SSP1 – RCP1.9), these transition risks encompass higher costs associated with GHG emissions in production, higher costs associated with hazardous waste disposal, higher electricity expenses, higher carbon taxes and emission trading costs.

Climate change mitigation, Climate change adaptation

Identifier	E1-O-01
Material impacts, risks and opportunities	Opportunity
Time horizon	Long-term
Value chain step	Upstream; own operations; downstream
Description	Revenue growth driven by our commitment to sustainability and climate action: We recognize revenue growth as an opportunity driven by our commitment to climate action. By developing innovative products and enhancing operational efficiencies, we aim to meet the increasing market demand for low-carbon solutions, thereby strengthening our brand reputation and capturing new revenue streams.

Climate resilience analysis

Climate resilience analysis is a vital tool for identifying and evaluating the risks and opportunities that climate change presents to our business. In 2022, we conducted a qualitative assessment of climate risks and vulnerabilities across our upstream, own operation and downstream activities. Building on this foundation, we aligned our efforts with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by undertaking quantitative climate scenario analyses, specifically focusing on upstream activities and our own operations, excluding downstream activities. This assessment identified climate-related risks and opportunities across three potential climate pathways: a 1.5° C Paris Agreement-aligned scenario, a 2.7° C middle-of-the-road scenario, and a 4.0° C fossil-fueled development scenario, using a 2050 time horizon. All three scenarios are based on those created by the Intergovernmental Panel on Climate Change (IPCC). Our analysis, guided by the TCFD framework, encompasses both transition and physical risks and opportunities related to our business activities.

Applied scenario	1.5°C (net zero development)	2.7°C (middle-of-the-road)	4°C (fossil-fueled development)
Scenario details	Orderly transition	Disorderly transition	No transition
IPCC reference	SSP1 – RCP1.9	SSP2 – RCP4.5	SSP5 – RCP8.5
Expected transition impacts	High	Moderate (geography/sector dependent)	Low
Expected physical impacts	Low	High	Extreme
Decarbonization trends	Rapid progress consistent with net zero by 2050	Gradual improvement; fossil fuels remain material	Limited progress; fossil fuels remain dominant
Policy expectations	High policy effectiveness and market incentives	Mixed policy effectiveness	Limited policy intervention
Primary use in our analysis	Transition risks and strategy alignment	Transition and physical risks sensitivity	Physical risks stress test

The narratives used in our climate scenario analysis encompass a range of plausible futures, including scenarios that reflect varying degrees of climate action and economic transition. We focus on the time horizons of 2030, 2040 and 2050. The endpoints of these scenarios provide a framework for assessing potential risks and opportunities under different climate conditions, including both optimistic and pessimistic outcomes. By incorporating a variety of narratives that reflect different levels of climate action and technological advancement, we can better understand the potential impacts on our business.

Results of the climate resilience analysis

The climate resilience analysis indicates that we are adequately prepared to adjust and adapt our strategy and business model to climate change, with plans to further explore details related to asset management, product and service shifts, to demonstrate resilience through securing ongoing access to finance in the future.

Across a 2050 time horizon, we found that the impact of physical risk on our sites is limited under a 4°C scenario. Our assessments highlight the necessity of resilient infrastructure and adequate insurance coverage to mitigate these risks.

The analysis of transition risks has provided valuable insights that will inform our ongoing strategic planning and adaptation efforts. Our strategy aims to manage transition risks through investments in renewable energy, enhancements in energy efficiency and supplier decarbonization programs. We also incorporate GHG emissions criteria into our investment decisions and apply a shadow price for carbon to guide our strategic choices. In addition to managing risks, we plan to capitalize on climate-related opportunities by aligning our market strategies with sustainability trends, thereby strengthening our competitive position and fostering growth.

Moving forward, we will work on linking the resilience analysis with our climate transition plan to further integrate climate-related issues into our decision-making and strategy. Additionally, we embed sustainability into our product development and market strategies. By prioritizing innovation and sustainable practices, we aim to enhance our resilience against climate-related risks while capturing opportunities from the transition to a low-carbon economy. Our commitment to sustainability aligns with global climate initiatives and drives long-term growth and competitiveness.

While our climate resilience analysis forms a foundational framework for managing climate-related risks and opportunities, we are aware of the uncertainties in predicting future climate conditions and regulatory landscapes. We are actively working to enhance our adaptability to these uncertainties, focusing on supply chain sustainability, energy efficiency and carbon footprint reduction as part of our inaugural transition plan. We have aligned the time horizons of our climate risk analysis with the expected lifetimes of our assets, ensuring that all material assets are considered throughout their entire lifespan. Additionally, we are starting to incorporate this alignment into our capital allocation strategies, and we remain committed to further integrating these considerations into our long-term planning and decision-making processes.

Finally, we are also developing a comprehensive risk management strategy to strengthen our capacity to adapt to climate-related risks and opportunities. More details on the actions and resources we have allocated to climate initiatives can be found in section **E1-3**.

Our transition plan for climate change mitigation (E1-1)

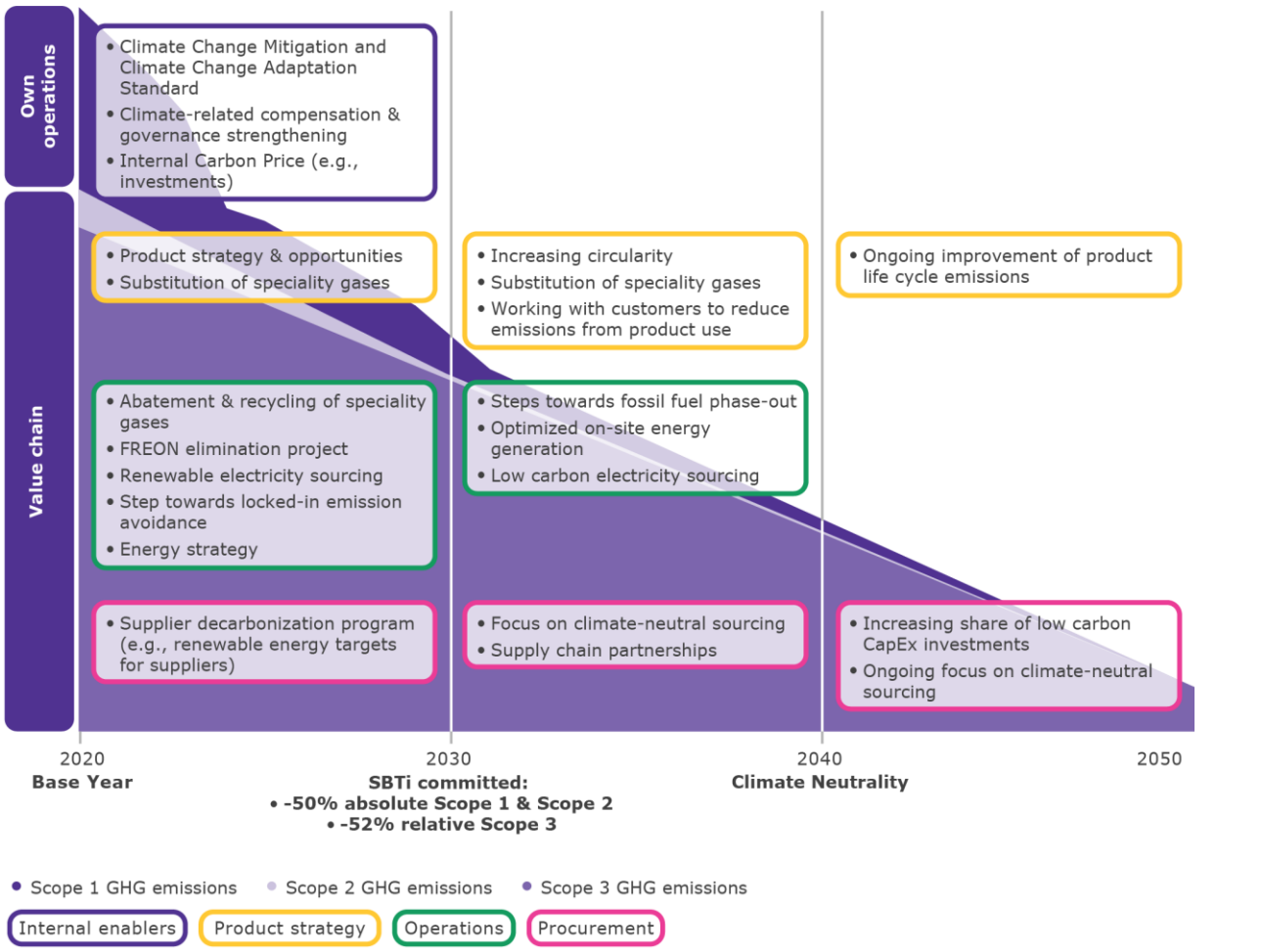
In fiscal 2025, the Executive Board approved core elements of our Climate Transition Plan (CTP), including the high-level decarbonization roadmap and key decarbonizaton levers. In the near term, our science-based targets according to Science Based Targets Initiative (SBTi) aim to reduce Scope 1 and Scope 2 GHG emissions by 50% and to reduce Scope 3 emissions intensity by 52% in relation to our gross profit, both by 2030 versus 2020. We also aim to source 80% of purchased electricity from renewable and low-carbon sources by 2030. We furthermore intend to reach climate neutrality by 2040. Our strategy focuses on abating process emissions, improving energy efficiency and expanding renewable and low-carbon power across our sites. Details on these targets can be found in section **E1-4**.

To reach climate neutrality in own operations by 2040, we take practical steps: drive energy efficiency, scale renewable and low-carbon electricity (including onsite where feasible), phase down fossil fuels, and advance circularity and product design to cut process emissions.

To reach climate neutrality in our upstream and downstream value chain, we actively engage with our key suppliers, requesting them to disclose emissions and set climate targets. Additionally, we work with customers to reduce emissions from product use, thus increasing climate-neutral sourcing, aligning investments with these priorities and tracking progress through clear milestones and metrics. Details on our actions can be found in section **E1-3**.

Our roadmap to climate neutrality

The following graphic visualizes our climate transition plan, illustrating the systematic development of climate mitigation measures from 2020 to achieving climate neutrality, structured around SBTi commitments.



The information is illustrative and not scaled for quantitative analysis.

The Executive Board oversees the CTP. We are in the process of integrating it in our business sector strategies, which will also be approved by the Executive Board to ensure alignment with our sustainability targets.

Our company does not currently create an investment plan in the sense of the EU Taxonomy for transforming taxonomy-eligible into taxonomy-aligned economic activities. For this reason, aligning the transition plan with such a plan is not possible. We intend to conduct regular reviews to monitor our progress and adjust strategies to ensure we achieve our sustainability goals.

To reach our targets, we defined decarbonization levers and respective actions. The actions can be attributed to operations, procurement, product strategy, or can be regarded as internal enablers. Our decarbonization levers are modeled as internal scenarios within our transition pathways and climate risk and opportunity assessment framework. They are applied against external climate reference scenarios (for example, the IPCC and International Energy Agency (IEA) pathways) to quantify the timing, costs and emission reduction effects of specific measures across the short-term (2030), medium-term (2040) and long-term (2050) time horizons. Sector-level inputs and sensitivity testing illustrate how different decarbonization lever deployments affect financial and risk outcomes. The corresponding actions and timelines are detailed in **E1-3**.

We are strengthening processes to manage potential locked-in emissions. Products with potential locked-in emissions have not yet been identified. Our assessment highlights that two facilities covered by the European Emissions Trading System (EU ETS) in Germany are locally material due to their regulatory exposure and asset lifetimes: a gas turbine in Darmstadt and a gas engine in Gernsheim. Both sites have been covered by the EU ETS since 2005. In 2025, we enhanced our monitoring of EU ETS compliance and carbon price exposure. We are reviewing targeted abatement options and energy efficiency programs and have progressed ISO 50001 energy management at both sites.

None of our activities are covered by the list of activities deemed incompatible with achieving the Paris Agreement (Article 12 of Commission Delegated Regulation (EU) 2020/1818, Climate Benchmark Standards Regulation).

Our policies in connection with climate change (E1-2)

EHS-Policy	
Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Air Emissions Standard

Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Key contents	The policy sets our global guidelines for minimizing potential negative impacts associated with air emissions at our sites worldwide. It sets protocols for monitoring and reducing air emissions, with a focus on adopting cleaner technologies to lower GHG emissions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide at all sites.
Accountability	Managing Director or Site Manager/Director, or qualified, responsible employees (for example, EHS staff, facility management staff).
Third-party standards/initiatives	The policy is based on ISO 14001.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on the intranet.

Emissions of Refrigerants Standard

Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Key contents	The policy sets binding requirements for avoiding refrigerant emissions across all areas of our company. It regulates the use of refrigerants, emphasizing the importance of leak detection and transitioning to low-global warming potential (GWP) alternatives to minimize emissions. This standard is implemented through specific global or local procedures by business sectors and their supporting functions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide at all sites.
Accountability	Managing Director or Site Manager/Director, or qualified, responsible employees (for example, EHS staff, facility management staff).
Third-party standards/initiatives	The policy considers the Montreal Protocol and technical hazard standards (for example, ASHRAE Std. 34) as well as ISO 14001 requirements.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on the intranet.

Energy Management Standard

Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Key contents	The policy sets binding requirements for energy management across all areas of our company. It is dedicated to improving energy efficiency and managing energy consumption to reduce overall carbon emissions. It includes specific internal guidelines with best practices for energy efficiency, such as conducting regular energy audits to identify inefficiencies and implementing corrective measures. This standard is implemented through specific global or local procedures by business sectors and supportive functions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide at all sites.
Accountability	Managing Director or Site Manager/Director, or qualified, responsible employees (for example, EHS staff, facility/energy management staff).
Third-party standards/initiatives	The policy is based on ISO 50001.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on the intranet.

Supplier Code of Conduct	
Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-02; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services ("Suppliers") and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

Our policies address various key elements of climate change. Climate change mitigation is embedded in our Group EHS Policy and operational standards on air emissions and refrigerants. Energy efficiency is promoted through our Energy Management Standard, which aligns with ISO 50001. The deployment of renewable energy is encouraged by our Supplier Code of Conduct, which aims to increase renewable electricity sourcing. We currently develop a new Climate Change Mitigation and Climate Change Adaptation Standard which will be introduced in 2026. It will address all of the above-mentioned areas as well as climate change adaptation. It outlines our approach to climate-resilient operations and risk management. Our policies also cover various other climate-related matters, including carbon pricing, supplier decarbonization, emissions management across the value chain, and the adoption of cleaner technologies within the scope of our Air Emissions Standard.

Our actions and resources in relation to climate change (E1-3)

As described in **E1-1**, our Climate Transition Plan sets the overarching target and framework for our ambition to support the transition to a low-emission future. The transition plan encompasses a range of strategic initiatives within various decarbonization levers, aiming to significantly reduce our GHG emissions and enhance sustainability. Therefore, according to our climate transition plan, our actions primarily focus on climate change mitigation rather than adaptation.

We disclose our climate actions at the level of decarbonization levers. For each lever, we detail the key actions planned and implemented, along with the expected and achieved GHG emission reductions in tons of CO_2 equivalent (CO_2eq).

Decarbonization levers – emission reduction framework

The following overview illustrates our comprehensive decarbonization approach along the central levers, differentiated by their respective reduction potential for Scope 1, 2, and 3 GHG emissions.

Decarbonization levers	Exemplary actions	Decarbonization effect (Low / Medium / High)
Energy efficiency ● ● ●	• Efficiency improvements, **optimized on-site energy generation**, development of **energy strategy** • **Electrification** e.g., through high-efficiency heat pumps; **fossil fuel phase-out steps** • **Machine/equipment replacement and modernization**, e.g., through lighting and controls upgrades	■ □ □
Use of renewable energy ● ●	• Sourcing **renewable/low-carbon electricity** (VPPA) • Using own **photovoltaic solar** for energy generation	■ □ □
Process and refrigerants ●	• **Heating, Ventilation and Air Conditioning** (HVAC) • Process emissions reduction, e.g., via abatement/substitution/ capture of specialty gases, FREON emilination project	■ ■ □
Transport efficiency ●	• **Logistics optimization** via shifting of transportation modes, e.g., from air to sea • Regional sourcing initiatives	■ □ □
Supply chain decarbonization ●	• **Supplier decarbonization program**: engaging with key suppliers and requesting them to disclose emissions and set climate targets; **supply chain partnerships** • Increasing share of CapEx investments: Focus on **climate-neutral sourcing options**	■ ■ ■
Product design & use ●	• **Reuse and recycling** of materials • Development of product strategy • Packaging optimization; increasing circularity; continuous optimization of product life cyle emissions	■ ■ ■
Other reduction initiatives ●	• **Waste management and recycling,** e.g., avoiding landfill and incineration waste disposal • **Business travel reduction, employee commuting and workstyle changes**	■ □ □

● Scope 1 GHG emissions ● Scope 2 GHG emissions ● Scope 3 GHG emissions

Energy efficiency

Our energy efficiency measures aim to reduce our energy demand through process improvements. These actions primarily contribute to achieving our Scope 1 and 2 targets. The achieved and expected reductions refer to market-based Scope 2 emissions. In our Life Science business sector, we continue executing actions via our EDISON program, which enhances operational energy efficiency by optimizing energy use within our facilities. EDISON projects completed in 2025 are estimated to reduce 6,080 tons of CO_2eq annually. The EDISON Program is scheduled to fund energy efficiency projects through 2030. In our Healthcare business sector, we continued our effort on energy efficiency in 2025, by rolling out a comprehensive Energy Management System to our sites. Additionally, we implemented several projects on compressed air, thermal energy loss reductions, such as steam traps and insulation, as well as upgrades on reverse osmosis skids. On top of that, we have launched decarbonization studies on new technologies for four sites, focusing on high-temperature heat pumps.

We achieved a total reduction through our energy efficiency measures across all business sectors in fiscal 2025 that aligns with the expected long-term low decarbonization effect.

Use of renewable energy

Transitioning to renewable energy is a core lever for decarbonizing electricity consumption, and the actions within this decarbonization lever directly contribute to our Scope 2 target, for instance through technical upgrades. In Life Science, we sourced new renewable electricity contracts in 2025, adding 16 MW capacity of renewable electricity in South Korea. In our Electronics business sector, we increased our renewable electricity coverage in 2025 significantly, benefitting from a full year's contribution of a contract that went live at the end of 2024. Our commitment to these actions remains a continuous effort to drive sustainability forward. In Healthcare, we continue investing in on site solar photovoltaic capacity. In 2025, we completed and fully commissioned solar electricity installations at our sites in Bari, Italy, and in Nantong, China. For 2026, we estimate a reduction of 3,000 tons of CO_2eq through various energy efficiency and green energy measures.

We achieved a total reduction through our use of renewable energy across all our business sectors in fiscal 2025 that aligns with the expected long-term low decarbonization effect.

Process and refrigerants

Reducing process emissions and refrigerant-related GHG emissions is critical, due to their high global warming potential (GWP). Our actions to reduce these emissions directly contribute to our Scope 1 target. In Life Science, our process gas reduction initiative reduces our reliance on high-GWP-fluorinated carbons by eliminating Freon in manufacturing processes. This has helped us achieve a reduction of 77,677 tons of CO_2eq since 2020. The project is scheduled to complete in 2030. In Electronics, we reduced NF_3 emissions in 2025 due to the ongoing contribution from our abatement systems in Hometown (USA) and significantly increased contribution from Ulsan (South Korea), where those abatement systems went operational at the end of 2024. Together, these resulted in a reduction of 193,820 tons of CO_2eq in fiscal 2025 compared to the previous year.

We achieved a total reduction through our measures on process and refrigerants across all business sectors in fiscal 2025 that aligns with the expected long-term medium decarbonization effect.

Transport efficiency

We aim to reduce logistics emissions by optimizing routes and shifting to lower-carbon modes of transport. These measures are essential for addressing Scope 3 emissions associated with our inbound, inter-company and outbound transportation and, therefore, contribute to our Scope 3 target. With our Mode Shift program in Life Science, we aim to reduce logistics emissions by using sea freight instead of air freight. The program was completed in 2025. By then we were able to reduce our respective Scope 3.4 emissions from upstream transportation and distribution by 15,901 tons of CO_2eq compared to 2020. The Life Science business continues to use sea freight wherever possible.

We achieved a total reduction through transport efficiency across all business sectors in fiscal 2025 that aligns with the expected long-term low decarbonization effect.

Supply chain decarbonization

Supply chain decarbonization is essential to reducing our Scope 3 emissions. Our supplier decarbonization program focuses on assessing and enhancing supplier compliance with the SBTi, increasing the share of renewable electricity used by suppliers and educating suppliers on emission reduction levers to drive actionable change. The program tracks the maturity levels of our suppliers and facilitates the exchange on primary data. We continuously observe a consistent increase in the share of renewable electricity among suppliers in our decarbonization program, along with a growing number of suppliers capable of sharing emissions data derived from established GHG inventories that encompass both their own operations (Scope 1 and 2) and the entire value chain (Scope 3). We anticipate that this initiative will lead to significant long-term benefits, incentivizing suppliers to actively reduce their emissions.

We achieved a total reduction through our supply chain decarbonization across all business sectors in fiscal 2025 that aligns with the expected long-term high decarbonization effect.

Product design and use

Reductions in our value chain emissions that contribute to our Scope 3 target are achieved through improved product design. In Life Science, we drive this through sustainable research and development as well as material sourcing. For example, our Cork, Ireland, manufacturing site producing material for our Amicon® centrifugal ultrafiltration devices obtained International Sustainability & Carbon Certification (ISCC) PLUS certification in 2025, confirming that the polymers used in these products are obtained through renewable feedstock, rather than petroleum. Through this change in material, we expect to reduce 757 tons of CO_2eq annually.

We achieved a total reduction through product design and use across all business sectors in fiscal 2025 that aligns with the expected long-term high decarbonization effect.

Financial resources for climate change mitigation

In 2025, we allocated € 31 million of capital expenditure (CapEx) to the previously mentioned actions in relation to climate change mitigation, which are included in the respective lines of the balance sheet.

Our ability to implement these actions depends significantly on the availability and allocation of financial resources. Ongoing access to finance at an affordable cost of capital is critical for the execution of our strategies. This includes related acquisitions, and significant investments in research and development. Ensuring resource availability is a priority to maintain progress toward our climate objectives. We are currently exploring state-of-the-art technologies available in the market, as they will be essential for enhancing our operational efficiency and implementing innovative solutions that align with our climate change mitigation targets.

Climate change adaptation initiatives

Alongside our climate change mitigation actions detailed above, we advance site-level climate change adaptation to enhance the ability of our sites to withstand physical risks, such as flooding, high winds and drought. For this, we are assessing the resilience of our sites and are implementing practical measures. For flooding, these include elevating critical equipment and improving the waterproofing of building envelopes to reduce potential flood impacts. To manage wind exposure, we secure and anchor rooftop equipment and install storm shutters. To address drought conditions, we enhance water efficiency with low-flow fixtures, leak detection and water recycling solutions. Collectively, these actions support resilience to climate change and help safeguard people, assets, and operational continuity.

Our targets in connection with climate change (E1-4)

Scope 1 Absolute Emissions Target	
Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Target	We want to reduce our direct GHG emissions (Scope 1) by 50% by 2030 in our own operations.
Reference value/year	1,827,123 tons (2020)
Methods	This climate target is science-based according to SBTi, the absolute contraction approach and the science-based target setting tool provided by SBTi. In April 2022, the initiative validated and approved our target for 2030.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor our Scope 1 emissions on a quarterly basis using monthly data collected via our Group-wide EHS data management system. In 2025, we reduced our Scope 1 emissions by 199,712 tons of CO2eq (2024: 378,315), bringing them down to 657,835 tons CO_2eq (2024: 858,053). We reduced our Scope 1 emissions by 64% (2024: 53%) compared to the base year 2020, achieving our target early. We are working on stabilizing the results. The 1.5°C aligned reference target value for Scope 1 GHG emissions is 913,561 tons of CO2eq. Please see **E1-6** for more details on our performance.

Scope 2 Absolute Emissions Target	
Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Target	We want to reduce our indirect GHG emissions (Scope 2 – market based) by 50% by 2030. The target covers purchased electricity, steam, heating, and cooling for own use across our own operations.
Reference value/year	324,698 tons (2020)
Methods	This climate target is science-based according to SBTi, the absolute contraction approach and the science-based target setting tool provided by SBTi. In April 2022, the initiative validated and approved our target for 2030.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor our Scope 2 emissions on a quarterly basis using monthly data collected via our Group-wide EHS data management system. In 2025, we reduced our marked-based Scope 2 emissions by 29,998 tons of CO_2eq (2024: 138), bringing them down to 197,072 tons CO_2eq (2024: 227,070), which is equivalent to a reduction of 39% compared to the base year 2020 (2024: 30%). The 1.5° C aligned reference target value for Scope 2 GHG emissions is 162,349 tons CO_2eq. For more details on our performance, please refer to **E1-6**.

Scope 3 Intensity Emissions Target	
Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-02; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Target	By 2030, we want to reduce our emissions along the entire value chain (Scope 3) by 52% in relation to our gross profit (to 230 metric tons CO_2eq per € million gross profit). We plan to achieve a significant reduction of absolute Scope 3 emissions by 2030 compared with the base year 2020.
Reference value/year	480 metric tons CO_2eq per € million gross profit (2020)
Methods	The economic intensity target was set up based on SBTi criteria and the science-based target setting tool provided by SBTi. In April 2022, the SBTi validated and approved this target for 2030.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor our Scope 3 emissions annually. In 2025, we have achieved 316 metric tons CO_2eq per € million gross profit (2024: 359). The target setup is based on the SBTi criteria, which offers three approaches: Absolute Contraction Approach, Economic Intensity Approach, and Physical Intensity Approach. For our target, we selected the Economic Intensity Approach, which aligns with the SBTi GEVA (Gross Emissions per Value Added) methodology. The 52% reduction has been calculated using the Science-based Target Setting Tool provided by SBTi.

Renewable Energy Target

Reference to material impacts, risks and/or opportunities	Identifier E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Target	We want to cover 80% of our purchased electricity across our own operations with renewable energies by 2030. By increasing the share of renewable electricity, we support our target to reduce Scope 2 emissions. We assume that there will be enough renewable energy at an acceptable price point by 2030.
Reference value/year	No actual reference year as the target looks at overall coverage of the procured energy.
Methods	The methodology for achieving this target considers the varying ease of purchasing reliable "green" electricity products across different countries. In some regions, it is relatively straightforward to acquire such products, while in others, it presents significant challenges due to limited availability or capacity constraints. The 80% target reflects these considerations. This is not an SBTi-approved target.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, we achieved 63.9% coverage of purchased electricity with renewable energies (2024: 52.2%).

Climate Neutrality Target

Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-02; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Target	By 2040, we want to achieve climate neutrality along the entire value chain.
Reference value/year	No actual reference year as the target looks at overall coverage of the procured energy.
Methods	After reaching our mid-term 2030 science-based targets according to SBTi, we will continue to pursue our comprehensive approach to further reduce our GHG emissions along the entire value chain, based on our current transition plan at that time. We assume that our suppliers and clients will keep working on their own targets and fulfill them. We are aligning our methodologies with (inter)national policy goals such as the EU Green Deal. This is not an SBTi-approved target.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor this target annually. Please see **E1-6** for more details on our performance.

The targets outlined above focus on the sustainability topics of climate change mitigation and energy efficiency. While we have not yet incorporated climate change adaptation into our targets, we are making progress through our resilience and climate scenario analysis by developing our new Climate Change Mitigation and Climate Change Adaptation Standard, which will be introduced in 2026.

Our GHG reeduction targets are aligned with our comprehensive GHG inventory boundaries, ensuring consistency and transparency in reporting, and are developed following recognized standards, such as the SBTi. Apart from our SBTi-validated target, the following metrics have not been separately validated by an external body.

Energy consumption and mix (E1-5)

Understanding our energy consumption and the energy sources that comprise our energy mix is crucial for reducing our environmental impact.

Energy consumption and mix

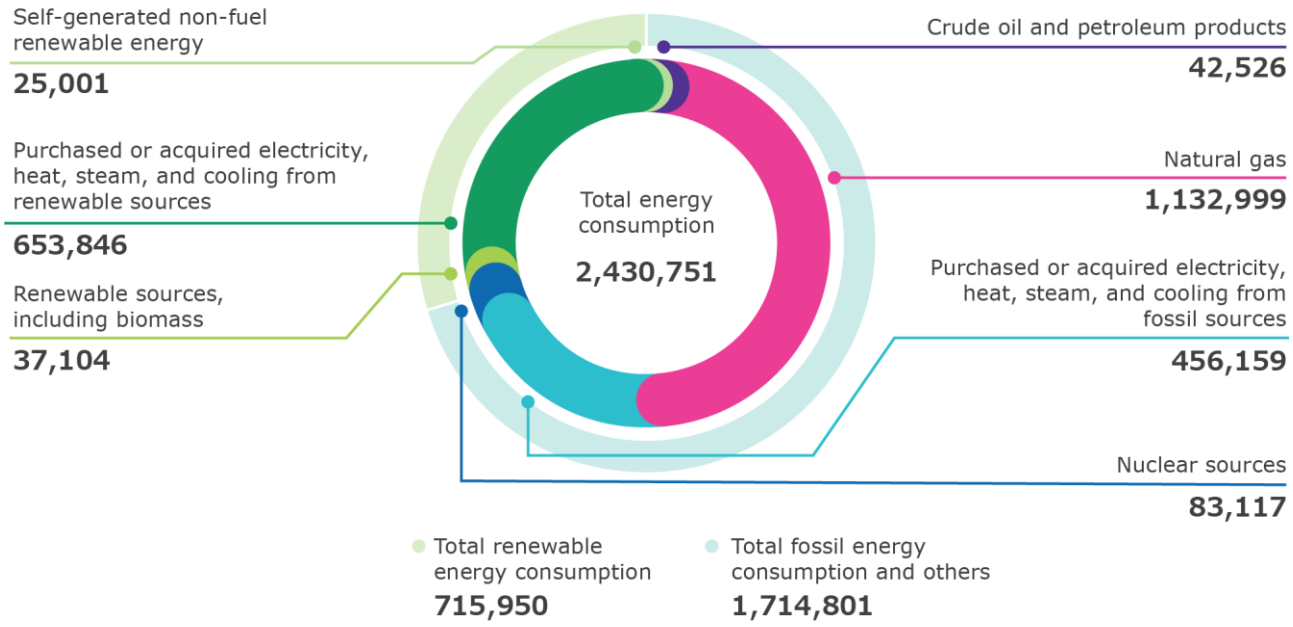
The following table outlines our total energy consumption in MWh disaggregated by source and the share of renewable and non-renewable energy sources:

in MWh[1]	**2025**	2024	Change to previous year	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
(1) Fuel consumption from coal and coal products					
(2) Fuel consumption from crude oil and petroleum products	42,526	46,448	-8.4%	7,754	7,866
(3) Fuel consumption from natural gas	1,132,999	1,148,361	-1.3%	88,154	59,260
(4) Fuel consumption from other fossil sources					
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	456,159	528,790	-13.7%	11,704	9,152
(6) Total fossil energy consumption	**1,631,684**	**1,723,598**	**-5.3%**	**107,613**	**76,278**
Share of fossil sources in the total energy consumption (%)	**67.1**	**72.0**		**97.9**	100
(7) Consumption from nuclear sources	83,117	98,936	-16.0%	–	161
Share of consumption from nuclear sources in total energy consumption (%)	**3.4**	**4.1**		**–**	**–**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	37,104	31,242	18.8%	–	–
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	653,846	524,673	24.6%	–	–
(10) Consumption of self-generated non-fuel renewable energy	25,001	16,271	53.7%	2,299	–
(11) Total renewable energy consumption	**715,950**	**572,186**	**25.1%**	**2,299**	**–**
Share of renewable sources in total energy consumption (%)	**29.5**	**23.9**		**2.1**	**–**
Total energy consumption	**2,430,751**	**2,394,720**	**1.5%**	**109,912**	**76,436**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

Our sites collect their energy consumption data through our Group-wide EHS data management system. Fuel consumption data (1-4) are derived directly from reported figures. The consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (5) includes energy sourced from third parties, tracked through contracts and invoices. The total consumption of fossil energy (6) is calculated as the sum of fossil fuel consumption (1-5). The calculation of consumption from nuclear sources is based on estimates, utilizing data from the scientific online publication “Our World in Data”. The fuel consumption for renewable sources, including biomass (8), includes energy from renewable materials. This data is collected on site and included in our Group-wide EHS data management system. The consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (9) includes renewable energy sourced from third parties, tracked through contracts and invoices. The consumption of self-generated renewable energy, excluding fuels, (10) refers to renewable energy generated on site, such as solar energy, determined through production metrics. The total energy consumption metric represents the combined energy used across all activities.

The following energy overview presents our total energy consumption, demonstrating our current renewable energy share compared to fossil sources.



Energy production

The energy generation associated with our activities is summarized in the table below:

in MWh	**2025**	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Renewable energy production	56,953	43,110	8,226	5,842
Non-renewable energy production	1,042,611	1,066,229	455,897	473,124

The renewable energy generation metric includes energy generated from renewable sources such as solar, wind and biomass. We collect the data from energy reports and production metrics from our sites. The metric of non-renewable energy generation is based on actual generation data from the Darmstadt and Gernsheim sites (Germany), an estimate for other sites based on reported energy consumption, and an average energy generation efficiency value. Part of the generated energy is sold externally.

Energy intensity per net sales

The energy intensity per net sales associated with our activities is summarized in the table below:

in MWh/€ million	**2025**	2024	Change to previous year
Total energy consumption from activities in high climate impact sectors per net sales	115	113	1.8%

The data on net sales were taken from our Consolidated Income Statement, which totaled € 21,102 million in the fiscal 2025 (2024: 21,156). Energy intensity is determined by dividing the total energy consumption (in MWh) by net sales (in million euros) generated from our activities in high-climate-impact sectors. As per the ESRS definition, all our business activities fall into the manufacturing category and are therefore considered to have a high climate impact.

Our GHG emissions in the categories of Scope 1, 2 and 3 (E1-6)

Understanding our GHG emissions is crucial for assessing our environmental impact and enhancing our sustainability initiatives, particularly in support of our target to reduce emissions. This section provides an overview of our gross GHG emissions across all three scopes, as well as our total GHG emissions.

Gross scope 1, 2 and 3 GHG emissions and total GHG emissions

The following table shows our gross GHG emissions for scopes 1, 2 and 3, along with data on total GHG emissions. It includes milestones and targets, providing a comprehensive overview of our GHG emissions and the progress made toward our sustainability targets.

	Retrospective				Milestones and targets	
in t CO_2eq[1]	2020	2024	**2025**	Change to previous year	2030	Annual reduction rate until 2030 compared to base year in %
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions	1,827,123	858,053	657,835	-23.3%	913,561	5.0
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (in %)	4.0	8.3	10.7	28.0%		
Scope 2 GHG emissions						
Gross Scope 2 GHG emissions (location-based)	381,640	385,483	377,873	-2.0%		
Gross Scope 2 GHG emissions (market-based)	324,698	227,070	197,072	-13.2%	162,349	5.0
Significant Scope 3 GHG emissions						
Total Gross Scope 3 (indirect) GHG emissions[2]	5,104,508	4,482,938	3,895,507	-13.1%		
Purchased goods and services (category 1)	3,040,000	2,470,278	2,048,119	-17.1%		
Cloud computing and data center services[3]	–	–	–	–		
Capital goods (category 2)[4]	293,000	371,086	293,558	-20.9%		
Fuel and energy-related activities (category 3)	102,528	112,528	107,514	-4.5%		
Upstream transportation and distribution (category 4)	264,397	231,580	230,565	-0.4%		
Waste generated in operations (category 5)	85,047	26,901	26,983	0.3%		
Business travel (category 6)	32,157	106,060	128,488	21.1%		
Employee commuting (category 7)	89,571	77,061	76,457	-0.8%		
Upstream leased assets (category 8)[5]	–	–	–	–		
Downstream transportation (category 9)	8,435	7,922	3,251	-59.0%		
Processing of sold products (category 10)[6]	–	–	–	–		
Use of sold products (category 11)	1,163,923	1,021,008	927,963	-9.1%		
End-of-life treatment of sold products (category 12)	23,351	55,816	50,340	-9.8%		
Downstream leased assets (category 13)	1,678	1,722	1,005	-41.7%		
Franchises (category 14)[7]	–	–	–	–		
Investments (category 15)	421	974	1,264	29.8%		
Total GHG emissions						
Total GHG emissions (location-based)	7,313,271	5,726,474	4,931,215	-13.9%		
Total GHG emissions (market-based)	7,256,329	5,568,062	4,750,415	-14.7%		

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

[2] We plan to achieve a clear reduction of absolute Scope 3 emissions by 2030 compared to the base year.

[3] Cloud computing is a share of Scope 3.1 emissions and reported there. It is considered negligible in regard to Scope 3.1 emissions.

[4] 2020 data are slightly over-reported (approx. 3%), as the currency conversion factor (USD to EUR) from 2021 was used. Non-categorized spends are distributed pro rata to category 1 and 2.

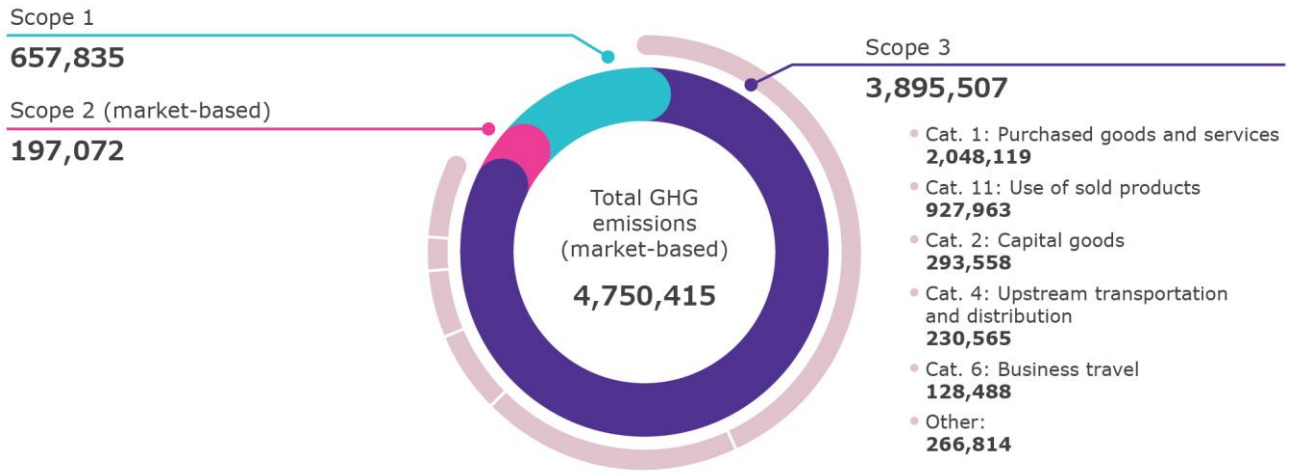
[5] Already covered under Scope 1 and 2 emissions.

[6] Our company produces a huge variety of intermediate products for various purposes. Due to their many applications and our customer structure, the associated GHG emissions cannot be tracked in a reasonable fashion.

[7] This category is not relevant for us, as we do not operate franchises, i.e. businesses operating under a license to sell or distribute another company's goods or services. Out-licensing in the pharmaceutical sector is not regarded as franchising.

GHG emissions per scope

This overview presents our total GHG emissions across all scopes and illustrates the distribution between direct Scope 1 emissions, market-based Scope 2 emissions, and comprehensive Scope 3 emissions.



GHG emissions per business sector

The table below outlines our GHG emissions in fiscal 2025, broken down by business sector:

2025

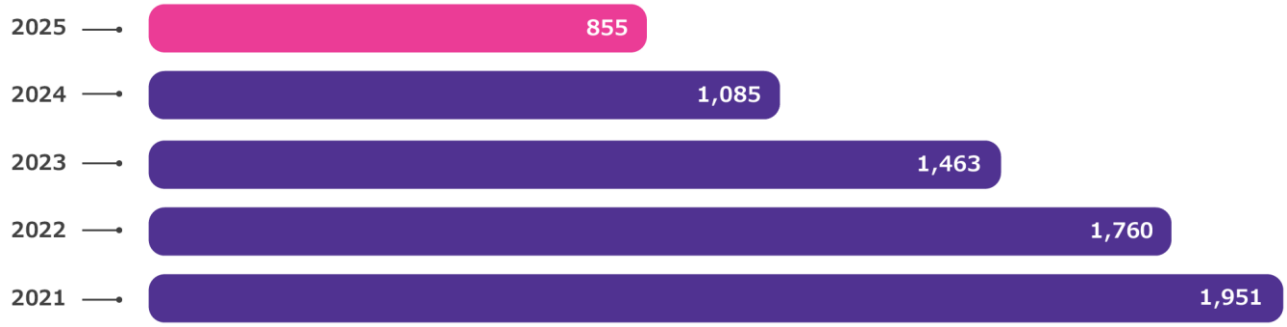
in t CO_2eq	Life Science	Healthcare	Electronics	Corporate and Other
Gross Scope 1 GHG emissions	149,198	69,158	418,296	21,184
Gross Scope 2 GHG emissions (location-based)	173,305	39,393	156,210	8,965
Gross Scope 2 GHG emissions (market-based)	48,756	13,224	120,398	14,694
Gross Scope 3 (indirect) GHG emissions	1,464,614	535,476	1,838,579	56,838

We have two plants under the EU ETS at Darmstadt and Gernsheim in Germany. The Ulsan site in South Korea is also under emission trading scheme.

Merck KGaA, Darmstadt, Germany, accounted for the following shares of total GHG emissions: In 2025, its Scope 1 emissions totaled 20,428 tons of CO_2eq (2024: 18,413). Its Scope 2 emissions were 3,898 tons of CO_2eq (location-based) (2024: 3,416) and 8,481 tons of CO_2eq (market-based) (2024: 6,704). As Merck KGaA, Darmstadt, Germany, has no significant business activities, its Scope 3 emissions are negligible.

GHG emission reduction trend for scope 1 and scope 2 (market based)

This emissions trajectory demonstrates our systematic GHG reduction progress, showing a continuous decline in our scope 1 and scope 2 (market based) GHG emissions in kilo tons of CO_2eq.



GHG intensity per net sales

The following table outlines the GHG intensity per net sales:

in t CO_2eq/€ million	**2025**	2024	Change to previous year
Total GHG emissions (location-based) per net sales	234	271	-13.7%
Total GHG emissions (market-based) per net sales	225	263	-14.5%

Our total GHG emissions are calculated using both location-based and market-based methods. The calculations are derived from comprehensive emissions inventories that account for all relevant sources of GHG emissions across our operations. The data on net sales were taken from our Consolidated Income Statement, which totaled € 21,102 million in the fiscal 2025 (2024: 21,156). The GHG intensity is calculated by dividing the total GHG emissions (in metric tons of CO_2eq) by net sales (in million euros).

Biogenic CO_2 emissions

The following table outlines the biogenic CO_2eq emissions not included in the gross GHG emission calculations:

in t CO_2eq[1]	**2025**	2024
Gross Scope 1 biogenic GHG emissions	14,961	12,598
Gross Scope 2 biogenic GHG emissions (market-based)	550	486
Gross Scope 3 biogenic GHG emissions	10,525	

[1] A gray background indicates that the value was not collected.

Our Scope 1 biogenic CO_2 emissions are calculated based on the total direct emissions from an owned biomass heating plant, using data sourced from operational records and emissions inventories. Our Scope 2 biogenic GHG emissions (market-based) reflect the indirect biogenic CO_2 emissions from the consumption of heat or steam purchased from a third-party biomass heating plant, calculated using market-based methods. The data were collected from utility bills and energy procurement documents. Our Scope 3.5 biogenic CO_2 emissions are derived from the overall Scope 3.5 emissions calculation by categorizing dedicated waste streams as completely or partially biogenic. Our Scope 3.12 biogenic emissions are derived from the overall Scope 3.12 emissions by separating emissions from bio-based packaging materials. It is assumed that the biogenic emissions from the disposal of products are negligible.

Share and types of contractual instruments to procure electricity (%)

The following table details the share and types of contractual instruments we used to procure electricity, showing both bundled and unbundled instruments.

in %[1]	**2025**	2024
Share of energy procured via bundled contractual instruments	19.4	19.2
bundled contractual instrument: Retail green electricity	5.1	5.9
bundled contractual instrument: Onsite Power Purchase Agreement (PPA)	–	–
bundled contractual instrument: Green Energy Certificate (GEC)	4.1	3.2
bundled contractual instrument: Guarantees of Origin (GO)	10.2	10.1
bundled contractual instrument: National Framework for Certification (NFC)	–	–
Share of energy procured via unbundled contractual instruments	35.2	26.3
unbundled contractual instrument: U.S. Renewable Energy Certificate (US-REC)	4.2	4.5
unbundled contractual instrument: Virtual Power Purchase Agreement (VPPA)	29.1	19.9
unbundled contractual instrument: Guarantees of Origin (GO)	–	–
unbundled contractual instrument: International Renewable Energy Certificate (I-REC)	1.6	1.8
unbundled contractual instrument: Tradeable Instrument for Global Renewables (TIGR)	0.3	0.1
Total share of procured energy via bundled and unbundled contractual instruments	**54.6**	**45.5**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

Bundled contractual instruments include electricity and associated attributes from renewable energy sources. In the case of unbundled contractual instruments, electricity is procured separately from the associated renewable attributes. We collect the data from procurement contracts and energy invoices. Our classification of contractual instruments as bundled or unbundled is based on definitions in relevant regulatory guidelines, such as the GHG Protocol for Scope 2.

Calculation of our Scope 1, 2 and 3 GHG emissions

Our GHG emissions calculation follows GHG Protocol standards across Scope 1, 2, and 3 categories, ensuring comprehensive and transparent climate impact measurement.

Calculation Scope 1

In accordance with the GHG Protocol, we distinguish between the following sources when calculating our Scope 1 emissions: Stationary combustion, mobile combustion, process-related emissions, and diffuse emissions (coolants or other gases released intentionally or unintentionally).

Our energy bills provide the data for our emissions from stationary combustion. We combine their data with the corresponding emission factors obtained from the GHG Protocol. To calculate process-related emissions, we use internal production data combined with corresponding emission factors, sourced from the Sixth Assessment Report of the IPCC. We account for diffuse emissions using data from invoices from the maintenance of our plants, combined with corresponding emission factors sourced from the IPCC's Sixth Assessment Report. Scope 1 GHG emissions from leased cars are calculated using a fuel-based and contract-/distance-based method. This calculation includes fuels dispensed at our own filling stations. We perform all calculations using our Group-wide EHS data management system.

Calculation Scope 2

In accordance with the GHG Protocol, we distinguish between the sources of purchased or acquired electricity, steam, heat, and cooling when calculating our location-based Scope 2 emissions. We consider steam and heat together. Our energy bills provide the data basis for all four sources, combined with their corresponding emission factors. We obtain the emission factors for purchased electricity from the IEA and the U.S. Emissions & Generation Resource Integrated Database (eGRID). We source the emission factors for steam, heat, and cooling from the UK Department for Environment, Food & Rural Affairs (DEFRA). Scope 2 GHG emissions from leased cars are calculated using a contract-/distance-based approach.

We also calculate market-based Scope 2 emissions in accordance with the GHG Protocol in all four categories. Following the hierarchy of the GHG Protocol for emission factors, we use supplier-specific emission factors reported by our sites, residual mix factors (AIB for Europe, Green-e for the United States) and location-based emission factors. We perform all calculations in our Group-wide EHS data management system.

Calculation Scope 3

We report our Scope 3 emissions according to the 15 categories of the GHG Protocol:

Categories 1 and 2 represent all upstream emissions related to our procurement activities. Category 1 includes emissions from the extraction, production, and transportation of goods and services we purchased or acquired during the reporting year. Category 2 includes all upstream emissions from the extraction, production, and transportation of capital goods we purchased or acquired during the reporting year. Emissions are calculated via a spend-based approach, using a procurement data management system and environmentally extended input-output data (source: US Environmentally-Extended Input-Output (USEEIO) Technical Content, United States Environmental Protection Agency). USEEIO provides emission factors on a spend basis for various industrial sectors and does not consider regional differences. Likewise, emissions from services are calculated via a spend-based approach using the same procurement data management system. This calculation method includes the emissions data of our main suppliers. The remaining gap is related to our subsidiaries that either do not have their own procurement system or have a very specific system.

Category 3 includes emissions related to the production of fuels and energy we purchased and consumed in the reporting year that are not included in Scope 1 or 2. This category also encompasses emissions from our leased car fleet. Data on purchased and consumed fuels, electricity, steam/heat, and cold, which form the basis for calculating category 3 emissions, are collected via our Group-wide EHS data management system. To determine the upstream emissions of purchased fuels, we multiply the fuel quantities by the well-to-tank emission factors (source: DEFRA). We calculate upstream emissions, as well as transportation and distribution losses of purchased heat/steam by multiplying the consumption figures by the respective emission factors (source: DEFRA). To calculate emissions from the generation as well as transport and distribution (T&D) of minor quantities of purchased cold, we use the same emission factors as for heat/steam, as no specific factors are available. We calculate upstream emissions from purchased electricity by multiplying the consumption figures by the respective emission factors (source: DEFRA). Here, electricity purchased from renewable sources (direct supply of renewable electricity and electricity covered by energy attribute certificates) is deducted. We determine electricity T&D losses based on the quantities of electricity purchased and country-specific loss factors (source: IEA). In this process, the electricity sourced from renewable sources (direct supply of renewable electricity) is deducted.

Category 4 includes the emissions from the transportation and distribution of products we purchased during the reporting year. This refers to transportation and distribution between our tier 1 suppliers and our own operations, where the vehicles and facilities are not owned or controlled by us. Additionally, category 4 includes the transportation and distribution of services purchased by us. This includes both inbound logistics and outbound logistics, as well as transportation and distribution between our own facilities in vehicles and facilities not owned or controlled by us. We use a mixed approach to calculate these emissions. Logistics service providers supply their own primary data, and if they are not available, GHG emissions are calculated by a third-

party provider using an energy-based bottom-up approach. For the Life Science business sector, shipment data from forwarders provide the main data source, while in the Electronics business sector, delivery notes from our ERP systems form the basis for calculation. Our Healthcare business sector uses forwarder data and data from various ERP systems. We consolidate these data in internal systems, along with primary data from suppliers and logistics service providers. The respective shipment data are sent to the third-party provider and processed there. For our Life Science business sector, as no data on road transportation for the LATAM and Asia regions are available, we use a spend-based approach to estimate emissions. If data for the full year are not yet available, we make extrapolations based on previous years' data. We do not consider deliveries from tier 1 suppliers that are not directly paid by us but are delivered to us, due to a lack of available data.

Category 5 includes emissions from the disposal and treatment of waste generated in facilities we own or control, as well as the third-party disposal of wastewater. The calculation of emissions from waste generated in our operations and disposed of by third parties is based on primary data from our manufacturing sites, collected in our Group-wide EHS data management system. These data are divided into various waste types, such as solvent waste and soil waste, and distinguished by waste disposal methods, such as waste-to-energy, incineration, landfill or recycling. For the emission factors based on the waste's carbon content, we use the "Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain". It states that recycling and energy recovery are attributed to the organization that uses the recycled material or uses the waste to generate energy. As a result, the emissions from these activities are not included in our GHG inventory. The carbon content factors are primarily taken from the "2006 IPCC Guidelines for National Greenhouse Gas Inventories", and these data are then multiplied together. Emissions from the transportation of waste materials are not considered. To calculate GHG emissions from wastewater treatment in third-party municipal or industrial wastewater treatment plants, we use primary data from our manufacturing sites, collected annually via our Group-wide EHS data management system. Wastewater quantities are multiplied by the DEFRA emission factor for water treatment.

Category 6 includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. Air travel emissions are calculated based on our flight booking and billing processes. Our payment solution service provider supplies detailed data of all flights booked and uses them to calculate the associated GHG emissions. Rail travel is considered relevant in some European countries, including Germany, France and Spain, while it is considered negligible in non-European countries. Currently, data for rail travel is only available in Germany and provided by Deutsche Bahn AG. Emissions data for rental cars are provided annually by our global rental car providers. Data on other forms of transportation, such as trams, taxis and buses, are not available. Their impact on our overall emissions is expected to be negligible. Emissions from hotel accommodation are calculated based on the number of hotel stays per country, using our internal ERP system and the DEFRA emission factors for hotel stays.

Category 7 includes emissions from the transportation of employees between their homes and work. We conduct a global Employee Engagement Survey each year, which includes commuting habits every two to three years, and extrapolate the results to the global employee population. We use an assumption of 220 working days per year, derived from the "Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain". Emission factors for modes of transport are taken from DEFRA, business travel, and include electric vehicles and working from home.

Category 8 includes emissions from the operation of assets that are leased and not already included in our Scope 1 or 2 reporting. Emissions from this category are not relevant to our Scope 3 reporting as leased assets, such as rented offices, labs or warehouses, are part of our Scope 1 and 2 GHG inventory.

Category 9 includes the transportation and distribution of products that we sold to end consumers during the reporting year, if not paid for by us. It also includes retail and storage in vehicles and facilities we do not own or control. Like in category 4, these emissions are calculated by a third-party provider using an energy-based bottom-up approach, which can provide emissions data for our Healthcare and Electronics business sectors. The data from the Life Science business sector are negligible. To ensure the effectiveness of logistic processes, the transport of Life Science products is organized and contracted by us and is therefore covered under category 4.

Category 10 includes emissions from the processing of sold intermediate products by third parties after sale. We produce a wide variety of intermediate products for various purposes. Due to the range of potential applications and our customer structure, the related GHG emissions cannot be tracked in a practical manner, as confirmed by the "Guidance for Accounting and Reporting Corporate GHG Emissions in the Chemical Sector Value Chain" from the World Business Council for Sustainable Development.

Category 11 includes emissions from the use of goods and services we sold during the reporting year. Internal expert assessments of our diverse product portfolio show that products that contain or emit GHG emissions during their use are the main driver of GHG emissions in this category. Products that directly consume energy (electricity) during use contribute to a much lesser extent. Fuels, feedstocks and indirect use-phase emissions are not relevant for us. Indirect use-phase emissions are optional and not reported by us. Our Electronics product portfolio contains some specialty gases with high GWP that are emitted during the use phase. Emissions are calculated based on the technical expertise of internal experts, using the percentage of gas quantities that escape the processes at our customers, abatement efficiency, sales volumes, and global warming potentials (source: IPCC, 6th Assessment Report). Some product control devices also consume electricity, and their emissions are calculated based on runtime, average lifetime and an estimated global emission factor. Other product lines are negligible or do not contribute to the overall emissions within this category. Our Life Science business sector offers two product lines that consume electricity during their use phase. The calculation of these emissions is based on internal expert estimations of the products' energy consumption, sales volumes and respective emission factors per country (source: IEA). Sales data cover approximately 90–95% of total sales. Our Healthcare business sector offers some battery-based injection devices that fall under category 11. Their emissions are calculated based on energy consumption, sales volumes and the respective emission factors per country (source: IEA).

Category 12 includes emissions from the waste disposal and treatment of products we sold during the reporting year at the end of their life. Emissions from the disposal of sold products and respective packaging materials are calculated based on sales data, the weight data of products and packaging material, average weighted emission factors based on statistical data on regional disposal methods, and DEFRA emission factors (source: DEFRA).

Category 13 includes emissions from the operation of assets owned (acting as lessor) and leased to other entities. In Darmstadt,Germany, we are the lessor of a number of residential and commercial buildings. Emissions are calculated based on building master data, such as energy demand from energy certificates and respective emission factors. To split the energy demand into heating and electricity for residential and commercial buildings, we use data from the IEA. Emissions from heating energy are calculated using the fuel type and DEFRA emission factors. Emissions from electricity demand are calculated using the German grid emission factor provided by Bundesverband der Energie- und Wasserwirtschaft e.V. (BDEW).

Category 14 includes emissions from the operation of franchises. As we do not operate franchises, this category is not relevant for us.

Category 15 includes emissions from the operation of investments. This includes equity and debt investments and project finance during the reporting year that are not included in Scope 1 or 2. Emissions are calculated based on the direct share of capital, the respective annual revenue and environmentally extended input-output (EEIO) data (source: US Environmentally Extended Input-Output (USEEIO) Technical Content, United States Environmental Protection Agency). USEEIO provides emission factors on a spend basis for various industrial sectors and does not consider regional differences.

Removal of GHGs from the atmosphere and CO_2eq certificates (E1-7)

In our own business activities, we do not conduct any activities to remove or reduce GHGs that we finance via CO_2eq certificates.

Our internal CO_2 pricing (E1-8)

While GHG emissions are generally considered in our R&D and product development processes, a dedicated carbon pricing scheme is applicable for major investment projects. In the respective CapEx projects, we use a shadow price of €100 per ton of CO_2eq, which is applied globally. This shadow price was informed by the guidance of the EU-ETS on carbon price monitoring and was also determined through a peer review analysis. It ensures the integration of GHG emission criteria early in the project development stage. It is used for CapEx projects over € 10 million, as well as those over € 2 million with a high sustainability impact. The EU-ETS is seen as the standard for carbon pricing, providing a clear regulatory framework that aligns with climate goals. Its comprehensive approach makes it a suitable global reference scheme.

As this carbon pricing scheme is geared toward avoiding or reducing GHG emissions in the future, it is not applicable to actual emissions in the current year. For the same reason, carbon pricing considerations do not impact the value of existing assets in the Financial Statements.

Pollution (E2)

Managing pollution involves reducing the release of harmful substances into the environment and carefully handling materials, especially those classified as substances of concern (SoC) or substances of very high concern (SVHC). Through a range of dedicated efforts, we aim to protect natural resources, ensure regulatory compliance and support long-term environmental responsibility. To reflect the various dimensions of pollution, our Sustainability Statement addresses this topic via three focused material areas: pollution of water, pollution of soil, and SoC and SVHC.

Our material impacts, risks and opportunities related to pollution (E2 SBM-3)

Pollution of water	
Identifier	E2-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Pollution of water from chemical and pharmaceutical manufacturing: Manufacturing, handling and/or use of chemical and/or pharmaceutical substances can degrade water quality, harm ecosystems, and pose health risks to local communities. This can be caused by the controlled release of these substances via wastewater, or unintentionally by leakages, spills or other comparable events.

Pollution of soil	
Identifier	E2-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Medium-term
Value chain step	Own operations
Description	Regulatory risks related to the management of subsurface contaminations: Production processes that were decommissioned a long time ago caused subsurface contamination of water and soil, harming ecosystems and human health, with actual/potential legal and reputational consequences. Stricter regulations are likely to increase our costs.

Substances of concern and substances of very high concern	
Identifier	E2-PI-01
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Long-term
Value chain step	Own operations; downstream
Description	Substances of concern and substances of very high concern in Portfolio Transformation Programs: The replacement, reduction and avoidance of substances of concern can have a positive impact on the well-being of people and the environment throughout a product´s life cycle. This is driven by a guided portfolio transformation towards more sustainable products which is supported by, for example sustainability scorecards.

Substances of concern and substances of very high concern

Identifier	E2-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations; downstream
Description	Hazard communication improving health and safety and environmental protecting: The provision of relevant information on hazardous properties, safe handling and using of chemical products to stakeholders in our own business and the downstream value chain can enhance worker safety, protect local communities and minimize environmental pollution. Our efforts in regard to Hazard Communication go well beyond legal requirements.

Substances of concern and substances of very high concern

Identifier	E2-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Long-term
Value chain step	Upstream; own operations
Description	Regulatory risks related to the use of substances of concern and very high concern: Substances of concern and substances of very high concern are subject to stricter regulations, which can pose a risk to our business opportunities and increase costs. In particular, the EU Chemicals Strategy for Sustainability (CSS) describes regulatory actions to transition to a toxic-free environment, aiming to limit the use of substances of concern and substances of very high concern to essential uses. The substitution of potentially banned/restricted chemicals with safe and sustainable chemicals is necessary and costly. Additional costs can also arise in the case of increased requirements for occupational health and safety and environmental protection.

Pollution of water

Our policies in connection with water pollution (E2-1)

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier E2-NI-01
Material sustainability matter	Pollution of water
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Sustainable Water Management – Wastewater

Connection to material impacts, risks and/or opportunities	Identifier E2-NI-01
Material sustainability matter	Pollution of water
Key contents	The policy concerns water quality and aims to minimize the negative impact of our facilities on the environment. This policy defines the responsibilities and sets global guidelines for the risk-based approach for managing wastewater from our operations. Our operating sites establish programs to ensure compliance with local requirements and to prevent, detect and avoid unintended release of water-hazardous substances or monitor the routine discharge of all relevant water-hazardous substances. The policy is geared toward mitigating impacts of our facilities on the environment and health related to the pollution of water including prevention and control. The sampling and analytical program shall be elaborated based on local regulatory requirements or local circumstances. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to our production sites and our research and development (R&D) facilities. Our internal stakeholders are the site manager/director or qualified, responsible employees to whom tasks are delegated, as well as EHS managers and their staff and the employees at the sites. Our external stakeholders are all users of the receiving water as well as operators of downstream water treatment plants.
Accountability	Site managers/directors or qualified employees responsible for wastewater topics
Third-party standards/initiatives	The policy considers the UN Sustainable Development Goal 6: Clean Water and Sanitation as well as the Common Antibiotics Manufacturing Framework of the AMR Industry Alliance. We are also a member of the AMR industry alliance.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Spillage Control of Hazardous Substances	
Connection to material impacts, risks and/or opportunities	Identifier E2-NI-01
Material sustainability matter	Pollution of water
Key contents	The policy sets a global framework for storage, transfer, and handling of hazardous substances. It gives guidance on how facilities and technical equipment shall be designed, built, operated, and maintained in such a way that potentially polluting substances do not enter the environment.
Scope of application	The policy applies to all legal entities of the Group that unload, store, transfer and handle hazardous substances.
Accountability	Site manager/director
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

As part of our EHS Policy, we define objectives, programs and performance indicators related to the environment, health and safety at both the Group and site level. In this way, we aim to continuously monitor and reduce injuries and accidents, energy and resource consumption, and waste generation. To further decrease our impacts, we aim for our EHS regulations to exceed compliance by constantly reviewing their potential for improvement. We also prepare for emergencies by taking a range of actions that seek to minimize risks and prevent damage. These efforts help us prevent negative impacts on the environment as well as human health and safety while ensuring continuity in our business operations. The policy is geared toward mitigating impacts of our facilities on the environment and health related to the pollution of water including prevention and control.

To support sustainable water management, which includes incident and emergency preparedness, our affected sites must have retention basins with an appropriate volume for used extinguishing water and/or wastewater that cannot be treated in routine operations. In the event of a fire, these retention basins are designed to control and limit environmental impacts by isolating potentially contaminated extinguishing water.

In accordance with our Spillage Control of Hazardous Substances Policy, our sites must regularly check and maintain the condition and integrity of storage facilities, tanks, containment facilities, and their associated equipment.

Our actions and resources related to water pollution (E2-2)

To protect the environment, we are committed to ensuring that every water-polluting substance is emitted at a level below its predicted no-effect concentrations (PNEC) by 2030. The PNEC is defined as the concentration of a given substance below which no adverse effects to species in water can be expected. It is a substance property, which is scientifically derived. Based on this data, we reduce the water related impact on the environment below a no effect limit. To achieve this, we are implementing various actions and initiatives within our production processes. The process starts with the identification of water hazardous substances and their risk assessment in the specific production context. These risk assessments are crucial, as they trigger subsequent actions if any substance exceeds its PNEC, such as upgrading our wastewater treatment facilities.

In 2025, we progressed a number of key actions aimed at reducing the pollution of water. For example, our Life Science and Electronics business sectors advanced the assessments of relevant wastewater substances. In Life Science we made progress in preparing our risk assessments and improved the determination of PNEC for water-hazardous substances. These assessments intend to help us identify ways to reduce the levels of potentially harmful residues in our wastewater to below the no-effect threshold. In Healthcare, we assessed the wastewater relevance of each substance handled in production and completed risk assessments for wastewater-relevant substances. Going forward, we will continue monitoring the relevant active pharmaceutical ingredients

in our wastewater. For substances that exceeded the PNEC water reference value, we conducted laboratory and pilot tests to identify appropriate mitigation measures, such as modernizing our wastewater treatment methods where necessary. Through these actions, we have identified a range of appropriate treatment technologies and are developing implementation plans for relevant sites by 2030.

Our water management efforts focus on our manufacturing sites, as wastewater from production generally poses a higher risk of contamination to aquatic ecosystems. At the end of 2025, 83 (2024: 82) sites in Brazil, China, France, Germany, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Mexico, Spain, Switzerland, Taiwan, United Kingdom and the United States were involved in water management activities. Of these, 29 (2024: 16) determined that the concentrations of all water-hazardous substances in their wastewater were below the no-effect threshold. We aim to close all set actions by 2030. We took no remediation actions in 2025, as none were necessary.

Our actions regarding wastewater do not extend to the downstream value chain.

Our targets related to water pollution (E2-3)

In our Life Science, Healthcare and Electronics business sectors, wastewater from our production sites is treated as necessary and discharged into municipal treatment systems or water bodies, according to the respective license. We have not set any targets related to the pollution of water but monitor our ambition. By 2030, we aim to reduce potentially harmful residues in our wastewater to below the no-effect threshold. To achieve this ambition, we have defined a series of project steps for each site within its scope, which we oversee centrally. Our steps include identifying relevant water-hazardous substances, assessing the risks in their specific context, performing mitigation actions if necessary, and monitoring their effectiveness. We initiated activities in 2020 and have been recording our progress every six months.

Our metrics related to water pollution (E2-4)

The following table details our key metrics related to the pollution of water:

	2025		
Pollution of water – pollutants (in kg)	Estimated median	Estimated minimum	Estimated maximum
Dichloromethane (DCM)	13	12	15
1,2,3,4,5,6-hexachlorocyclohexane (HCH)	2	2	2
Chlorides (as total Cl)	2,965,300	1,482,650	2,965,300

	2024		
Pollution of water – pollutants (in kg)	Estimated median	Estimated minimum	Estimated maximum
Total nitrogen	55,992	55,992	55,992
Nickel and compounds (as Ni)	59	59	59
1,2,3,4,5,6-hexachlorocyclohexane (HCH)	2	2	2
Nonylphenol and Nonylphenol ethoxylates (NP/NPEs)	1	1	1
Chlorides (as total Cl)	5,483,545	4,219,545	5,483,545

Our water pollution metrics describe emissions from our sites that surpass the threshold levels outlined in Annex II of Regulation (EC) No 166/2006 (E-PRTR Regulation) in 2024 and/or 2025 and originate from facilities operated by us.

The emissions of the three parameters total nitrogen, nickel and compounds, as well as nonylphenol and nonylphenol ethoxylates (NP/NPEs) fell below the reporting threshold in fiscal 2025 compared to the previous year. In fiscal 2024, emissions were reported for these parameters, which originated from the wastewater of a neighboring municipality, whose wastewater we co-treat at the wastewater treatment plant of one of our sites. In fiscal 2025, we only reported emissions from our own sources. The parameter nonylphenol and nonylphenol ethoxylates (NP/NPEs) fell below the reporting threshold due to production-related reasons.

Each site determines the relevance of pollutants at the site level through measurement, calculation or estimation. The specified parameters of key metrics related to the pollution of water are determined locally through measurement, calculation or estimation. Only values above the applicable threshold values are reported. When determining emissions through measurements, analytical methods required in licenses and permits take precedence. If no methods are specified, standardized and recognized analytical methods are applied for the analysis of a parameter in wastewater. These methods may depend on the legal framework. If no standardized method is available, laboratories use their own internally validated methods. Limitations include, for example, intrinsic limitations of the measurements as outlined in the respective validation documentation. In calculations, the applied method depends on the specific process in which a substance is handled. These calculations may be based, for example, on input/output analyses or reaction formulas. Similarly, in estimations, the applied method depends on the specific process in which a substance is handled. Estimations may be based, for example, on documentation and records such as the amounts used or mass balances. The values determined in this way are recorded in a central EHS data management system. Due to the multitude of sites and metrics, we refrain from detailed disclosure of all pollutants at site level. Many of our sites discharge their wastewater into municipal treatment plants, where substances are degraded before the water enters the environment. The degree of reduction depends on the technology used in the respective wastewater treatment plant and, in many cases, on the ambient temperature. We have established a reduction range for each pollutant based on scientific findings. This range is applied to the locally determined value and results in the values “Estimated minimum”, “Estimated median” and “Estimated maximum”. The measurement of the pollution of water metric has not been validated separately by an external body.

Pollution of soil

Our policies related to soil pollution (E2-1)

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier E2-R-01
Material sustainability matter	Pollution of soil
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Management of Contamination at Sites

Connection to material impacts, risks and/or opportunities	Identifier E2-R-01
Material sustainability matter	Pollution of soil
Key contents	The policy clarifies how to assess and handle subsurface contaminations. The objective of this policy is to systematically identify, manage and report risks related to the subsurface (soil and groundwater). To this end, the subsidiaries report their processes to the Corporate Sustainability, Quality and Trade Compliance function (SQ) with regard to: • The level of knowledge on contamination: information on new contamination and significant updates (for example, new requirements from regulators) • Procedures for the investigation, analysis, monitoring and evaluation of contamination • Decontamination/remediation work on soil, groundwater or the removal of hazardous substances The site must ensure that all relevant original documents related to the contamination and remediation actions are available. SQ monitors all activities related to post-transaction liabilities, for example agreed remediation work and/or known contamination (EHS due diligence and post-transaction).
Scope of application	The policy applies to all locations worldwide.
Accountability	Site manager/director or qualified, responsible employees.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Spillage Control of Hazardous Substances	
Connection to material impacts, risks and/or opportunities	Identifier E2-R-01
Material sustainability matter	Pollution of soil
Key contents	The policy sets a global framework for storage, transfer, and handling of hazardous substances. It gives guidance on how facilities and technical equipment shall be designed, built, operated, and maintained in such a way that potentially polluting substances do not enter the environment.
Scope of application	The policy applies to all legal entities of the Group that unload, store, transfer and handle hazardous substances.
Accountability	Site manager/director.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

We use our EHS Policy to define objectives, programs and performance indicators related to the environment, health and safety at both Group and site level. In this context, we aim to prevent new contamination at all our sites by strictly adhering to existing regulations, avoiding accidents and incidents as much as possible and monitoring in case they occur. For this purpose, we implemented the Spillage Control of Hazardous Substances Policy as a globally harmonized approach.

As outlined in our Management of Contamination at Sites Policy, we mitigate negative effects associated with the existing pollution of soil from historic activities through remediation by securing the subsoil and/or remediating existing underground contamination. In doing so, we reduce risks for potentially affected parties in the vicinity of the sites with regard to existing contamination from historic activities.

When it comes to the exposure of people, groundwater and surface water to hazardous substances, we act according to the ALARP principle: as low as reasonably practicable.

Our actions and resources in connection with soil pollution (E2-2)

The sites in Darmstadt and Gernsheim, Germany, as well as Norwood, USA, are affected by underground contamination because of historic and discontinued production processes. They are the focus of our ongoing actions. For an additional site in Hohenbrunn, Germany, we are evaluating the remediation of soil contamination caused by fire-fighting foams. We are in regular contact with environmental protection authorities on current topics; the frequency of this contact is based on the latest findings and actions.

Darmstadt site

At the Darmstadt site, more than 100 years of industrial use, including damage during World War II, resulted in soil and groundwater contamination. For this reason, the groundwater at the Darmstadt site is continuously collected by 32 remediation and process water wells, thus preventing the spread of groundwater contamination. By treating the removed water, we eliminate the pollutants prior to discharge into the surface water. Compliance with limit values is monitored. We also prevent potentially harmful environmental impacts from soil contamination at the site by carrying out extensive surface sealing in relevant areas. As part of our local groundwater remediation actions, regular exchange takes place with the soil protection authority on current issues; the frequency of this exchange is based on the latest findings and actions. These measures will be continued until new requirements demand adjustment.

Gernsheim site

The surface of the Gernsheim site was elevated by backfilling with soil, construction waste and hexachlorocyclohexane (HCH), which was a byproduct of lindane production in the past and an authorized construction material at that time. Between 1954 and 1972, the backfilling was approved by the authorities. HCH residues are now classified as substances with hazardous properties.

To prevent contact of the groundwater with the HCH residues, we are lowering the groundwater level at the Gernsheim site by extracting water from ten remediation and process water wells. The water from the wells is purified using a special treatment plant. In addition, the groundwater is monitored at 64 measuring points using an officially coordinated quality monitoring system. We systematically evaluate the data and submit it to the responsible environmental authority in annual reports. We take the necessary measures in the event of indications of possible harmful effects on the environment. In order to prevent possible harmful environmental effects from soil contamination, we also carried out extensive surface sealing in the relevant areas at the Gernsheim site. In addition, we are in exchange with environmental protection authorities on topics including technical questions and/or the further development (fine-tuning) of the current water management (for example, if the groundwater level changes due to changes in precipitation levels). These measures will be continued until new requirements demand adjustment.

Norwood site

Our site in Norwood, USA, has been used for the industrial production, storage and distribution of organic and inorganic chemicals since the late 1940s. The former site owners filled a ravine of the site with soil, construction waste and chemical waste containers.

Our key actions include containing the waste in the ravine and capturing contaminated groundwater runoff from the site to prevent human and environmental exposure to contaminants of concern (COCs). In addition, we covered the area professionally to minimize or eliminate the release of COCs from the deposits. We also use in-situ chemical oxidation injections to break down any pollutants released into the environment. These measures will be continued until new requirements demand adjustment.

Monitoring our actions

Our ambition is to mitigate and prevent harmful effects from existing soil and groundwater contamination at all our sites by remediating the contamination and following safety rules and regulations. This should always be done in accordance with local regulations and in close cooperation with the relevant authorities. The actions are intended to help systematically identify, manage and report risks associated with soil and groundwater contamination. Monitoring programs verify the effectiveness of the respective actions at each site. These monitoring programs are required by local authorities and determined in the respective license. All actions are monitored by our local qualified experts, and the progress and results are communicated to the authority in annual reports.

Affected stakeholders include EHS employees, local employees and project managers. In addition, we count shareholders among our stakeholders in this respect. We have not set a time horizon for our actions; these are ongoing measures.

Efforts to prevent and monitor emissions to air, water and soil entail significant expense on our part, as does proper waste disposal. Therefore, we set up provisions for groundwater and soil remediation to ensure that we can execute all the necessary actions. As of December 31, 2025, our provisions for environmental protection totaled € 133 million (2024: € 158 million), 98.4% (2024: 96.6%) of which was attributable to Merck KGaA, Darmstadt, Germany. We do not expect any significant change in the next reporting period. More information can be found under **Other provisions** in the Consolidated Financial Statement.

Our targets related to soil pollution (E2-3)

Our ambition is to systematically prevent, identify, manage and report risks associated with soil and groundwater. Beyond this, we have not set any targets related to the soil pollution. More information on our actions can be found under E2-2 “Our actions and resources related to the pollution of soil”.

Substances of concern and substances of very high concern

Our policies related to substances of concern and substances of very high concern (E2-1)

M-SPOT – Sustainable Portfolio Transformation of Merck KGaA, Darmstadt, Germany	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-01; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	We perform a portfolio sustainability assessment or PSA (Sustainable Portfolio Transformation of the Group – M-SPOT) in accordance with the PSA framework of the World Business Council for Sustainable Development (WBCSD). This methodology is intended to assess the sustainability performance aspects of our products in relation to several dimensions including chemical risks and regulatory trends. These assessments provide transparency on the use of SoC and SVHC. They consider SoC and SVHC criteria in a risk-based approach and also assess future regulatory trends to account for business risks arising from future bans and restrictions. According to our M-SPOT Policy, an identified chemical risk, meaning an assessment result that customers were unable to handle the product safely, must be reduced as quickly as possible. Our products are only sold to industrial and professional users who are generally well trained and receive all the necessary information they need to handle our products safely, such as our safety data sheets (SDS) or further digital solutions. This is why we consider a risk-based approach, as also used in our PSA methodology, to be appropriate to manage potential impacts. In the event of a risk being identified in the assessment of chemical risk or regulatory trends, the product would receive a negative rating.
Scope of application	The policy applies to all three business sectors. As part of the PSA method, we compare our products with the most relevant competitor products on a global level (regionalization would be an exception) along the entire value chain and in various dimensions such as water consumption, emissions or packaging. The stakeholders are customers and, for example, also investors who have an interest in reducing risks associated with non-sustainable products. Internal stakeholders include our business sectors and the Corporate Sustainability, Quality and Trade Compliance unit (SQ).
Accountability	Management of the individual business sector and the Head of SQ.
Third-party standards/initiatives	The policy considers the World Business Council for Sustainable Development and the Chemical Industry Methodology for Portfolio Sustainability Assessments dated October 26, 2018.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Umbrella – Sustainability in R&D	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-01; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy is relevant for the development of new products and the steering of the Research and Development (R&D) portfolio: Each R&D project will regularly complete and update a sustainability scorecard. The scorecards are based on the Design for Sustainability (DfS) framework implemented in the business sectors as DfS in Life Science, DfS Healthcare and Sustainability in R&D Electronics (SURE). The scorecards ensure a holistic approach to designing products and processes that aim to take into account the well-being of people and the environment over the entire life cycle of a product. The scorecards are assigned to five sustainability criteria: substances of concern, emissions, water, waste and human progress. Controls to avoid critical substances and replace them with safer alternatives are part of the Umbrella implementations in the business sectors.The policy is regularly monitored and updated.
Scope of application	The policy applies to all active R&D projects for new products that started in the year 2023 or later. For the projects within its scope, the aim is to achieve a scorecard completion rate of 95%. The assessment is carried out along the entire value chain and considers the effects on upstream, own and downstream activities. The stakeholders are customers and investors who have an interest in reducing risks associated with non-sustainable products. Internal stakeholders are our business sectors' R&D departments and the SQ department.
Accountability	Management of the individual business sectors and Head of SQ.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Occupational Health and Safety protection Concepts for Handling Hazardous Substances	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-02; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy describes our Group-wide process for identifying personal and environmental protection actions when handling hazardous substances. It includes protection concepts that may involve technical, organizational, or personal actions to reduce exposure at the workplace, release into the environment and loss of product. Hazardous substances can only be handled using equipment that provides the degree of protection corresponding to the occupational exposure limit value and the physico-chemical properties of the substance. When selecting protection concepts, we apply the hierarchy of the following controls: Substitution, Technology, Organization and Personnel (STOP). To successfully protect employees and the working environment, we often have to combine several control actions. As part of the technical actions, we use equipment and ventilation to contain and/or control the release of hazardous substances into the working environment. With these actions, we aim to reduce the risk of employee exposure, release into the environment and/or physical hazards (such as dust explosion, ignition of flammable vapors).
Scope of application	The policy applies Group-wide to all business sectors and Group functions and all new projects or plants and projects involving the refurbishment of existing plants or facilities. This also applies if the site used is not the property of our Group.
Accountability	Managing Director or Site Manager/Director.
Third-party standards/initiatives	We are guided by the STOP principle, which is described, for example, in the German standard TRGS 500 of the Hazardous Substances Ordinance and represents a standard approach for the safety and health protection of employees. The evaluation of substitution options that we use is formulated, among other things, in the TRGS 600 standard and is also prescribed by section 6 (1) of the German Hazardous Substances Ordinance. On an EU level, Council Directive 98/24/EC of April 7, 1998, on the protection of the health and safety of workers from the risks related to chemical agents at work specifies in Art. 6 (2) that substitution has the highest priority of the various measures that can be taken to protect workers.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

EHS Fire Protection	
Connection to material impacts, risks and/or opportunities	Identifier E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy describes the minimum requirements for fire protection systems at our sites. It includes requirements for the retention of extinguishing water and technical actions that must be implemented to prevent the flow of fire extinguishing water from areas where hazardous substances are handled or stored, or the flow of flammable/combustible/ignitable liquids into adjacent areas. Depending on the situation, appropriate means of retaining fire extinguishing water must be provided locally or centrally on the premises or in the building to prevent damage to the environment. This also includes fire extinguishing water retention for foam-based fire protection systems. The EHS staff provide support and guidance. Local legislation must be reviewed along with the policy. Whichever requirement is stricter must be followed. Audits are carried out under the responsibility of the Managing Directors and Site Managers/Directors to monitor the implementation of the procedure.
Scope of application	The policy applies Group-wide at sites. We implement the requirements described in our regular office, laboratory, supply, production and storage rooms and in general use areas.
Accountability	Managing Director or Site Manager/Director.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

NPDI Process – hazard Communication (High Level)	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-02; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy describes the process for cross-team interactions within Life Science during the new product introduction process. It ensures that the data entries in the ERP systems facilitate the automated generation of Safety Data Sheets (SDS) for substances, mixtures, sets/kits, and a selected set of manufactured items. The policy does not discriminate between hazardous materials and materials not meeting the criteria for classification as hazardous. The SDS includes the results of the hazard assessment and communicates these to the user of the material, which can be internal or a customer. The policy is monitored and updated if required.
Scope of application	The policy applies to the Life Science business sector and is applicable at a global level.
Accountability	Management of Life Science.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interest of internal stakeholders.
Availability	The policy is available internally on the intranet.

Policies on New Product Introduction Process Hazard Communication	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-02; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	Electronics has several internal policies on the hazard communication of New Product Introduction Processes. They describe a standardized workflow for introducing new products into the ERP system of our Electronics business sector, from the creation of a new product to the completion of the Safety Data Sheet (SDS) and label. The policies do not discriminate between hazardous materials and materials not meeting the criteria for classification as hazardous. The SDS includes the results of the hazard assessment and communicates these to the user of the material, which can be internal or a customer. The policies are monitored and updated if required.
Scope of application	The policies apply to the Electronics business sector. The policies are tailored to country-specific ERP systems and organizational needs and are applicable for EU, U.S., China, Taiwan, South Korea, and Japan.
Accountability	Management of Electronics.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

There are no specific policies that explicitly address the adverse effects of substances of concern and substances of very high concern. However, any EHS-related policy used to mitigate the impact of hazardous substances in our operations on human health and the environment inherently mitigates the potential negative impact of subgroups of hazardous substances, for example, substances of concern and substances of very high concern. As part of our EHS Policy, we define objectives, programs and performance indicators related to the environment, health and safety at both Group and site level. In this way, we aim to continuously monitor and reduce injuries and accidents and the volume of waste. Our aim is to go beyond compliance with EHS regulations by constantly reviewing their potential for improvement. We take actions to minimize risk and prevent damage to minimize negative impacts on the environment, human health and safety and ensure the continuity of our business operations (see “Sustainable Water Management – Wastewater” and “Spillage Control of Hazardous Substances” in section “Pollution of water”).

The policy “Occupational Health and Safety Protection Concepts for Handling Hazardous Substances” describes carrying out a substance-related substitution test for alternative substances or processes to protect employees from hazardous substances. Substitution is the first component of the STOP principle of the EHS protection actions. In addition to substituting a hazardous substance with a less hazardous substance, substitution also includes reviewing process activities to identify whether equipment or activities can be replaced with a less dangerous piece of equipment or activities. Examples include: Substituting a hand-sieving process with a process that utilizes mechanical equipment; incorporating an online analytical test instead of taking a sample and subsequently testing it in a laboratory; or replacing a dispensing step with a direct, closed transfer. Each of our plants handling hazardous substances must carry out and document a substitution check before applying technical, organizational or personal protective actions.

With the help of our M-SPOT and Umbrella programs, we identify products containing SoC/SVHC and aim to avoid their use in improved and new products. More information regarding our M-SPOT and Umbrella programs can be found under “Our actions and resources related to substances of concern and substances of very high concern”.

Our policies related to hazard communication describe the procedures for generating Safety Data Sheets (SDS). Providing this safety information enables users to correctly handle our materials, which reduces exposure and the risk of incidents. By having relevant chemical safety information on hand, users can also take appropriate measures in the case of an emergency, limiting impacts on people and the environment. While SDS are not legally required for non-hazardous materials, we consider the communication of material properties and safety-relevant information to be important for all materials. Therefore, our policies do not discriminate between those classified as hazardous materials and those deemed not hazardous. The users can be our internal employees or external customers of our products.

Our actions and resources related to substances of concern and substances of very high concern (E2-2)

Increasing transparency through product assessments

We are in the process of performing a portfolio sustainability assessment (Sustainable Portfolio Transformation of the Group – M-SPOT) since 2023. Through this method, we aim to increase transparency around the sustainability of our products, including the use of SoC and SVHC. We are currently establishing a corresponding baseline and monitoring our progress centrally in a defined governance setup, including quality checks of product assessments. By the end of 2025, products accounting for over 55% (2024: > 35%) of our total product-related sales had been assessed, covering over 80% of product-related sales in our Healthcare and Electronics business sectors. Due to the extensive product range in our Life Science business sector, we have committed to achieving the 80% of product-related sales assessment goal by the end of 2029. In 2026, we will start to develop initial SMART goals for the portfolio transformation. Our business sectors are currently the main stakeholder.

Integrating sustainability in research and development

We have introduced the Umbrella program for the development of new products and the management of our R&D portfolio in 2023. All active R&D projects that lead to a physical product are in scope as soon as they leave early ideation and until product launch. For each R&D project in scope, a sector-specific sustainability scorecard, which also covers the use of SoC and SVHC, must be filled out and regularly updated. At the end of 2025, over 95% (2024: > 95%) of all relevant R&D projects throughout our company were covered by an Umbrella-defined sustainability scorecard. At least 25% show an improved sustainability profile when compared to the next best alternative product or an industry standard. A project has an improved sustainability profile when compared to a benchmark it scores an improvement in at least one sustainability category without deterioration in another category.

For 2026-2027, we plan to successively adapt the objectives for managing our R&D portfolio by focusing further on projects that have both a positive economic and environmental outlook. Our actions will contribute to a robust data baseline for portfolio management while helping us incrementally develop a more sustainable product and R&D portfolio. All business sectors have scorecards in place and have integrated them into their project management process, contributing to a more sustainable portfolio of new products.

Providing safety information through hazard communication

We continuously provide all internal and external users of our Life Science and Electronics materials with safety-relevant information via country- and language-specific SDS. Worldwide, over 10,000,000 individual SDS were created in 2025. Around half of these were for non-hazardous materials, despite there being no legal obligation to provide them. More information on our hazard communication of new product introduction processes can be found under “Our policies related to substances of concern and substances of very high concern (E2-1)”.

Across all three business sectors, our global network of regulatory experts continuously monitors changes to legal requirements and scientific developments to stay abreast of emerging trends and best practices.We continuously evaluate the intrinsic properties of our existing and new products to create relevant and compliant product safety information. We maintain and update the SDS electronically, as part of the broader automation and standardization of most of our hazard communication processes. For third-party products, we demand robust product safety documentation from our suppliers and integrate it into our own processes.

Our Life Science customers and all interested stakeholders can access product safety information in their respective language and according to country-specific regulations through a dedicated mobile app, My M Safety. Customers can retrieve this information by scanning a barcode on the product label or entering identifiers such as material numbers, names or CAS numbers.

Through our ScIDeEx™ web tool, anyone can check whether using a particular chemical is safe within the boundaries specified in the EU REACH exposure scenarios. ScIDeEx™ is based on a full implementation of the ECETOC TRA 3 model for human exposure assessments in industrial and professional settings.

Our targets related to substances of concern and substances of very high concern (E2-3)

At the current stage, there are no explicit group targets defined concerning SoC/SVHC, since we assess the sustainability of our products holistically.

Our metrics related to substances of concern and substances of very high concern (E2-5)

Substances of concern

Volumes of substances of concern (SoC) excluding Substances of very high concern (SVHC)

in metric tons[1]		2025				
Nature of hazard class	Hazard class (Category)	**Sum of substances generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazards	Persistent, mobile and toxic or very persistent, very mobile properties					
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties					
	Chronic hazard to the aquatic environment (categories 1 to 4)	**6,481.1**	3,970.7	1,320.8		**5,291.5**
	Endocrine disruption for the environment					
Health hazards	Carcinogenicity (categories 1 and 2)	**8,547.3**	4,118.9	3,182.4		**7,301.2**
	Germ cell mutagenicity (categories 1 and 2)	**1,120.3**	485.9	524.4		**1,010.3**
	Reproductive toxicity (categories 1 and 2)	**5,893.3**	3,875.8	1,025.8		**4,901.6**
	Endocrine disruption for human health					
	Respiratory and skin sensitization (category 1)	**2,563.3**	1,256.4	1,198.4		**2,454.8**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**11,647.8**	6,818.6	617.9		**7,436.4**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**6,313.0**	3,907.0	1,307.9		**5,215.0**
Other hazards	Hazardous for the ozone layer	**1.3**	0.7	–		**0.7**
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**32,234.9**	**19,288.7**	**5,681.5**		**24,970.3**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

Volumes of substances of concern (SoC) excluding Substances of very high concern (SVHC)

in metric tons[1]		2024				
Nature of hazard class	Hazard class (Category)	**Sum of substances generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazards	Persistent, mobile and toxic or very persistent, very mobile properties					
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties					
	Chronic hazard to the aquatic environment (categories 1 to 4)	**8,016.1**	2,194.4	4,079.0		**6,273.4**
	Endocrine disruption for the environment					
Health hazards	Carcinogenicity (categories 1 and 2)	**8,916.0**	1,633.7	5,904.6		**7,538.2**
	Germ cell mutagenicity (categories 1 and 2)	**1,244.7**	444.1	516.4		**960.5**
	Reproductive toxicity (categories 1 and 2)	**6,920.1**	1,242.8	4,846.6		**6,089.4**
	Endocrine disruption for human health					
	Respiratory and skin sensitization (category 1)	**1,406.1**	831.3	432.2		**1,263.6**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**11,003.4**	7,325.2	613.5		**7,938.7**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**7,321.6**	1,305.6	5,047.9		**6,353.5**
Other hazards	Hazardous for the ozone layer	**1.4**	1.1	0.02		**1.1**
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**33,415.2**	**12,439.2**	**14,293.1**		**26,732.3**

[1] Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

Substances of very high concern

Volumes of substances of very high concern (SVHC)

in metric tons[1]		2025				
Nature of hazard class	Hazard class (Category)	**Sum of substances that are generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazard	Persistent, mobile and toxic or very persistent, very mobile properties					
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties	**7.4**	0.3	0.8		**1.1**
	Chronic hazard to the aquatic environment (categories 1 to 4)	**97.7**	35.7	43.2		**79.0**
	Endocrine disruption for the environment	**146.0**	54.1	92.3		**146.4**
Health hazard	Carcinogenicity (categories 1 and 2)	**166.4**	45.5	63.5		**109.0**
	Germ cell mutagenicity (categories 1 and 2)	**45.4**	27.1	2.6		**29.7**
	Reproductive toxicity (categories 1 and 2)	**7,842.4**	2,971.7	3,358.3		**6,330.0**
	Endocrine disruption for human health	**8.3**	4.9	0.6		**5.4**
	Respiratory and skin sensitization (category 1)	**75.4**	29.4	38.1		**67.4**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**2.5**	1.0	–		**1.0**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**52.5**	34.6	5.5		**40.2**
Other hazard	Hazardous for the ozone layer					
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**8,150.1**	**3,056.3**	**3,521.4**		**6,577.7**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

Volumes of substances of very high concern (SVHC)

in metric tons[1]		2024				
Nature of hazard class	Hazard class (Category)	**Sum of substances that are generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazard	Persistent, mobile and toxic or very persistent, very mobile properties	**0.8**				
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties	**1.8**	0.2	0.7		**1.0**
	Chronic hazard to the aquatic environment (categories 1 to 4)	**114.2**	36.7	44.8		**81.5**
	Endocrine disruption for the environment	**381.5**	64.4	111.1		**175.5**
Health hazard	Carcinogenicity (categories 1 and 2)	**184.0**	55.2	66.6		**121.8**
	Germ cell mutagenicity (categories 1 and 2)	**55.0**	28.7	3.5		**32.2**
	Reproductive toxicity (categories 1 and 2)	**7,939.4**	2,521.5	3,383.2		**5,904.7**
	Endocrine disruption for human health	**6.7**	3.9	0.6		**4.4**
	Respiratory and skin sensitization (category 1)	**100.8**	32.6	45.9		**78.5**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**1.1**	1.3	0.01		**1.3**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**58.2**	37.3	4.9		**42.2**
Other hazard	Hazardous for the ozone layer					
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**8,492.6**	**2,623.8**	**3,571.1**		**6,194.9**

[1] Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

We use the following metrics to calculate the volumes of substances of concern (SoC) and substances of very high concern (SVHC) (in metric tons).

Substances qualifying as SoC/SVHC: The handled substances that qualify as SoC/SVHC were identified on the basis of the list of a leading-edge commercial chemical regulatory compliance content provider for enterprise resource planning (ERP) systems, which was updated in July 2025. Additionally handled substances assigned to group entries with harmonized classifications have been identified and added to the list. Amendments to the harmonized classification, or newly identified substances of very high concern in the second half of the year, will be taken into account for the 2026 reporting year.

Materials handled consisting of or containing SoC/SVHC: Materials that are handled in our own operations (generated/procured which includes used materials) and contain or consist of identified SoC/SVHC according to the ERP system are listed along with their composition. Intentionally added substances are included regardless of their concentration. Materials containing substances for which the harmonized classification is not valid (for example, due to particle size limits) are excluded from further analysis. We assume that the list of identifiers for 2025 is complete and correct and that relevant materials are up to date in the ERP system.

Volumes generated/procured (including used volumes) and volumes leaving facilities as products, parts of products or services: Volumes of individual SoC/SVHC in all relevant materials identified that are generated or procured or leave facilities as products (substances), parts of products (mixtures or articles) or as services (substances, mixtures and articles specifically booked for services) are calculated based on the relevant composition information and per substance assigned to the respective hazard classes. Intercompany sales are excluded. Total volumes of SoC/SVHC generated or procured and total volumes per hazard class are calculated for reporting on SVHC and other SoC. Our assumptions are the same as those described under “Materials handled consisting of or containing SoC/SVHC”. Substances generated have been defined as manufactured in line with the EU REACH legislation and guidance. This includes isolated intermediates and excludes purification of substances. Substances used have either been generated or have been procured for further use. The information provided for SoC excludes SVHC substances as these are presented in a separate table.

The measurement of substances of concern and substances of very high concern metric has not been validated separately by an external body.

Water and Marine Resources (E3)

Water and marine resources are essential to both environmental sustainability and the resilience of industrial operations. As part of our commitment to responsible business practices, we recognize the importance of managing water use efficiently and minimizing our ecological footprint. Although our direct impact on water resources is relatively limited, water remains a material topic due to its relevance to stakeholders, regulatory obligations, and our water efficiency target. We integrate sustainable water management into our strategy to support long-term operational resilience and responsible resource use.

Our material impacts, risks and opportunities related to water resources (E3 SBM-3)

Water withdrawal	
Identifier	E3-NI-01
Material impacts, risks and opportunities	Actual/potential negative impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Water dependency in manufacturing: The withdrawal of water reduces its availability in the natural environment and for other water users along the value chain. In our own operations, we require water mainly for our manufacturing operations.

Our policy related to water resources (E3-1)

Sustainable Water Management – Water Use	
Connection to material impacts, risks and/or opportunities	Identifier E3-NI-1
Material sustainability matter	Water withdrawal
Key contents	Sustainable Water Management is our program for the responsible use of resource water. It is governed by our Group-wide Water Use policy, which aims to minimize the negative environmental, health and safety impact of our facilities worldwide. This policy sets our water-efficiency target and defines global guidelines for the responsible use of water and reducing our water footprint. The Group Sustainability Committee (MSC) monitors our performance with regard to water management. The MSC Charter stipulates that the committee regularly reviews implementation status, progress toward our targets, and our business sectors' key indicators including their contribution to the goals of our general sustainability strategy. The business sectors track progress toward their respective targets. In addition, the Greenhouse Gas steering group and the MSC monitor the business sectors' progress on a quarterly basis.
Scope of application	The policy applies Group-wide at all sites, including those in areas at water risk and with high water stress. It governs all water-related activities at our operations, including withdrawal, use and discharge.
Accountability	Managing Director, Site Manager or qualified employee.
Third-party standards/initiatives	The policy considers the UN Global Compact and the UN Sustainable Development Goal 6: "Clean Water and Sanitation".
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders. By requesting our sites to minimize water withdrawal, we consider the interests of external stakeholders.
Availability	Our policy is available internally on the intranet.

Our policy requires our sites to use water as efficiently as possible and to consider it an environmental aspect. All sites strive to optimize existing water-related processes and adopt innovative solutions for water use in new or significantly modified processes. We conduct a cost-benefit analysis of all water conservation measures, including their impact on energy consumption and carbon emissions. All our sites are required to fully and transparently map their water flow from the point of extraction, at each stage of processing, use and treatment, and through to the point of discharge. We expect water withdrawal to be measured with water meters and the data documented in our Environment, Health, and Safety (EHS) data management system. Our sites are required to ensure that they provide employees and visitors with clean drinking water, sanitary facilities and hygienic conditions.

Our water management system encompasses sites located in areas at water risk and with high water stress. These sites must comply with applicable laws and meet company requirements like our water-efficiency target. We expect our sites located in such areas to be particularly vigilant in using water responsibly. They are also required to monitor local and regional developments and adjust their water use accordingly.

Our policy does not classify water treatment as a form of sustainable water procurement and does not address the water-related aspects of the design of products and services. This is carried out by our business sectors and/or their research and development (R&D) departments. Steps we take to prevent water contamination are described in the section **Our policies in connection with water pollution (E2-1)**. We do not have policies or practices for sustainable oceans and seas.

Our actions related to water resources (E3-2)

We strive to manage water resources efficiently and sustainably across our operations; therefore, the responsible use of water is an important part of our commitment to the United Nations' Sustainable Development Goals (SDGs). We rolled-out a training on conscious water use for all our employees to raise awareness about the overexploitation of natural resources, the global water crisis, preventing emissions and the pollution of surface or groundwater. It is complementing the mandatory Sustainability Strategy training, allowing topic-specific deep dives.

Our sites operate under an environmental management system, which includes key indicators such as water withdrawal. The performance of sites in accordance with a Corporate EHS audit is rated on a five-tier scale, from excellent to critical, which determines the frequency of audits across environmental topics (air, water, waste) and guides the implementation of corrective actions. Risk-based environmental assessments are conducted every three years at all production sites, including evaluations of water-related impacts. 90 of our sites are certified with ISO 14001 Environmental management system, confirming our commitment to environmental practice.

Initiatives to minimize water withdrawal

As part of our commitment to sustainable water management, we systematically identify and assess opportunities for all three of our business sectors to conserve and responsibly use water. This includes designing site-specific water conservation plans for our large production sites, laboratories, and warehouses. These initiatives, which are tailored to local conditions and needs, aim to reduce water withdrawal, reclaim water and promote reuse. Water use is locally managed at each site, with various individual measures and actions contributing to water-saving initiatives. An overview of all actions is monitored by the respective EHS department in the business sectors. Through this, these initiatives help us make progress toward our 2030 water-efficiency target.

Our EHS Handbook for Construction Projects provides guidance on effective water resource management. Additionally, we have established a sustainability best-practice sharing platform, available for all our business sectors, to deepen our collective knowledge on sustainable water use and to support collaborative efforts in addressing shared water challenges.

Our Life Science business sector's EDISON program aims to systematically enhance energy and water efficiency across its sites worldwide. Each year, sites can submit funding requests based on their specific needs. New projects are selected for funding annually based on energy, water, CO_2e impact, and Net Present Value. The EDISON program is scheduled to run until 2030. Four sites – located in Canada, France, Switzerland, and the U.S. – implemented water-saving projects through the EDISON program in 2025. One of the sites is located in an area at water risk and with high water stress. As part of our program, we have, for example, installed heating, ventilation and air-conditioning systems to reclaim water for irrigation, replaced vacuum pumps with high-efficiency models and installed water-efficient fixtures. Other projects involve recovering water through reverse osmosis, reusing water from steam systems, recovering wastewater for process systems, and implementing closed-loop clean-in-place water systems for production equipment.

Compete-to-Green is the strategic sustainability framework of our Healthcare business sector, encompassing environmental dimensions across the organization. Within this initiative, the water circularity program focuses on site-specific projects aimed at improving water efficiency and reuse at business units. In 2025, production sites in Brazil, Italy, Mexico and Switzerland ran water-conservation projects. Two of them are located in an area of high water stress. Three projects used reverse osmosis technology to clean wastewater for reuse in utility systems. Another project involved upgrading water infrastructure to improve a site's overall efficiency. We use a digital tool to document completed projects and collect ideas for upcoming initiatives along with preliminary estimates of their potential impact. Consolidating these data helps us reduce water withdrawal, identify emerging trends and share best practices across our sites. The water circularity program, which will continue in 2026, is scheduled to run through 2030.

In addition, we developed a technical guideline for our Healthcare business sector that aims to provide a framework for sustainable water management and circular economy. The guideline establishes guidance for preserving, reusing and recycling water. It also provides specific recommendations for areas with high water stress. The guideline is primarily intended for Healthcare's manufacturing activities (such as production, R&D and laboratories). However, some of the content can also be applied at our other business sectors' locations. This will help us achieve our water-efficiency target for 2030, while also reducing potentially harmful residues in our wastewater to below the no-effect threshold (predicted no-effect concentration, PNEC, water reference level). More information can be found under **Our targets related to water pollution (E2-3)**.

Our Electronics business sector installed an innovative rainwater collection system at one of its Taiwan sites in 2025 to help us reach our water-efficiency target. The system's smart control technologies along with a 14-day weather forecast optimize rainwater collection and use. This initiative not only improves water efficiency but also reduces the need for emergency interventions during extreme weather events, such as typhoons and heavy rainfall. Its success indicates that it may be a viable solution at some of our other sites as well.

Our target related to water resources (E3-3)

Water efficiency	
Reference to material impacts, risks and/or opportunities	Identifier E3-NI-1
Material sustainability matter	Water withdrawal
Target	We aim to improve our water efficiency ratio – which is equal to water withdrawal for the use by the Group divided by net sales – by 50% by 2030 relative to a 2020 baseline. The target for 2030 is therefore 334 m^3 per € million net sales. The scope of this voluntary target is at the Group level and encompasses the total water withdrawn by all our legal entities and sites. Our efforts to conserve water pay particular attention to sites in areas where water is scarce. We apply the World Resources Institute (WRI) Aqueduct Water Risk Atlas's risk factors to determine whether a site is located in a water stress area. Our Water Use policy supports the achievement of this target by providing detailed requirements for water use.
Reference value/year	Water withdrawal of 667 m^3 per € million net sales in 2020.
Methods	We developed the target based on a key figure that is recognized and widely used in various industries and in external reporting. The ratio to our net sales reflects our company's growth. We chose 2020 as our base year to align this target with other existing environmental targets. The application of scientific principles was not necessary to set the target. No external stakeholders were involved in the target's setting.
Consideration of stakeholders	The Group Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	The target and baseline value were recalculated due to the disinvestment of the Surface Solutions business unit. For this, we have excluded the values from Surface Solutions in both water withdrawal and net revenue. Target in 2030: 334 m^3 per € million net sales (before recalculation: 396 m^3 per € million net sales). Baseline value in 2020: 667 m^3 per € million net sales (before recalculation: 793 m^3 per € million net sales).
Performance/Key figures	Our water efficiency ratio in 2025 was 490 m^3 per € million net sales (excluding Surface Solutions; 2024: 588 m^3 per € million net sales, including Surface Solutions). We continuously monitor the degree of target achievement through quarterly reviews, similar to the controls described for our Water Use policy. We have not set any interim targets.

Our metrics related to water resources (E3 MDR-M)

in m^3 [1]	**2025**	2024
Water withdrawal	12,340,028	12,430,923
thereof: water used by the Group	11,868,655	12,430,923
thereof: water delivered to the successor organization following the divestment of the Surface Solutions business unit (August to December 2025)[2]	471,373	
Water withdrawal in areas at water risk, including high water stress	1,113,756	1,056,170

[1] A gray background indicates that the value was not collected.

[2] The Surface Solutions business unit was divested to Global New Material International Holdings Ltd., Cayman Islands. The transaction closed on July 31, 2025. The successor organization continues to operate at our site in Gernsheim, Germany, and, in this context, sources water from us.

Of the total water withdrawal, 3,319,937 m^3 (2024: 797,418 m^3) was attributable to Merck KGaA, Darmstadt, Germany. The increase in water withdrawal in fiscal 2025 is attributed to the fact that we are allocating water volumes, which were previously assigned to the Electronics business sector, to Merck KGaA, Darmstadt, Germany, due to the sale of Surface Solutions.

Data from water withdrawal at each environmentally relevant site is collected by local working groups according to local and global internal standards. Our operational sites (manufacturing and warehousing) and our larger dedicated R&D and office sites are required to record relevant water volumes (total water withdrawal) in our central EHS data management system. The on site recording methods vary both in terms of the data source, such as measurement (via flow meters or volume counters), meter reading or billing, and the frequency (monthly, quarterly or annually). This data is entered quarterly by a dedicated employee at each site into a central reporting platform that records the measured data. The data is then reviewed and validated by Group function Corporate Sustainability, Quality and Trade Compliance through consistency checks. The measurements of the entity-specific metrics are not validated by an external body.

We determine whether a site is located in areas of water risk and high water stress via a water risk factor of the WRI Aqueduct Water Risk Atlas. We therefore compare the geodata of our sites with the information in the WRI Aqueduct Water Risk Atlas. We define a site as being located in a water risk area if the respective total water risk factor in WRI Aqueduct is 3 or higher (“high: 3-4”; “extremely high: 4-5”). At the same time, we apply the definition of high water stress as given in the ESRS glossary annex. Although we operate sites in areas at water risk and high water stress, our respective water withdrawal is low and of no relevance to the respective local environment.

Resource Use and Circular Economy (E5)

The transition to a circular economy is fundamental to building a more resilient and sustainable future. This transformation redefines how we design, produce, use and recover resources, shifting from the traditional linear "take-make-dispose" model toward regenerative systems. Within this context, resource use is not just about being efficient to conserve materials, energy and natural resources throughout the entire product life cycle. By integrating circular design principles, we aim to reduce material inputs, enhance process efficiency and facilitate the reuse, recycling and safe disposal of products. We embed sustainability and circular economy criteria into the earliest stages of research, development and production to ensure our products and systems align with environmental limitations and support long-term value creation.

Our material impacts, risks and opportunities related to resource use and the circular economy (E5 SBM-3)

Resource outflows related to products and services; waste

Identifier	E5-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Downstream
Description	Waste generation from products and manufacturing: Manufacturing chemical and pharmaceutical products has a negative environmental footprint. Our products contribute to the generation of a significant amount of waste during the manufacturing process and their end-of-life. Waste treatment, recycling and disposal negatively impact local communities and natural ecosystems.

Waste

Identifier	E5-NI-02
Material impacts, risks and opportunities	Actual/potential negative impact
Time horizon	Medium-term
Value chain step	Own operations; downstream
Description	Improper use and disposal: The use and production of chemical and pharmaceutical products carry the risk of improper use and disposal. This is particularly relevant in low- and middle-income countries with weak waste management systems and at the end of a product's life cycle, when significant amounts of waste are generated. Improper use and disposal can contaminate water and soil, harming ecosystems and communities.

Waste

Identifier	E5-PI-01
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Circularity Rate: The Circularity Rate, a key indicator, enables the measurement of circular waste practices and the achievement of related targets. This initiative is driving changes in the production and disposal processes through which the generation of outlows and waste is being minimised or eliminated.

Resource outflows related to products and services

Identifier	E5-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations; downstream
Description	Sustainability in product development: The integration of sustainable design principles reduces the environmental impacts across a product's life cycle. Sustainability scorecards are used across all three business sectors to target and track sustainability characteristics during product development processes, aiming to minimize resource use and optimize circularity by working to reduce the negative environmental impacts of materials, manufacturing, packaging, logistics, product use, and disposal.

Resource inflows, including resource use

Identifier	E5-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Medium-term
Value chain step	Upstream; own operations
Description	Risk of critical raw material shortages and supply chain vulnerabilities: Relying on critical raw materials and minerals for products is essential. Increasing demand and environmental degradation heighten the risk of material shortages, which could impact the upstream supply chain and operations. In accordance with applicable laws, strict sourcing and material requirements must be adhered to in order to ensure responsible practices. Additionally, compliance with ESG standards is crucial, as it ensures that sourcing practices align with sustainable and ethical manufacturing processes. Non-compliance can lead to reputational risks and potential disruptions in the supply chain. Furthermore, the risk of natural disasters poses a significant threat, as such events can disrupt the availability of critical raw materials, delaying production timelines and impacting operational efficiency.

Resource inflows, including resource use

Identifier	E5-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Short-term
Value chain step	Upstream; own operations
Description	Supply risk of production materials: Reliance on suppliers for critical raw materials can lead to potential supply chain disruptions, which could lead to non-availability of raw and packaging materials as well as production consumables when potential disruptions happen. This situation can result in reputational damage if the company is unable to meet customer demands or maintain production schedules.

Our policies relating to resource use and the circular economy (E5-1)

Supplier Code of Conduct	
Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services (“Suppliers”) and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

EHS-Policy	
Connection to material impacts, risks and/or opportunities	Identifier E5-NI-01; E5-NI-02; E5-PI-01; E5-PI-02
Material sustainability matter	Resource outflows related to products and services; waste
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Waste Management Standard

Connection to material impacts, risks and/or opportunities	Identifier E5-NI-01; E5-NI-02; E5-PI-01; E5-PI-02
Material sustainability matter	Resource outflows related to products and services; waste
Key contents	The policy forms the framework for our waste management. It aims to ensure that our waste streams are properly managed to reduce environmental impact, ensure regulatory compliance, and minimize short and long-term liability risks. Mandatory EHS training is provided for employees. We have robust processes in place to ensure compliance. External waste disposal companies are regularly reviewed and approved by the site's EHS department – depending on the volume of waste, the hazards of the materials, the environmental and liability risks associated with the waste in question, and the waste disposal company. It is recommended that audits be carried out every three to five years. The policy is regularly monitored and updated.
Scope	The policy applies Group-wide to all our locations. The scope of application primarily includes Group Environment, Health, and Safety (EHS) and site management in our own business and extends to all waste management contractors in the upstream and downstream value chain.
Accountability	EHS Manager, Site Manager/Director, qualified, responsible employees to whom tasks are delegated.
Third-party standards/initiatives	The policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

Guidebook on Sourcing Strategies

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	The policy provides recommendations for sustainable procurement. It provides a description of best practices for proven processes in the procurement strategies. The policy is regularly monitored and updated.
Scope	The policy applies Group-wide to our own operations in Global Procurement and in the upstream value chain to all our providers of goods and/or services.
Accountability	Head of Procurement Office Governance & Processes.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

Umbrella – Sustainability in R&D

Connection to material impacts, risks and/or opportunities	Identifier E5-NI-01; E5-NI-02; E5-PI-02; E5-PI-02
Material sustainability matter	Resource outflows related to products and services, waste
Key contents	The policy is relevant for the development of new products and the steering of the Research and Development (R&D) portfolio: Each R&D project will regularly complete and update a sustainability scorecard. The scorecards are based on the Design for Sustainability (DfS) framework implemented in the business sectors as DfS in Life Science, DfS Healthcare and Sustainability in R&D Electronics (SURE). The scorecards ensure a holistic approach to designing products and processes that aim to take into account the well-being of people and the environment over the entire life cycle of a product. The scorecards are assigned to five sustainability criteria: substances of concern, emissions, water, waste and human progress. Controls to avoid critical substances and replace them with safer alternatives are part of the Umbrella implementations in the business sectors.The policy is regularly monitored and updated.
Scope of application	The policy applies to all active R&D projects for new products that started in the year 2023 or later. For the projects within its scope, the aim is to achieve a scorecard completion rate of 95%. The assessment is carried out along the entire value chain and considers the effects on upstream, own and downstream activities. The stakeholders are customers and investors who have an interest in reducing risks associated with non-sustainable products. Internal stakeholders are our business sectors' R&D departments and the SQ department.
Accountability	Management of the individual business sectors and Head of SQ.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

SMASH Packaging Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	Under the umbrella of Life Science's SMASH Packaging program, we are working to improve the sustainability properties of our packaging: We are optimizing resources, using more sustainable materials, and striving for a circular economy. The policy is built upon four pillars: SHRINK: Reduce amount of packaging; SECURE: Achieve zero-deforestation; SWITCH: Improve plastic sustainability; SAVE: Maximize recycling. The policy is regularly monitored and updated.
Scope	The policy applies worldwide to all our Life Science locations. The scope of application includes primarily Life Science units of R&D, Packaging Engineers, Product Management, Quality & Regulatory, Environment, Health and Safety (EHS) and Procurement teams in our own business and extends to all providers of goods and/or services in the upstream value chain, and direct customers in the downstream value chain.
Accountability	The Sustainability and Social Business Innovation unit in Life Science.
Third-party standards/initiatives	Our policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders and experts.
Availability	Our policy is available internally on the intranet.

Procurement Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	This policy defines the roles and responsibilities necessary for a global procurement organization. It is founded on fundamental procurement and quality requirements that enable developing and maintaining effective procurement practices in line with Group Procurement's Sustainability ambitions. Several focus areas within the Sustainability strategy were defined, in which Group Procurement plays a critical role. Group Procurement has amended its strategy to reflect the impact of Sustainability in each strategic element as well as adapted the mission with a focus on Sustainability. Key sourcing and purchasing tasks are complemented by Sustainability related activities. The policy is regularly monitored and updated.
Scope	This policy applies Group-wide to our own operations in Group Procurement and in the upstream value chain to all our providers of goods and/or services. It is derived and based on various effective internal and external regulatory requirements, standards and good practices defined by regulatory bodies.
Accountability	Head of Procurement Office Governance & Processes.
Third-party standards/initiatives	Our policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

MPact Sustainable Packaging Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	Under the umbrella of Healthcare MPact program, we are working to improve the sustainability properties of our packaging. We are optimizing resources across the packaging portfolio, using more sustainable materials, and striving for a circular economy, with strategic targets set for 2030 and 2040. The policy promotes the importance of industry collaboration and compliance with packaging regulations, ensuring that initiatives are not only cost-effective but also contribute positively to the company's sustainability goals. The policy is regularly monitored and updated.
Scope	The policy applies worldwide to all our Healthcare locations. The scope of application includes primarily Healthcare units of R&D, Packaging Engineers, Product Management, Quality & Regulatory, Environment, Health, and Safety (EHS) and Procurement in our own business and extends to all providers of goods and/or services in the upstream value chain, and direct customers in the downstream value chain.
Accountability	Head of MPact Core Office for cross-functional collaboration in Healthcare.
Third-party standards/initiatives	This policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

Resource use and sustainable sourcing in our policies

According to our Supplier Code of Conduct, suppliers must demonstrate efforts to decrease their resource use and embrace circular economy principles. Common examples include reusing products and materials such as packaging or developing and introducing recyclable products via a cradle-to-cradle approach. They must also have systems and processes for managing and controlling the storage, recycling, reuse and disposal of waste. They must ensure hazardous waste is adequately managed, controlled and treated prior to being released into the environment.

In line with our Group-wide Umbrella Policy and recognizing that each business sector operates with its own Design for Sustainability (DfS) framework, we aim to minimize the negative impacts of our products across their entire life cycle. To help our development teams address product-related challenges, we have implemented scorecards for sustainable design across all our business sectors.

We are committed to supporting waste targets and fostering the adoption of circular solutions with our Life Science SMASH Packaging and Healthcare MPact Sustainable Packaging programs. More information about our actions can be found in section **E5-2** of this chapter.

Our actions and resources related to resource use and the circular economy (E5-2)

Our strategic approach to the circular economy provides an organization-wide framework for aligning product design, manufacturing, resource management and value chain collaboration with circularity principles. The topics of resource use and circularity are also intricately linked to broader environmental, social and economic systems. As a result, addressing this complexity requires collaboration across our value chain, continuous improvement and a firm commitment to transparency and accountability.

Sustainability in product development under one umbrella

With the Umbrella initiative, we aim to align our research and development (R&D) with the creation of sustainable products and innovations, while minimizing negative impacts from production, usage and disposal. We have consolidated specific scorecards for each of our three business sectors. These scorecards evaluate sustainable design from the early stages of product development and include measurable criteria that span the entire product life cycle of a product. The assessments address various challenges throughout the value chain. In the context of a circular economy, we primarily focus on waste treatment and reduction, as well as minimizing material consumption in products and services.

Each research and development (R&D) project must complete and regularly update a business sector-specific sustainability scorecard. The DfS framework is implemented in the business sectors as DfS in Life Science, DfS in Healthcare and Sustainability in R&D in Electronics (SURE). Through DfS, we take a holistic approach to product development, considering the environmental and social impacts of a product across its entire life cycle. We target and quantify sustainability improvements throughout the product development process in using a DfS scorecard. In Life Science, when a product demonstrates significant sustainability characteristics, we communicate these to customers on the product webpage.

We measure and review our progress annually and establish the new ambition for the upcoming year accordingly. For more detailed data and results on Umbrella for the reporting year 2025, please refer to Chapter **E2-2**.

The key stakeholders in this initiative include the business sector sustainability unit, which comprises R&D, product management, environmental, health and safety (EHS), quality, production, procurement, and marketing. The Umbrella initiative is anticipated to continue over the long-term.

Design for sustainability framework in the Life Science business sector

One example of a Life Science product launched in 2025 following the introduction of the DfS framework are filter devices from our Process Solutions business unit containing our new Millipore Express® Ace 0.2 µm membrane. This polyethersulfone (PES) membrane is an alternative to polyvinylidene fluoride (PVDF) membranes such as our Durapore® 0.22 µm membrane and is manufactured without the intentional addition of any per- and polyfluoroalkyl substances (PFAS). The Millipore Express® Ace 0.2 µm has a carbon footprint approximately 25% lower than the Millipore Express® SHC filter, primarily due to the use of a single-layer membrane compared to a dual-layer membrane. In addition, a Millipore Express® Ace 0.2 µm 10" filter has an approximately 3.5- to 5-times higher filtration capacity compared to a Durapore® 0.22 µm 10" filter and approximately 1.7- to 2.2-times higher filtration capacity compared to a Millipore Express® SHC 10" filter based on data from internal tests across four different fluid streams. This increased capacity allows customers in certain use cases to reduce the number of filters needed, resulting in less waste.

Packaging sustainability across business sectors

Packaging sustainability in the Life Science business sector

In Life Science we consider sustainability in our packaging in order to reduce waste and the environmental impacts of our products for our customers, and to contribute to our corporate Sustainability Strategy and Goals. We holistically pursue packaging sustainability to also support compliance with various packaging regulations, such as the European Packaging and Packaging Waste Regulation (PPWR), the European Union Deforestation Regulation (EUDR), Extended Producer Responsibility (EPR), or South Korea's Act on the Promotion of Saving and Recycling of Resources.

Through our **SMASH Packaging** program in Life Science, we strive to enhance the sustainability of packaging, optimize resource efficiency and promote circularity across our entire Life Science portfolio. SMASH Packaging is built on the four key pillars of SHRINK, SECURE, SWITCH and SAVE.

In 2025, for example, we implemented a packaging reuse initiative at our Latin American distribution centers in Argentina, Brazil, Chile, Colombia, Guatemala, Mexico and Peru. The sites reused suitable packaging materials received from our production plants for the local distribution of products, including pallets and distribution boxes, and reduced the consumption of paper for product data sheets. The project reduces the consumption of packaging and contributes to circularity by reusing materials. It saved the sites a total of 407 metric tons of materials in 2025.

We plan to continue SMASH Packaging's actions and resources over the long-term. The affected stakeholders include our Sustainability and Social Business Innovation unit, Packaging Engineers, Operations, Procurement, Quality & Regulatory, R&D and Product Management units.

Packaging sustainability in the Healthcare business sector

Through the MPact initiative, we develop packaging solutions aimed at reducing our overall environmental impact. Our three main objectives are to lower greenhouse gas (GHG) emissions, reduce the use of packaging materials while increasing packaging recycling rates, and explore the potential for replacing secondary and tertiary plastic packaging by 2030. To prepare for the European Packaging and Packaging Waste Regulation (PPWR) in 2025, we established a dedicated task force to assess the impact of these regulatory requirements. This includes conducting a recyclability assessment of our secondary and tertiary packaging. We also initiated a feasibility study on PVC-free blisters. We are analyzing these requirements to ensure that the MPact sustainable packaging strategy aligns with the PPWR in the coming years.

MPact is designed to help achieve our 70% circularity target by 2030, mitigate the risks associated with materials of concern (or potential concern) and further reduce GHG emissions. The actions outlined in this initiative will be implemented over the next five to ten years.

Circularity in products and processes across our business sectors

Renewable polymers in Life Science products and packaging

As part of our efforts to increase the circularity of our Life Science products, in 2025 our Cork, Ireland, site obtained International Sustainability & Carbon Certification (ISCC) PLUS certification, where we produce our Amicon® centrifugal ultrafiltration devices and the outer packaging for our Millipore® filter membranes. Additionally, three of our supplier sites serving these product lines also obtained ISCC PLUS certification. This certification confirms that the polymers used in these products and packaging are obtained through renewable feedstock, rather than petroleum.

We have implemented the mass balance approach to manage and track renewable materials in our supply chain. With third-party verification through ISCC PLUS, each production site will monitor the specific proportion of bio-renewable feedstock used in our plastics. Prior to certification, we tested the new source material to confirm that polymer fulfills our product specifications and is an acceptable alternative for the intended product uses.

All four sites first received their certifications in 2024 and renewed their certifications in 2025. We will continue to pursue our strategy to incorporate renewable polymersacross eligible products in our Life Science portfolio over the long-term as part of continuous improvement.

Take-back program for single-use fertility pens in the Healthcare business sector

Our Healthcare business sector is actively participating in a consortium for the Returpen fertility pen take-back program in **Denmark**. This initiative serves as a crucial step toward making our Fertility portfolio more sustainable – from manufacturing to patient use. Launched in Denmark in 2023, this initiative aims to achieve a return rate of 25% for injection pens, allowing patients to return used fertility injection pens to fertility clinics for recycling. In collaboration with the consortium partners, we have signed a letter of intent to focus on the recycling of plastic, glass and metal components. The consortium is committed to recycling 75% of the injection pens returned. The action will continue long-term.

Optimized specialty gases in the Electronics business sector

For our extensive portfolio of specialty gases – including etching, cleaning, deposition, and dopant gases – we are looking for material solutions that enhance etching performance while minimizing global warming potential. We implement targeted actions for specific customer applications to reduce GHG emissions, optimize the usage phase, and ensure responsible disposal of products and packaging. Through these initiatives, we aim to help our customers reduce their Scope 1 emissions. Our efforts are applied globally across our semiconductor value chain, benefiting both customers and partners. The action will continue long-term.

Solvent recycling in our OLED production in the Electronics business sector

The optimization of the production of organic light-emitting diodes (OLED) at our site in Darmstadt, Germany, is a concrete example of our circularity in production processes and value chain. This project actively reduces CO_2 emissions and enhances resource efficiency by improving solvent recycling, reprocessing materials internally, and enabling customers to return old products. Additionally, we are implementing digital technologies to further enhance our processes. The action will continue long-term.

Tool for the evaluation of chemical products

Our aim to make research and production as environmentally friendly as possible has led to the development of our innovative GreenSpeed tool. This tool enables us to automatically evaluate the key sustainability criteria of our chemical products during research and development, minimizing environmental impact and optimizing resource use. GreenSpeed tracks essential metrics such as resource usage per kg product (process mass intensity, PMI), water usage, solvent consumption, energy consumption and greenhouse gas emissions

(product carbon footprint, PCF). Its greenhouse gas emission calculations are based on the combination of data from our inhouse electronic laboratory notebooks (ELN) with environmental footprint data.

The stakeholders impacted by GreenSpeed include employees, customers, suppliers and investors. We are currently enhancing the tool by adding modules to evaluate the impacts of specific solvents used. Within the next five years, we plan to extend the implementation of GreenSpeed to additional user groups inside and outside the company. We also aim to launch a pilot project to implement GreenSpeed assessments as part of the Umbrella initiative, facilitating more accurate quantification of environmental impacts early in the R&D process. The action will continue long-term.

Our targets in relation to resource use and the circular economy (E5-3)

Reducing the environmental impact of waste	
Reference to material impacts, risks and/or opportunities	Identifier E5-NI-01, E5-NI-02, E5-PI-01
Material topic	Waste
Target	We aim to achieve a Circularity Rate of 70% throughout the company as part of our waste target 2030.
Reference value/year	Circularity Rate of 64.1% in 2022.
Methods	Our Circularity Rate is calculated as waste and avoided waste divided by total waste and avoidance in metric tons. All production waste from all our sites is included in the calculation. Waste-to-energy is excluded from this calculation as it is not considered as recycling. The scope of measurement includes production waste but excludes one-time effects from specific waste streams such as construction and demolition waste, and soil waste, which can rarely be avoided and must be disposed of in accordance with clearly prescribed methods. Sludge from wastewater treatment facilities is also not included, as some sites operate their own wastewater treatment plants and therefore also dispose of the sludge, while other production sites are connected to an external wastewater treatment plant and therefore do not include sludge in their waste balance. As sludge is subject to disposal restrictions by regulators, this would lead to a lack of comparability between the results for the individual sites. This target is based on conclusive scientific evidence.
Consideration of stakeholders	Our Sustainability Board and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, the Circularity Rate amounted to 70.1% (2024: 69.2%).

Our waste target for 2030 is to further reduce our own production-related waste or direct it towards material recovery. In addition, we have set further, quantifiable and non-quantifiable ambitions with the intention of continuously improving and advancing our sustainability measures. These ambitions are meant to express our commitment to establishing a positive impact or reducing a negative impact in terms of resource use and the circular economy. In 2025, we recorded a positive increase in the Circularity Rate, which is primarily attributable to an increase in the amount of waste avoided.

With all our targets and actions mentioned herein, we contribute to selected UN Sustainability Development Goals (SDGs). In our overarching **Sustainability Strategy**, the SDGs 9, 12 and 17 are highlighted under the focus area “Water and resource intensity”.

We report the Circularity Rate under **ESRS 2** as it is one of our strategic sustainability key indicators used to measure our circular waste practices and meet our related target.

Our Waste target 2030 requires the avoidance, reuse and material recycling of waste, which can then be reused as non-virgin materials. The avoidance of waste is tracked through the reduced use of raw materials and contributes to our ambitions. In addition, recycling of waste for reuse reduces the use of virgin materials. We adhere to the waste hierarchy for our waste treatment options. Our Waste target 2030 relates to prevention, reuse and recycling.

Packaging Sustainability in the Life Science business sector

The circular design principles of SMASH packaging are embedded into our DfS framework, which considers environmental impacts at every stage of the product life cycle during product development. Through the SMASH Packaging program in Life Science, we are making progress toward our packaging sustainability goals:

- SHRINK (reduce the amount of packaging): We aim to decrease packaging weight per sales unit by 10% by 2030, focusing on reducing corrugated cardboard, wood, glass, and plastic through lighter materials and eliminating excess dunnage. We target a total reduction of 6,300 metric tons by 2030, compared to a 2020 baseline of approximately 63,000 metric tons. In 2025, we implemented improvements that saved over 407 metric tons (2024: 396 metric tons) annually. We are currently on track to reach our 2030 SMASH Packaging weight reduction goal. We will continue to engage colleagues across the organization to prioritize initiatives such as packaging reuse, bulk packaging or avoidance of overpacking in order to maintain progress on this goal.
- SECURE (achieve zero deforestation): We are committed to using 100% deforestation-free fiber-based packaging by 2030. In the baseline year 2020, 66% of our fiber-based packaging was deforestation-free. In 2025, this amounted to 81.9% (2024: 81.6%). To reach our SMASH packaging zero-deforestation goal by 2030, we plan to adopt a new methodology in 2026 to enable teams to prioritize and measure projects more efficiently by tracking zero-deforestation data at the item-level rather than at the supplier-level.

  SWITCH (improve plastic sustainability) & SAVE (maximize recycling): Our goal is to ensure that all of our packaging aligns with circular product development principles by 2030. In fiscal 2025, 45.4% (2024: 46.4%) of our product packaging met these criteria, compared to a 2020 baseline of 49%. To reach our packaging circularity goal by 2030, we must take additional action. We are focused on increasing recyclability, the amount of recycled and bio-based content in packaging, as well as providing clear labeling for responsible disposal.

Reducing the weight of direct and shipment packaging includes reducing the amount of corrugated cardboard, wood, glass, and/or plastic packaging materials, for example, by reducing weight, substituting materials, and reusing or removing excess filler material. We are converting all wood fiber packaging materials to recycled, certified or verified deforestation-free sources. Circular packaging is packaging that is either recyclable or reusable or contains recycled materials. This ambition is measured by dividing the total amount of circular packaging in metric kilotons by the total amount of packaging in metric kilotons. 2025 progress on our SMASH packaging ambitions was below expectations compared to the 2020 baseline due to the limited impact of completed projects.

We measure our progress on the SHRINK, SECURE, SWITCH & SAVE ambitions based on the weight of materials avoided or converted annually. For the SECURE ambition, we measure progress based on the weight of fiber-based materials sourced with deforestation-free certifications compared to the total weight of fiber-based materials sourced. For the SHRINK and SWITCH & SAVE ambitions, we additionally measure progress based on the weight of CO_2 equivalents (CO_2eq) avoided per project. The calculation for SECURE, SWITCH and SAVE is based on the respective previous year's figures. All projects are reviewed individually and regularly after milestones are reached or following completion. In doing so, environmental impacts are measured and converted into CO_2eq. We monitor progress against these targets semi-annually and report annually to the Head of Sustainability and Social Business Innovation in Life Science.

SHRINK relates to the first level of the waste hierarchy, i.e. avoidance. SWITCH & SAVE relates to the following waste hierarchy treatment options: prevention, reuse and recycling.

The scope and scale of these ambitions have been set on a voluntary basis and are not legally required. They are set based on conclusive scientific evidence. Key functions in all areas of the company are committed to the overarching goal of reducing our ecological footprint by aiming to achieve climate neutrality by 2040 and decreasing our resource consumption. Key stakeholders involved in this ambition include Life Science R&D, Packaging Engineers, Product Management, Quality & Regulatory, Environment, Health, and Safety (EHS), and Procurement units.

Our resource inflows (E5-4)

Metrics related to resource inflows

Resource inflows (in metric tons)	**2025**	2024[1]
Total weight of products and technical and biological materials used	576,266	532,945
Share of biological materials[2] used to manufacture our products and services (including packaging) that is sustainably sourced (in %)	13.7	13.4
Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture products and services	16,048	17,273
Share of secondary reused or recycled components[3], secondary intermediary products and secondary materials used to manufacture products and services (in %)	2.8	3.2

[1] For fiscal 2024, the total weight of products and technical and biological materials used was adjusted retrospectively from 12,878,998 tons to 532,945 tons, with all underlying values adjusted accordingly (see also ESRS 2 Basis and standards of reporting).

[2, 3] An approximation is used. For more, see methodology below.

Total weight of products and materials used to manufacture products and deliver services

Our assessment is based on the total weight of products in metric tons used to manufacture the products during the reporting period. We do not use approximations or assumptions for this metric.

Our procured materials and products (including packaging materials) are used at the respective sites, depending on the business sector and production process. The procured materials and products are subdivided into subgroups such as raw materials, biologics and chemicals.

The complete data of the resource inflows is based on invoicing data.

Percentage of biological materials used to manufacture products and services that are sustainably sourced

The assessment is based on the percentage of biological materials used to manufacture the company's products and services that come from sustainable sources. We calculate this metric as follows: (biological materials used to manufacture the company's products and services that are sustainably sourced)/(overall total weight of materials used during the reporting period) x 100.

We use an approximation for this indicator. In our purchasing process, we distinguish between material categories, but there is currently no label for specific material types (for example, biological). Consequently, only an approximation based on industrial and internal resources is made today.

We uphold sustainable sourcing of biological materials through our Supplier Code of Conduct, which emphasizes ethical and environmental standards. Suppliers are expected to apply circular economy principles and operate robust waste systems with adequate management and treatment of hazardous waste. We do not currently apply a specific certification scheme for sustainably sourced biological materials.

We apply the cascading principle broadly across materials and processes, prioritizing avoidance, reuse/repair, and recycling, with lower-value recovery (including energy recovery) as a last resort.

Weight in absolute value of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging)

The assessment is based on the weight in absolute value of secondary reused products used to manufacture the company's products (including packaging). We do not use approximations or assumptions for this indicator.

Weight in percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging)

The assessment is based on the percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging). We calculate this metric as follows: (secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging))/(overall total weight of materials used during the reporting period) x 100. We use an approximation for this indicator. In our purchasing process, we distinguish between material categories, but there is currently no label for specific material types (for example, recycled). Consequently, only an approximation based on industrial and internal resources is made today. The measurement of the resource inflows metric has not been validated separately by an external body.

Our resource outflows (E5-5)

Metrics related to resource outflows – waste

The following table details our metrics related to resource outflows – waste:

Resource outflows – Waste (in metric tons)[1]	**2025**	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Waste generated	**152,959**	**161,143**	**52,602**	**64,234**
Hazardous waste diverted from disposal due to preparation for reuse[2]				
Hazardous waste diverted from disposal due to recycling	24,694	22,177	311	82
Hazardous waste diverted from disposal due to other recovery operations	13,380	12,539	143	75
Non-hazardous waste diverted from disposal due to preparation for reuse[2]				
Non-hazardous waste diverted from disposal due to recycling	57,677	70,636	32,241	47,403
Non-hazardous waste diverted from disposal due to other recovery operations	10,989	9,974	1,354	554
Total waste by weight diverted from disposal	106,740	115,326	34,049	48,114
Hazardous waste directed to disposal by incineration	25,878	27,320	5,518	5,670
Hazardous waste directed to disposal by landfilling	610	639	158	231
Hazardous waste directed to disposal by other disposal operations	832	1,588	–	–
Hazardous waste directed to disposal	27,320	29,548	5,676	6,058
Non-hazardous waste directed to disposal	18,898	16,269	12,874	10,219
Non-hazardous waste directed to disposal by incineration	14,161	11,502	12,874	10,219
Non-hazardous waste directed to disposal by landfilling	4,738	4,766	–	–
Non-hazardous waste directed to disposal by other disposal operations	–	–	–	–
Non-recycled waste	70,588	68,330	20,050	16,749
Share of non-recycled waste (in %)	46	42	38	26
Hazardous waste	65,395	64,264	6,130	6,058
Total radioactive waste	–	–	–	–
Total amount of waste directed to disposal	46,219	45,817	18,550	16,120
The total amount of hazardous waste summing all three recovery operation types: preparation for reuse; recycling; and other recovery operations.	38,074	34,717	454	157
The total amount of non-hazardous waste summing all three recovery operation types: preparation for reuse; recycling; and other recovery operations.	68,666	80,610	33,595	47,957

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

[2] Not material.

Our Waste Management Standard regulates the key principles for effective and sustainable waste management, emphasizing the need to identify opportunities to minimize waste and maximize the use of recyclable and reusable materials wherever possible.

We record avoided waste as a company-specific metric. The amounts of waste avoided arise from permanent process optimizations (continuous avoidance) or from one-time measures.The quantities of avoided waste are collected quarterly, in fiscal 2025, 5,754 metric tons were avoided through one-time measures.

The documentation of waste streams and their classification is carried out on the basis of predefined waste categories. In addition to the distinction between hazardous and non-hazardous waste (which is done at site level, according to local legislation), more detailed information on the type of waste is recorded and waste categories such as electronic waste, waste from wastewater treatment plants or organic solvents are tracked individually.

Among the waste to be disposed of, the following waste categories are significant for the company's value-adding activities:

- Waste from production (excluding solvents, as these are listed in a separate category): Examples include chemicals such as acids, bases or biohazardous waste.
- Waste from wastewater treatment plants (for example, different types of sludges from effluent treatment or wastewater that is disposed of as waste).

Among the waste that is not to be disposed of, the following waste categories are significant for the company's value-adding activities:

- Organic non-halogenated solvents (Halogen <5%): Our broad product portfolio and diverse manufacturing methods result in the creation of various types of solvent waste, primarily arising from synthesis-, purification-, cleaning- and distillation activities. These solvents and solvent mixtures include acetone, heptane and toluene, as well as other organic solvents.
- Non-hazardous paper and cardboard waste.
- Non-hazardous household and similar waste (for example, waste from office spaces and canteens, waste to be composted).
- Non-hazardous plastic waste.

We do not use approximations or assumptions for waste diverted from disposal or waste directed to disposal for various disposal operations. The data collected is based on production data and the quantities reported by the respective disposal companies. The measurement of the resource outflows – waste metric has not been validated separately by an external body.

Metrics related to our own resource outflows

Metrics related to recyclable content in packaging

The proportion of recyclable content in packaging in the year 2025 was 88.8% (2024: 87.5%).

We do not manufacture our own packaging but only purchase it. The recyclable portion of all our packaging is determined based on the procurement data. The quantification is based on mass. The recyclable content is defined based on the technical feasibility of the recycling process. Recycling carried out by the customer and the final recycling rates are not quantified or considered here. For fiscal 2024, the proportion of recyclable content in packaging was adjusted retrospectively from 97.7% to 87.5%, with all underlying values were adjusted accordingly.

The measurement of the recyclable content in packaging metric has not been validated separately by an external body.

Expected durability of Healthcare products

The expected durability of Healthcare products represented 3 years (2024: 3 years) in the reporting year 2025. To define this indicator, we use the maximum durability of the individual Healthcare products. These are quantified on the basis of their respective share of sales and then added up. The contribution of each individual product to the sum parameter of the total durability is thus based on sales. We do not use approximations or assumptions for this indicator. The durability of the individual Healthcare products is clearly defined and publicly available. For the indu stry average, we select comparable drugs from other pharmaceutical companies and average their shelf life across all treatment categories.

When considering essential factors such as product design, operational processes and environmental conditions, our disclosures for expected durability of products have limitations. We do not use any approximations or assumptions. Instead, the information of the individual products is clearly defined and publicly available for Healthcare products because of their determined longevity, resilience and robustness. These products are quantified based on their respective share of sales and then added up. The contribution of Healthcare products to the sum parameter of the total durability is thus based on sales. The expected durability of Life Science and Electronics products is not material.

Product repairability in Life Science and Electronics

The product repairability in Life Science is 50% (2024: 51%) in the reporting year 2025. In Electronics, product repairability amounts to 100% (2024: 100%) in the reporting year 2025. The repairability is either taken as given (and thus rated as 100%), not given (and thus rated as 0%) or not applicable (and thus not included in the rating).

Our disclosures for product repairability have limitations. The respective rating distinguishes between (1) repairability as given (and thus rated as 100%), (2) not given (and thus rated as 0%), or not applicable. Healthcare products are excluded from this rating because they do not demonstrate mentionable serviceability, maintainability and reusability.

Proportion of recyclable content in Healthcare products

The proportion of recyclable content in Healthcare products is 0% (2024: 0%) in the reporting year 2025. We use an approximation for this indicator. The assessment of recyclability or the recyclable content is applied to our entire product portfolio. The products were categorized into groups. The recyclable portion of these product groups was quantified and weighted based on their respective sales share and then added up. The contribution of each individual product group to the sum parameter of the recyclable portion is thus based on sales. We estimate the recyclable content of products in the Healthcare business sector to be 0% since the processing infrastructure for primary packaging is currently only being established, and contaminated packaging can only be recycled in very special cases. The actual active ingredients, when quantified by mass, make up a smaller share and, according to our assumptions, do not contain any recyclable content. The recyclable content is defined based on the technical feasibility of processing. The recycling carried out by the customer and the final recycling rates are not quantified or considered here.

Proportion of recyclable content in Life Science and Electronics products

In Life Science, the proportion of recyclable content is 18% (2024: 18%) in the reporting year 2025. The same indicator in Electronics amounts to 9% (2024: 9%) in the reporting year 2025. We use an approximation for this indicator. The assessment of recyclability or the recyclable content is applied to our entire portfolio. The products were categorized into groups. The recyclable portion of these product groups was quantified and weighted based on their respective sales share and then added up. The contribution of each individual product group to the sum parameter of the recyclable portion is thus based on sales. The recyclable content is defined based on technical feasibility for processing. The recycling carried out by the customer and the final recycling rates are not quantified or considered here. The measurement of our own resource outflows metric has not been validated separately by an external body.

Our circular design for products and materials

We are enhancing our commitment to integrating circular mechanisms into our development and production of key products, and encouraging our suppliers to adopt similar practices. This approach aims to improve resource efficiency and material recovery while creating more sustainable supply chains.

Several of our key products and materials either follow circular design principles or incorporate circular mechanisms in line with industry standards. In our Electronics business sector, we have designed reusable packaging for specialty gases, thin films and patterning materials, with containers that can be returned, refurbished and refilled to reduce waste and resource use. Similarly, our OLED materials incorporate circular practices through internal reprocessing and solvent recycling. In the Healthcare business sector, we are redesigning selected packaging formats to enable reuse, improve recyclability and support ongoing zero-waste efforts. In Life Science, we are replacing conventional solvents with bio-based alternatives to reduce their environmental impact. We are also transitioning from non-recyclable packaging materials to recyclable versions, such as molded pulp.

The assessment of recyclability or the recyclable content is applied to our entire portfolio. The products were categorized into groups. The recyclable portion of these product groups was quantified and weighted based on their respective sales share and then added up. The contribution of each individual product group to the sum parameter of the recyclable portion is thus based on sales.

Social

Own Workforce (S1)

Our company vision – “Sparking Discovery, Elevating Humanity” – inspires our employees to help create a brighter, healthier and more sustainable world. They tackle complex challenges and cultivate a culture of innovation and inclusion. We encourage our workforce to pursue careers that resonate with their individual aspirations, skills and passions. This will not only boost employee satisfaction but also unlock our collective potential across the Group.

Definition of our own workforce

Our own workforce consists of employees and non-employees. Employees include all persons who are employed on a full-time or part-time basis, have a permanent or fixed-term formal employment relationship contract with one of our subsidiaries and are paid via the payroll of the respective business sectors or Group functions. We are actively working to gain insights into how individuals with specific characteristics may experience varying levels of risk.

Non-employees are those persons who do not have a formal employment relationship with any of our Group’s subsidiaries. This includes anyone engaged for training or educational purposes, such as apprentices, interns and working students. Contingent workers are also considered non-employees and are not paid via the payroll. They typically work on an interim basis for a specified period of time, for example, to complete specific projects, temporarily fill an open position, address short-term increases in workload, or perform a seasonal job. Our relationship with contingent workers depends on the scope of their assignment or project. Contingent workers include temporary workers provided to us by a third-party vendor as well as independent contractors, who are self-employed or sole proprietors providing specialized skills, training or services.

Workers in our upstream and downstream value chain who are or can be potentially impacted by activities connected to our own operations and value chain, including through our products or services, as well as through our business relationships, do not count as non-employees. Our reporting regarding workers in our value chain can be found under S2.

Our material impacts, risks and opportunities related to our own workforce (S1 SBM-3)

Gender equality and equal pay for work of equal value

Identifier	S1-NI-01
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Short-term
Value chain step	Own operations
Description	Equal pay: If companies that operate globally and employ a large workforce, such as our company, fail to achieve equal pay among their employees, this could lead to negative impacts on the financial situation of employees and create dissatisfaction and reduced morale in the workplace.

Work-life balance

Identifier	S1-NI-02
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Short-term
Value chain step	Own operations
Description	Work-life imbalance: Employees working in companies with complex operations and business models may face a higher risk of a potential work-life imbalance. Poor work-life balance can lead to increased stress and burnout among employees, negatively affecting their mental and physical health.

Secure employment; working time; adequate wages; collective bargaining, including rate of workers covered by collective agreements

Identifier	S1-NI-03
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Short-term
Value chain step	Own operations
Description	Inadequate working conditions: As a global company, we also operate in countries and markets where adequate working conditions may not be mandated by law. Potential disrespect of adequate working conditions like the right to collective bargaining can lead to a lack of dialogue and unfair agreements between management and employees, which reduces employee motivation, collaboration and trust between both parties. This ultimately may negatively impact a culture of respect and partnership in our workforce.

Health and safety, collective bargaining, working time, diversity

Identifier	S1-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Not applicable
Value chain step	Own operations
Description	Compliance with workplace-related laws: Companies that operate globally must comply with local government and legal requirements related to working conditions and employee matters. This includes regulations on working hours, safety standards and programs that promote belonging and inclusion. If these requirements are not properly met, it can result in penalties that may harm the business locally.

Diversity

Identifier	S1-PI-01
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Inclusive workplace culture: We promote an inclusive workplace that supports professional development, fosters a culture of acceptance for employees of all backgrounds, and leads to increased innovation and employee engagement.

Training and skills development

Identifier	S1-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Professional development: We provide employees with access to personalized development and various learning opportunities. They enhance their skills and advance their careers, which creates benefits for both individuals and the organization.

Health and safety

Identifier	S1-PI-03
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Employee health and well-being: We address employee health and well-being beyond occupational health and safety management systems. This can enhance employees' mental and physical health, contributing to a positive work culture that boosts employee engagement and productivity.

Work-life balance

Identifier	S1-PI-04
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Work-life balance beyond legal obligations: We offer work-life balance measures beyond statutory obligations, contributing to employees' ability to reconcile work and family life.

Our strategy for empowering our own workforce

Our business model is designed to empower our employees through fair working conditions, including health and safety, alongside our dedication to belonging and inclusion. Our success derives from our employees. We support them in their development and promote an inclusive company culture. By fostering an environment in which every employee feels valued, engaged and empowered to contribute to our collective success is the core of our High-Impact Culture. This commitment enables us to continuously re-examine our ways of working and challenge long-held assumptions to advance human progress. More information regarding our High-Impact Culture can be found under “Corporate culture (G1)”.

Our Group Human Resources (HR) unit supports all business sectors and Group functions as regards our human capital. We want to ensure that our workforce strategies engage our people in alignment with Group-wide HR guidelines. This commitment includes offering attractive remuneration and benefits that reflect our dedication to nurturing talent and fostering an inclusive workplace.

The insights we gather from understanding workforce impacts are essential to our strategic planning and business model evolution. Our Chief People Officer leads the HR function, overseeing initiatives that create an environment where every employee feels valued and appreciated. This inclusive approach enhances overall performance and leads to positive outcomes for our customers, patients and partners.

To reinforce our commitment to Belonging & Inclusion, we have established a centralized Belonging & Inclusion Council. Comprising business leaders from the business sectors and Group functions, this council works collaboratively to build belonging and provide guidance for our collective effort in fostering an inclusive workforce. It champions Belonging & Inclusion to ensure that inclusive practices are woven into our enterprise-wide strategy, aligning workforce dynamics with our business objectives.

Understanding and addressing workforce impacts is crucial for cultivating an inclusive culture that enhances employee engagement and drives our strategic direction. We continually adapt our business model to reflect the needs and aspirations of our workforce, thereby positioning ourselves for sustained growth and success.

Our policies related to our own workforce (S1-1)

We aim to manage the identified material impacts and risks related to our own workforce with the following policies:

Social and Labor Standards Policy	
Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02; S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-PI-03; S1-R-01
Material sustainability matter	Working conditions: secure employment; working time; adequate wages; collective bargaining; work-life balance; health and safety Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity; training and skills development
Key contents	The policy defines our commitment to human rights and upholding international social and labor standards throughout our operations. It specifies our endeavors to foster a respectful and safe working environment while promoting accountability and compliance with labor standards in the following areas: Forced labor, modern slavery and human trafficking: We prohibit all forms of forced or compulsory labor and emphasize ethical recruitment practices. Child labor: We do not use child labor and we support protective actions for young workers. Freedom of association and collective bargaining: We recognize employees' right to organize and bargain collectively. Fairness and respect: We promote an inclusive company culture and prohibit discrimination in the workplace. Occupational health and safety: We are committed to protecting employees from work-related illnesses and accidents. Working time and remuneration: We ensure appropriate remuneration and compliance with local laws regarding working hours. Parental leave: We offer support for employees during and after childbirth. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Managing Directors of our legal entities.
Third-party standards/initiatives	The policy is based on the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the ILO Convention on Safety and Health at Work and the ILO Declaration on Multinational Enterprises. We are also committed to ethical recruitment, and the Employer Pays Principle.
Consideration of stakeholder interests	When setting the policy, we involved internal stakeholders such as our internal HR country heads and employees from our legal department.
Availability	The policy is available internally on the intranet and publicly on our website.

Human Rights Charter

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02; S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-PI-03; S1-R-01
Material sustainability matter	Working conditions; health and safety; Equal treatment and opportunities for all; gender equality and equal pay for work of equal value; diversity; training and skills development
Key contents	The policy outlines our commitment to respecting human rights and supporting its realization across our operations, supply chain, and business relationships. It addresses specific human rights issue areas such as social and labor standards, access to health, product stewardship, research ethics, privacy, supply chain and business relationships, investment decisions, communities, security, and bribery and corruption. Additionally, the policy describes our overarching human rights due diligence process including the handling of concerns and grievances. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. Furthermore, we expect our business partners and other parties linked to our operations, products and services to respect human rights and practice human rights due diligence as articulated in our policy.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the International Bill of Human Rights; the UN Guiding Principles on Business and Human Rights (UNGP); the principles of the UN Global Compact; the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, and the ILO Declaration on Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered the interests of external stakeholders such as trade unions, industry associations, and representatives of potentially impacted groups. We also drew on the knowledge of internal topic experts in these matters.
Availability	The policy is available internally on the intranet and publicly on our website.

Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-PI-03; S1-R-01
Material sustainability matter	Working conditions: health and safety; Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity; training and skills development
Key contents	The policy guides our workforce in conducting business ethically, in line with our company values and the law. It outlines our commitment to respect human rights, our principles in the workplace and for dealing with external business partners, customers, consumers and end-users. The policy also addresses our principles of responsible business conduct, for example, product safety, patient safety and the ethical conduct of clinical studies. Furthermore, the policy describes various reporting methods for employees if they suspect that internal or external rules are being breached. The update incorporated content and structural changes and improved user-friendliness to enhance readability and access to related governance documents and tools. Along with our values, it now addresses other important topics such as digital and data ethics, money laundering prevention and our High-Impact Culture. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. It also applies to downstream business activities and relations with external stakeholders, such as consumers and end-users.
Accountability	Executive Board.
Third-party standards/initiatives	The policy follows the principles of the UN Global Compact.
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Policy Statement on Compliance with Human Rights and Environmental Due Diligence Obligations

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02; S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-R-01
Material sustainability matters	Working conditions: secure employment; working time; adequate wages; collective bargaining; health and safety
Key contents	The policy emphasizes our commitment to human rights and environmental standards, detailing the processes and actions in place, such as risk management, preventive measures and remedial action, to uphold these principles across our operations and supply chain. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations and to the upstream and downstream value chain.
Accountability	Human Rights Officer.
Third-party standards/initiatives	The policy is based on the ILO core labor standards; the UN Global Compact; the International Covenant on Civil and Political Rights; the International Covenant on Economic; Social and Cultural Rights; the UN Guiding Principles on Business and Human Rights; and the OECD Guidelines for Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered expertise from an external legal consultancy as well as our internal topic experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Flexible Working Guideline

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02
Material sustainability matter	Working conditions: working time; work-life balance
Key contents	This policy is designed to take account of today’s dynamic working world and create a high degree of working flexibility in our organization. The aim is to promote agility in collaboration by balancing remote and office-based working. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our operations.
Accountability	HR People Recognition, Rewards & Relations unit.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees by incorporating employee feedback gathered from our annual engagement survey and insights from local benchmarking within the employee market.
Availability	The policy is available internally on the intranet.

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01; S1-R-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Employee Health Standard

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01; S1-R-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy defines a systematic Group-wide recognition for the health of our employees. Protecting, maintaining and promoting the individual health and well-being of our employees is an integral part of the way we work. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chief Sustainability Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees through, among other things, discussions with the Works Council as well as through our diverse, international and cross-functional teams.
Availability	The policy is available internally on the intranet.

Contractor EHS Management Standard

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy defines binding requirements for local management systems and their processes in order to manage contractors so that they work on our premises safely. This comprises five steps: (1) contractor selection, (2) work planning, (3) work execution, (4) monitoring, and (5) evaluation. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees and contractors at our own operations.
Accountability	Managing Director or Site Manager.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet.

Safety Culture Excellence Standard

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy describes our efforts to create a culture of safety excellence by ensuring methods are in place to continuously improve and maintain the safety culture, including evaluating gaps, setting local targets, developing plans, and implementing actions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees.
Availability	The policy is available internally on the intranet.

Belonging & Inclusion Policy

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-03; S1-NI-04; S1-PI-02
Material sustainability matter	Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity
Key contents	The policy creates a company-wide framework for Belonging & Inclusion activities at our organization. The aim is to foster an inclusive culture in which all employees can thrive, regardless of their backgrounds. The policy defines management responsibilities in promoting Belonging & Inclusion initiatives and includes commitments to equal opportunities for all and non-discrimination and to fostering an inclusive culture for all employees. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chief Belonging and Inclusion Officer.
Third-party standards/initiatives	The policy is based on the fundamental conventions of the International Labour Organization (ILO).
Consideration of stakeholder interests	When setting the policy, we considered expertise from the Belonging & Inclusion Council, the legal team, our internal topic experts and external best practices.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Standard – People Development and Learning

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-03
Material sustainability matter	Equal treatment and opportunities for all: training and skills development
Key contents	The policy sets the framework within which our employees can develop. It takes a holistic view of the development opportunities within our company, particularly in the following areas: development and career planning, feedback tools, development and learning solutions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chief People Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet.

Our human rights commitment

Our Human Rights Charter, the Social and Labor Standards Policy and our Human Rights Policy Statement follow the principles of the UN Guiding Principles on Business and Human Rights as well as the International Labour Organization Declaration on Fundamental Principles and Rights at Work. In the Human Rights Policy statement, we additionally declare our commitment to the OECD Guidelines for Multinational Enterprises. Furthermore, all three documents explicitly address trafficking in human beings, forced labor and child labor.

Our Human Rights Charter is our overarching company directive that articulates our overall commitment to upholding human rights, including labor rights. It interlinks and complements our existing rules and regulations pertaining to human rights. We expect our employees as well as our suppliers and all companies with which we have business ties to comply with the Charter.

As a signatory to the UN Global Compact since 2005, we endeavor to prevent the risk of human rights violations as far as possible across our own sites and our supply chain. That is why we integrate human rights due diligence into our business processes. Our approach to human rights due diligence encompasses six main components:

- Policy commitment: Human Rights Charter and Human Rights Policy Statement
- Identifying human rights risks and violations
- Addressing our impacts via defined responsibilities and management processes
- Training and capability building on human rights throughout the entire organization and beyond
- Reporting on human rights due diligence activities
- Ensuring effective complaint systems are in place

We view our human rights due diligence approach as an ongoing process that requires continuous adaptation and improvement. We are constantly expanding our internal communications and engagement to better embed our commitment to human rights across the Group. For example, the implementation of the Social and Labor Standards Policy includes open dialogue and cooperation between employees and management. Furthermore, our cross-sectoral Human Rights Panel exchanges information on activities and the latest developments in the areas of business and human rights. As an active member of the Business & Human Rights Peer Learning Group within the UN Global Compact Network Germany, we engage with other companies to discuss challenges, current issues, experiences, and successful approaches in exercising human rights due diligence.

We have a Group-wide complaints system in place for reporting human rights and environmental concerns (more information can be found under **S1-3**). If we identify a violation of human rights or environmental obligations at our own operations or in our supply chain, we aim to take immediate action.

Fostering belonging and an inclusive culture

Our commitment to equal opportunity for all and non-discrimination is set out in our Human Rights Charter, Code of Conduct, Social and Labor Standards Policy as well as our Belonging & Inclusion Policy. These documents form a framework that aims to eliminate discrimination and harassment, and promote equal opportunities for all. Our Social and Labor Standards Policy specifically covers the following grounds for discrimination: gender identity, ethnicity, race, religion, faiths, sexual orientation, national origin, socioeconomic and family status, different mental or physical abilities, neurodiversity spectrum, age, military service, political perspective, or any other forms of discrimination prohibited by law.

Furthermore, our Belonging & Inclusion Policy reflects our commitment to recognizing the unique contributions of all individuals. We strive for equitable outcomes and actively work to identify and eliminate barriers that may hinder our colleagues' contributions or ability to thrive. We are committed to fostering a truly inclusive culture for all employees; that is an environment in which all employees have a strong sense of belonging, a culture where we care about one another, everyone feels welcome, and everyone's voice is heard. Additionally, our position papers on Belonging & Inclusion affirm that our company advocates disability inclusion and does not tolerate any form of discrimination, physical or verbal harassment or intolerance.

We have established various reporting channels to ensure employees have a clear point of contact if they believe that they have experienced harassment or discrimination in the workplace or any other violations of our standards. Their first points of contact are their supervisors, HR or compliance teams. They can also use the anonymous Compliance Hotline. All complaints are treated confidentially, and investigations are conducted by independent personnel. If violations are confirmed, we strive to implement appropriate preventive and remedial actions.

Creating a safe and healthy work environment

We are committed to going beyond EHS regulatory compliance by establishing a culture of continuous improvement and health and safety excellence. Our EHS Policy spells out our overall commitment to operating in a manner that reduces or eliminates risks to the environment, human health and safety. The complementary Safety Culture Excellence Standard describes our Group-wide approach to occupational health and safety including workplace accident prevention. Furthermore, we have a health and safety management system in place that covers the prevention of workplace accidents and is part of our globally integrated management system that comprehensively addresses quality, environmental, health, and safety aspects.

Our processes for engaging with our own workforce and employees' representatives about impacts (S1-2)

We recognize that our workforce is a vital stakeholder in shaping our sustainability strategy and practices. To ensure that our employees' perspectives inform our decisions concerning working conditions as well as equal treatment and opportunity for all, we have implemented the following processes:

Engagement surveys

We aim to increase employee engagement and promote individual accountability by creating regular opportunities for dialogue and participation within the company. In addition to topic-specific pulse surveys, our primary method is the annual global Employee Engagement Survey (EES), which serves as the central feedback channel for all our employees. The confidential survey allows employees to share their views on various aspects, such as employee satisfaction, leadership, workplace-related topics, (mental) health, and work-life balance. In some countries and markets, in compliance with local laws, it also includes voluntary self-identification questions related to disabilities, neurodiversity, LGBTQIA+ affiliation, and ethnic origin, helping us to foster a more inclusive environment for underrepresented groups. The EES results provide valuable data points for managers, employees and HR to reassess past and ongoing measures and develop new measures and initiatives that promote a culture of trust and collaboration in the workplace. By incorporating employee feedback, we aim to ensure that our decisions and activities align with our people's needs and perspectives. The operational responsibility for the EES lies with our Chief People Officer.

Our Euroforum

Our Euroforum serves as our key platform to facilitate engagement between employer and employee representatives at a European level. It represents employees in all EU countries as well as Switzerland, Norway and the United Kingdom, although not all eligible countries send delegates. The members of the Euroforum represent employees in their respective countries and bring relevant topics to the Euroforum. For information and consultation, we maintain close contact with the Executive Committee, which represents our Euroforum. All delegates meet at least once a year during the forum's annual meeting where they participate in internal consultations and social dialogue with senior management. The Euroforum thereby maintains direct access to top management, fostering transparency and trust through open communication with the Executive Board. It advocates employees' interests and facilitates the sharing of knowledge and best practices among our European sites. The forum's focus includes the current global (European) economic situation, employment rates and significant changes within our company affecting multiple countries. It holds regular exchanges and additional meetings as required. The Chair and Co-Chair of the Euroforum are responsible for ensuring that engagement regarding transparency and trust is not only encouraged but also effectively implemented. Their leadership plays a crucial role in integrating the insights gained from these engagements into the company's strategic approach.

FutURe project

The FutURe project, which we launched in Europe in 2022, aims to actively involve younger generations in decision-making processes and to give them a voice in shaping the future – at our company and in society generally. The project is available in several countries in Europe and is built on three main pillars. First, we conduct the FutURe barometer, an annual survey of young employees at our operations in Europe. The purpose is to better understand their needs, priorities, and concerns. Second, we bring together young experts, senior leaders and policymakers to participate in roundtables in individual countries and at the European level. Together, they discuss key issues, such as emotional well-being, innovation and sustainable health. Third, we have established an internal advocacy platform that empowers talented young people at our company to work together on initiatives that promote topics like team leadership, cross-generational collaboration and the adoption of artificial intelligence and other innovations. The FutURe project is designed to enhance inclusion and representation, while helping position us as a pioneer in addressing the needs of next generations. It is led by the Senior Vice President Europe, Healthcare at our China & International organization.

Employee networks

We support multiple in-house Belonging & Inclusion employee groups and networks. There are nine clusters: well-being, disability, international communities, generational groups, LGBTQIA+, women, veterans, culture and ethnicity, and additional inclusion topics. These groups and networks are open to all employees and foster a strong sense of belonging for their members and allies. Their perspectives play a crucial role in informing our decisions and activities aimed at managing workforce impacts and enhancing our corporate culture and effectiveness. The groups and networks share their insights with the global Belonging & Inclusion team on a regular basis. This helps us ensure that our strategies align with our workforce's needs and experiences. Our Chief Belonging & Inclusion Officer is responsible for our global strategy and for overseeing its activities.

Learning needs analysis

We conduct a comprehensive analysis of the skills that employees tell us they wish to develop. The analysis enables us to understand employees' perspectives on required skills, knowledge, behaviors, and preferred learning experiences, ensuring that every voice is heard.

Group HR is responsible for ensuring that the results of the analysis inform the development of our learning catalogues at both the global and regional levels, thus shaping our approach to learning and development. The current process, driven by HR, emphasizes HR-owned learning content and portfolios, such as human skills and other cross-functional topics including change management and project management that support our High-Impact Culture. Additionally, we request feedback from all participants regarding the quality of their training sessions. The insights gathered from these feedback surveys are essential for guiding and shaping quality management activities related to our learning offerings.

Our processes to remediate negative impacts and channels for our own workforce to raise concerns (S1-3)

We have established comprehensive processes to identify, address and remediate potential material impacts on our workforce. These include readily accessible channels that encourage our workforce to report potential violations or other concerns. Our employees' first point of contact is their supervisor, HR or our compliance units. In addition, we have other processes in place to address negative impacts on our workforce:

Our complaints system

We have set up a Group-wide whistleblowing and complaints system that can be used to report actual and potential violations. A central component of this is our free and anonymous Compliance Hotline. Our employees as well as any other person or organization can use the hotline – if they wish, anonymously – to report suspected violations or other concerns. It can be reached via our website and is available in more than 40 languages. Information on reporting channels and investigation procedures as well as general information (such as on protection from retaliation) is available to all employees in the Whistleblowing and Investigations Standard. This standard was updated in 2023 and rolled out to all employees worldwide via a training request. Every new employee is also assigned to this standard as mandatory training. More information can be found under Corporate culture (G1).

Protecting complainants from potential retaliation following a complaint is a central concern for us, to which we dedicate ourselves with utmost care. We have a compliance case management procedure in place to systematically process reports. This helps us to assess the effectiveness of the remedies provided while also aiming to address and resolve any substantiated complaint appropriately. All complaints are treated confidentially, and investigations are conducted by independent personnel. If violations are confirmed, we strive to implement appropriate preventive and remedial actions. Our complaints system is also designed with the aim of adhering to the established effectiveness criteria for non-judicial grievance mechanisms, as set out in the UN Guiding Principles on Business and Human Rights in order to be legitimate, accessible, predictable, fair, and transparent. Our complaints system is part of our commitment to creating a supportive work environment where employees can raise concerns without fear of retaliation and where their needs are addressed effectively.

Working time

We respect the right to rest and leisure and, in particular, to a reasonable limit on working hours and regular paid leave. As far as possible, we offer our employees various flexible working models to enable them to achieve a good work-life balance. We are guided by locally applicable regulations on working hours and believe that overtime should in principle be voluntary and not be demanded on a regular basis. Certain operational circumstances may, however, require overtime. Overtime may be requested to meet short-term business requirements and where permitted by national law and/or a relevant collective agreement. All employees receive at least one day off per seven-day period.

Work-life balance

We value our employees' individuality and take their different life situations into consideration. We therefore support our employees worldwide with locally appropriate offers ranging from parental leave and childcare to support in caring for relatives in need.

We want to provide the best possible support for our employees who perform care work. Our services range from daycare centers in Darmstadt and Mumbai to emergency childcare services in Germany and the United States, as well as special networks and leave-of-absence opportunities for those who provide care to elderly or sick relatives. During 2025, we introduced the Caregiver Leave Benefit to provide emergency leave during critical situations, such as critical illness or palliative care of dependent family members. Our Colleagues Supporting Colleagues initiative creates opportunities for parents and carers to provide each other with valuable support. In addition to paid maternity leave of at least eight weeks worldwide, we offer further options for paid parental leave in many countries and markets for people who are directly involved in childcare.

Occupational safety training

Experience shows that most workplace accidents can be prevented through proper conduct. It is therefore crucial that our employees are qualified and trained in EHS issues. We not only inform them but also actively involve them, for example during inspections or when selecting personal protective equipment. In doing so, we aim to continuously improve occupational health and safety. Training as part of our BeSafe program, for example, is carried out at our locations worldwide in accordance with local regulations.

Equal pay for work of equal value

We are dedicated to ensuring equitable remuneration for all employees. To achieve this, in compliance with local laws, we have established a robust approach to pay equity that includes continuous monitoring of salary information and regular analyses to identify and address any pay disparities. When necessary, we implement individual salary adjustments to uphold equity.

We also prioritize training for our HR department as well as people managers on pay equity, empowering them to make informed and unbiased salary decisions. To assess the effectiveness of our initiatives, we evaluate the outcomes of our salary adjustments and monitor the adjusted global gender pay gap over time. This ongoing commitment enables us to drive meaningful improvements in pay equity across our organization.

Our actions related to our employees (S1-4)

We have implemented comprehensive processes to identify and address potential and actual negative impacts on our employees. This includes regular impact assessments, stakeholder engagement initiatives and data analysis to monitor workforce well-being and job satisfaction. With our approach we aim to develop and implement targeted action plans, such as enhanced health support programs and inclusion training, aimed at mitigating identified material impacts and risks. We continuously evaluate the effectiveness of these actions through feedback mechanisms and specific indicators, thereby aiming to ensure transparency in our reporting.

We prioritize the well-being of our workforce and are committed to ensuring that our practices do not cause or contribute to material negative impacts on our employees. We implement rigorous policies and procedures across all business sectors, to uphold high ethical standards and protect our workforce. Our procurement practices include thorough supplier assessments to ensure compliance with labor standards and human rights, while our sales strategies are guided by principles that prioritize employee welfare and customer integrity. In managing data, we aim to adhere to strict privacy and security protocols, safeguarding employee information and promoting responsible use of data.

In instances where tensions arise between the prevention or mitigation of material negative impacts and other business pressures, we adopt a balanced approach that emphasizes dialogue and collaboration. We engage relevant stakeholders to assess the situation, considering both the potential impacts on our workforce and the broader business objectives. This commitment to open communication enables us to make informed decisions that align with our values while maintaining operational effectiveness. Ultimately, we strive to maintain a work environment that not only meets business targets but also fosters a culture of respect, safety and well-being for all employees.

To date, we have not taken any measures to mitigate negative impacts on our workforce related to the transition to a greener, climate-neutral economy, as we have not identified any such impacts. Since we understand the significance of addressing potential challenges related to a greener transition, we remain committed to monitoring external developments that may affect our workforce and plan to evaluate the need for future actions as the situation evolves.

Fertility Benefit Program

We continued to offer the Fertility Benefit Program in 2025 as an additional service reflecting our commitment to health, well-being and Belonging & Inclusion. The program, which builds on a policy started in 2023, reimburses employees for fertility treatments and gives them access to in-house and outside support resources. It is available to all employees and/or their partners – regardless of marital status, gender identity, or sexual orientation – in all countries and markets where we operate, subject to local law. In 2025, we increased the maximum lifetime claim amount to €100,000 for all employees, enhanced access to educational resources and advertised the program to employees across our operations.

Caregiver leave benefit

We expanded our family-friendly offerings in 2025 by introducing a caregiver leave benefit under the title Moments That Matter Leave. It reflects our ongoing commitment to employee well-being and supporting those who are carers. The benefit gives employees worldwide caring for critically and terminally ill immediate family members a minimum of ten days of paid leave. This includes but is not limited to parents, children and partners. The program reinforces our dedication to responding to employees' personal circumstances and offering them essential support during challenging times.

BeHealthy Toolbox

As part of our global health employee strategy BeHealthy, we again offered various health promotion services in 2025, including training courses, self-tests, risk analyses, checklists, advice on mental, physical and workplace-related health. Our Mindfulness Community comprises a group of employees, including the Mindfulness Ambassadors, that regularly shares information on mindfulness, which is an awareness technique for stress regulation. We aim to anchor the topic in the workforce, and several mindfulness sessions are available globally to attend every week. We also held information campaigns and events on various health topics, such as mental health, movement and community engagement. In addition, we conducted our company's first-ever global BeHealthy Day, consisting of various health-related online sessions as well as in-person activities at many sites.

The Employee Assistance Program (EAP), which HR offers as part of the BeHealthy Toolbox, is a confidential telephone counseling service that provides our employees with independent and holistic support. Employees can turn to the EAP for help with numerous problems. It offers short-term counseling and support for stress, anxiety, depression, relationship problems, or other personal, practical or professional problems.

Another core element of our health strategy is mandatory training for managers to promote a health-oriented leadership culture. We aim to continuously improve the concepts and related materials we provide to managers for this purpose and plan to complete the rollout by the end of 2026.

In 2025, we analyzed employee medical insurance claims in Germany based on anonymized and aggregated data from 2024 and identified health trends within our workforce. Further analyses in Indonesia and the Philippines showed two areas – dengue fever and dental hygiene – in which employee health outcomes were below expectations compared with local market norms. In response, we conducted health education campaigns in these countries to raise awareness and encourage preventive care. Employee engagement was strong. The educational materials are now part of our BeHealthy Toolbox and will be used to support similar programs in other countries in 2026 and beyond.

We use the annual Employee Engagement Survey to calculate our healthiness index and track the effectiveness of our actions. This is intended to show the health status of our employees throughout the Group. We also measure the implementation progress of the BeHealthy strategy by the extent to which our employees use the BeHealthy Toolbox and participate in the Mindfulness Community.

Analysis of pay differences

In line with our company values of integrity and respect, in compliance with local laws, we are driving pay equity, a crucial aspect of our Belonging & Inclusion strategy. The journey toward global gender pay equity started in 2021 by analyzing ten of our largest countries and markets, which encompassed approximately 80% of our total workforce. We extended the analysis in 2023 to all countries and markets where we operate (except for the United States) and repeated this global analysis in 2025. More information can be found under **S1-16**.

Daily commitment to inclusion

Our framework for Belonging & Inclusion education, tools and best practice sharing along with empowerment measures supports intentional inclusion in our organization. For example, an Inclusive Leadership Workshop, which is mandatory for all our leaders, helps maximize their effectiveness in building belonging-oriented and inclusive teams. The workshop combines global leadership interactions, peer coaching and continuous self-reflection. It also emphasizes the importance of psychological safety.

In 2025, we launched the Belonging & Inclusion Learning Hub as a one-stop resource, enabling everyone at our organization to help foster a more inclusive and supportive workplace. It provides employees at all levels with structured learning opportunities to deepen their Belonging & Inclusion awareness. It consists of self-guided learning materials, digital leaning modules and the new Inclusive Leadership Workshop, which is now available to our entire workforce. The Belonging & Inclusion Learning Hub embeds inclusive practices into daily work to support our broader sustainability objectives.

Further, our ongoing Tech4Inclusion initiative is part of our global Belonging & Inclusion strategy and embeds accessibility as well as inclusive design into our digital experience and infrastructure. The initiative helps remove barriers and fosters an equitable workplace. Examples include enabling live captions in meetings, providing multiple content formats and leveraging inclusive design principles.

In addition, we offer numerous opportunities for employees to learn how to be more inclusive colleagues, reduce unconscious bias at work and foster psychological safety, particularly in countries where such training is permitted. In 2025, we continued to implement a mandatory e-learning module on preventing workplace harassment for our employees across all countries and markets, as allowed by law.

Neurodiversity

Our approach to accessibility and neuroinclusion focuses on eliminating social barriers and recognizing neurodiversity as a natural variation in human cognition, identity and communication. We are committed to fostering a more inclusive culture by engaging in sustained socialization and awareness initiatives to enhance organizational understanding of neurodiversity and accessibility. These efforts are designed to address cultural nuances, foster validation and flexibility, and close knowledge gaps across our global operations.

Our Global Accessibility Strategy Roadmap to 2030 reflects this proactive, multi-layered and data-driven approach. In 2025, we introduced a comprehensive Inclusive Workplace Toolkit to guide facility design, inclusive engagement practices and welcoming workspaces – adapted to local needs and contexts. Our Success Enablers pilot service empowers employees to explore personalized support options that reflect their lived experiences and help remove traditional barriers.

Individual development

In 2025, we continued the MyGrowth initiative. With this, we aim to further strengthen our commitment to a competency-oriented company. Enabled by a growth mindset and our AI-driven platform, MyGrowth represents a commitment to development that enables employees to shape their professional journey at our company. By providing access to tailored learning opportunities, mentorship programs and internal job prospects, and more, MyGrowth promotes a continuous learning culture that aligns employee growth with the strategic needs of the company.

Continuous advancement of learning and development

Our global Learning & Development experts are revising our global learning and development landscape with the aim of improving our employees' learning experience. The objective is to come up with a refined training standard, establishing well-defined roles and responsibilities for managing learning content, overseeing the portfolio and coordinating the learning processes across all business sectors and Group functions. We want to implement this strategic approach throughout the company over the next three to five years.

Roles and responsibilities

Global HR is responsible for advising all business sectors and Group functions on matters concerning human capital, such as topics related to recruiting, vocational training and advanced training. Across all our sites, HR employees work with leaders from various functions and business sectors to employ strategies that engage our people in line with Group-wide HR guidelines and requirements, including attractive compensation and benefits.

The Chief People Officer and Member of the Executive Board is responsible for Group HR. The Chief People Officer also serves as our Chief HR Officer, leading the HR function and overseeing all our HR activities. Our Business Services unit oversees the operational tasks of HR work, such as drafting contracts and payroll accounting. The Chief Financial Officer is responsible for this unit. Our Chief Belonging Officer reporting to the Chief People Officer and member of the Executive Board is responsible for our global strategy and for steering its related activities.

Our health and safety management system is the responsibility of Corporate Sustainability, Quality and Trade Compliance (SQ), which in turn reports to the Chief People Officer and Member of the Executive Board. SQ sets objectives, oversees the respective initiatives globally and conducts internal EHS audits. Local EHS managers and their teams work towards ensuring that our individual sites comply with all occupational health and safety laws and regulations. The EHS managers also implement local projects, campaigns and onsite programs.

Our targets related to our employees (S1-5)

Lost Time Injury Rate (LTIR)	
Reference to material impacts, risks and/or opportunities	Identifier S1-PI-01
Material sustainability matter	Working conditions: health and safety
Target	Our target is to reduce our lost time injury rate (LTIR) to below 1.0 by the end of 2025.
Reference value/year	1.2 (2021)
Methodology	LTIR measures all work-related accidents resulting in injuries worldwide that have resulted in at least one day of missed work per one million hours worked. We determine Group-wide LTIR for our employees. It is one of our strategic key indicators which is monitored by the Group Sustainability Council.
Consideration of stakeholders	When setting safety targets, we take the employee perspective into account, aiming to protect their safety with a reduced LTIR. We continuously consider internal stakeholders while monitoring our performance.
Changes from the previous year	No changes were made.
Performance/Key figures	Our LTIR amounted to 0.98 (2024: 1.16).

Injury Count Rate	
Reference to material impacts, risks and/or opportunities	Identifiers S1-PI-01
Material sustainability matter	Working conditions: health and safety
Target	Our target is to reduce our injury count rate (ICR) to 1.8 or below at the end of 2030.
Reference value/year	2.15 (December 2025)
Methodology	ICR measures all work-related accidents resulting in injuries worldwide that have resulted in at least one day of missed work per one million hours worked as well as all medical treatment cases. We determine Group-wide ICR for our employees. It is one of our strategic key indicators which is monitored by the Group Sustainability Council.
Consideration of stakeholders	When setting safety targets, we take the employee perspective into account, aiming to protect their safety with a reduced ICR. We continuously consider internal stakeholders while monitoring our performance.
Changes from the previous year	New target.
Performance/Key figures	Our ICR amounted to 2.15.

Workforce representation and equal opportunity: Women in leadership

Reference to material impacts, risks and/or opportunities	Identifiers S1-NI-04; S1-PI-02
Material sustainability matter	Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity
Target	We provide equal opportunities for all backgrounds to join and succeed at our company based on performance and potential. We aim to achieve workforce balance, including diverse representation such as gender balance in management positions outside the United States by 2030.
Reference value/year	36% (2021, including U.S.)
Methods	To calculate the share of women in leadership outside the United States, we consider the number of women from middle and top management (role level 4+) in relation to the total number of middle and top management employees. The indicator is monitored by the Belonging & Inclusion Council, which is responsible for integrating Belonging & Inclusion activities into the company's strategy and identifying areas for improvement to develop targeted initiatives.
Consideration of stakeholders	We have involved internal stakeholders such as the HR department, Employee Resource Groups, the Belonging & Inclusion Council, and Executive Board when setting the aspiration, and are in continuous communication with affected internal stakeholders when tracking progress.
Changes from the previous year	We combined our initial target for gender equity, culture and ethnicity into a comprehensive focus on workforce representation and equal opportunities for all. This approach allows us to track our workforce more cohesively. We have removed numerical aspirations for the United States.
Performance/Key figures	The share of women in leadership (middle and top management, role 4+, without United States) amounted to 39.2%.

Belonging & Inclusion: Participants in Inclusive Training Offerings

Reference to material impacts, risks and/or opportunities	Identifier S1-NI-03
Material sustainability matter	Equal treatment and opportunities for all: diversity
Target	We build inclusive leadership and learning practices into our global culture, fostering a sense of belonging for all. To achieve this, all employees and people managers have access to inclusion training offerings. We aim to maintain a participation rate of >90% by 2030.
Reference value/year	37% (2021, people managers)
Methods	To calculate the proportion of participants in Belonging & Inclusion trainings, we consider the number of participants since 2021 in relation to the total number of employees. The indicator is monitored by the Group Sustainability Council and the Belonging & Inclusion Council, which is responsible for integrating Belonging & Inclusion activities into the company's strategy and identifying areas for improvement to develop targeted initiatives.
Consideration of stakeholders	We have involved internal stakeholders such as the HR department, Employee Resource Group, the Belonging & Inclusion Council, and the Executive Board when setting the aspiration and are in continuous communication with affected internal stakeholders when tracking progress.
Changes from the previous year	We expanded the target to include more than the Inclusive Leadership Workshops and added additional inclusion training offerings, broadening the target audience to include all employees and not only people managers.
Performance/Key figures	The cumulative participation rate for all employees amounted to 88%.

We have not set measurable, outcome-oriented targets in accordance with ESRS requirements for the material sustainability matters of adequate wages, collective bargaining, secure employment, working time, work-life balance, or training and skills development. Nevertheless, we track the effectiveness of our policies and measures related to these sustainability matters through engagement processes (see **S1-2**) or by monitoring progress with specific indicators (see **S1-6**, **S1-8**, **S1-10**, **S1-13**).

Our metrics related to our employees

Unless otherwise stated, we report our employee-related figures in headcount and as of December 31, 2025. The actual workforce size is defined as the number of people ('heads') who work for us, considering only active employees based on their status. All active regular employees count as one person. Regular employees include those working either full-time or part-time and have either a limited or unlimited formal contract with one of our subsidiaries. Non-employees are not included.

For the employee breakdown by gender, we use the following three gender categories: 'female', 'male' and 'other' (including 'not reported'). To determine gender, we use information provided in accepted identification documents in the country of location of the employee. The country breakdown only consists of countries where we employ 50 or more employees representing at least 10% of our total number of employees. The measurement of any employee-related metric has not been validated separately by an external body.

Characteristics of our employees (S1-6)

In the following table, we disclose the total number of employees, broken down by gender:

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany[3]
Male	34,962	35,168	2,190	2,248
Female	27,478	27,245	1,442	1,467
Other[2]	21	144	1	–
Total employees	**62,461**	**62,557**	**3,633**	**3,715**

[1] The Group also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.

[2] In 2024, most employees in the category "other" belonged to the acquired subsidiary, Unity-SC SAS, France. The integration process resulted in incomplete gender demographic data from the acquired company.

[3] A dash indicates that a value was collected that corresponds to 0 when rounded.

The following table displays the number of employees in each country where we have 50 or more employees representing at least 10% of our total number of employees. We determine the employee's country allocation by the work location of the respective employee.

	2025	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**[1]	2024 thereof: Merck KGaA, Darmstadt, Germany[1]
Germany	12,540	13,236	3,633	3,715
United States	14,383	13,976		

[1] A gray background indicates that the value was not collected.

The most representative numbers in the Financial Statements that are related to the general characteristics of our employees can be found in the Notes to the Consolidated Financials Statements under (31) "Number of employees" and under (8) "Segment Reporting".

In general, we aim to ensure the safe employment of our employees and to comply with legally prescribed country-specific exemptions. The following table presents the number of employees by contract type and broken down by gender:

2025[1]

	Female	Male	Other	**Total**
Total number of employees	27,478	34,962	21	62,461
Number of permanent employees	25,763	33,294	20	59,077
Number of temporary employees	1,715	1,668	1	3,384

[1] The Group also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.

2025 thereof: Merck KGaA, Darmstadt, Germany

	Female	Male	Other	**Total**
Total number of employees	1,442	2,190	1	3,633
Number of permanent employees[1]	1,394	2,138	–	3,532
Number of temporary employees	48	52	1	101

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

2024

	Female	Male	Other	**Total**
Total number of employees	27,245	35,168	144	**62,557**
Number of permanent employees	25,381	33,495	144	**59,020**
Number of temporary employees[1]	1,864	1,673	–	**3,537**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

2024 thereof: Merck KGaA, Darmstadt, Germany

	Female	Male	Other[1]	**Total**
Total number of employees	1,467	2,248	–	**3,715**
Number of permanent employees	1,426	2,189	–	**3,615**
Number of temporary employees	41	59	–	**100**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

The figures disclosed for permanent employees include all active employees who have an unlimited contract with one of our subsidiaries. The figures disclosed for temporary employees include all active employees who have a limited contract. We do not apply non-guaranteed hours employment contracts. Therefore, we do not report this category.

The total number of employees who have left the company during fiscal 2025 amounted to 5,036 (2024: 5,746). Thus, in 2025, the employee turnover rate amounted to 8.0% (2024: 9.2%). The employee turnover rate is calculated by dividing the total number of leavers (including voluntary as well as involuntary fluctuation) during the reporting period by the average employee headcount in the same period multiplied by 100. The turnover indicators exclude employees who pause due to parental leave or a long-term illness as well as employees who are transitioning to the non-working phase of partial retirement. Employees who leave the company due to a divestment e.g. our Surface Solutions business unit are excluded as well.

Our metrics related to working conditions

Collective bargaining coverage and social dialogue (S1-8)

The following table presents the overall collective bargaining coverage among our employees. We apply the phase-in option per ESRS 1 Appendix C and thus the figures only contain the total percentage across countries and markets where we operate, that are part of the European Economic Area (EEA). Within the EEA, we have multiple collective bargaining agreements :

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Total employees covered by collective bargaining agreements (in %)	85.7	86.0	16.0	16.0

[1] The Group also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.

Furthermore, the following table shows the percentage of our employees covered by collective bargaining agreements broken down by country for countries that are part (or not part) of the EEA. We only disclose the coverage for EEA countries where we employ at least 50 employees (by headcount) collectively representing at least 10% of our total number of employees. We cluster the countries according to their coverage rate. Applying the same approach, we also disclose the percentage of employees covered by workers' representatives by EEA country.

2025

	Collective bargaining coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 employees representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%	–	Phase-in option	–
20-39%	–	Phase-in option	–
40-59%	–	Phase-in option	–
60-79%	–	Phase-in option	–
80-100%	Germany; Merck KGaA, Darmstadt, Germany	Phase-in option	Germany; Merck KGaA, Darmstadt, Germany

2024

	Collective bargaining coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 employees representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%	–	Phase-in option	–
20-39%	–	Phase-in option	–
40-59%	–	Phase-in option	–
60-79%	–	Phase-in option	–
80-100%	Germany; Merck KGaA, Darmstadt, Germany	Phase-in option	Germany; Merck KGaA, Darmstadt, Germany

In countries and markets where collective agreements do not apply due to different administrative, commercial and legal structures, we work closely with trade unions to implement operational decisions and coordinate relations between management and employees. The working conditions and terms of employment of employees in these countries are determined by legal requirements and our global guidelines.

Regarding employee representation, we have an agreement on the establishment of our Euroforum. More information on the Euroforum can be found under **S1-2**.

Adequate wages (S1-10)

We are committed to the principle of "equal pay for equal work" and offer our employees competitive remuneration including additional benefits. The remuneration at least meets or exceeds the local remuneration conditions and guidelines and is intended to ensure a decent standard of living for our employees and their families. Our remuneration is based on the requirements of the respective position and the employee's performance. Our remuneration structures are benchmarked externally and updated based on prevailing local conditions. We empower our managers to decide on employees' pay, based on local conditions and the requirements of the job, within the framework of the company's remuneration structures and philosophy. Managers are responsible for enabling employees to understand our remuneration structures and addressing any concerns. If there are further concerns, our HR Business Partners may be contacted by the employees as well.

To calculate whether all our employees are paid an adequate wage, we record the local minimum wage requirements and the wage of the lowest-paid employee per country and compare the two. The cut-off date for the data collected was December 31, 2025.

We comply with local regulations for appropriate remuneration in all countries and markets in which we operate worldwide. In the reporting period, we paid all our employees an adequate wage, in line with the methodology described above.

Health and safety metrics (S1-14)

The following table discloses the share of our own workforce that is covered by our occupational health and safety management system. The calculation is based on head count:

	2025	2024
Total (in %)	**100.0**	**100.0**

Our occupational health and safety (OHS) management system considers the key positions of ISO 45001 and is established Group-wide as part of our globally integrated management system. This approach enables us to ensure, among other things, the occupational health and safety of all employees. Furthermore, as part of a Group certificate, our OHS management system is annually ISO 45001-certified at selected sites. The sites individually define the scope of their certification. For example, at the Darmstadt site, the ISO 45001 certificate covers employees in the production units as well as those working in infrastructure. For the coverage percentage disclosed above, we consider the coverage of our OHS management system and thus, the number includes exclusively our own employees. This also applies to employees who work at non-certified sites as well as those who are active at sites that are not included in the Group certificate, since our OHS management system is established at all our locations.

Work-related accidents

The following tables disclose figures regarding work-related accidents. A work-related accident is defined as an event that occurs during the course of work that results in injury or ill health. This encompasses sudden personal injuries that happen on site or during business trips, as long as they are connected to the employee's work and not caused by internal factors, such as heart attacks or epilepsy. Additionally, pre-existing damage to ligaments, joints, or back issues is typically not included. Injuries that occur while commuting or during company sports activities are also not counted in the figures below. Work-related ill health refers to any illness that can be attributed to the workplace and is verified by an occupational physician.

2025

	Employees[1]	Non-employees[1]	Total[1]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	236	27	263
Rate of recordable work-related accidents	2.1	2.9	2.1
Number of cases of recordable work-related ill health	38		
Number of days lost to work-related injuries and fatalities from work-related accidents	2,643		

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

2025
thereof: Merck KGaA, Darmstadt, Germany

	Employees[1]	Non-employees[1]	Total[1]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	16	–	16
Rate of recordable work-related accidents	1.9	–	1.8
Number of cases of recordable work-related ill health	–		
Number of days lost to work-related injuries and fatalities from work-related accidents	136		

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

2024

	Employees[2]	Non-employees[2]	Total[2]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	287	14	301
Rate of recordable work-related accidents	2.5	1.6	2.5
Number of cases of recordable work-related ill health	36		
Number of days lost to work-related injuries and fatalities from work-related accidents	2,911[1]		

[1] The value for 2024 (5,783) has been adjusted retrospectively (see also ESRS 2 Basis and standards of reporting).

[2] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

2024
thereof: Merck KGaA, Darmstadt, Germany

	Employees[2]	Non-employees[2]	Total[2]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	37	1	38
Rate of recordable work-related accidents	3.4	64.7	3.5
Number of cases of recordable work-related ill health	4		
Number of days lost to work-related injuries and fatalities from work-related accidents	325[1]		

[1] The value for 2024 (1,789) has been adjusted retrospectively (see also ESRS 2 Basis and standards of reporting).

[2] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

The number of fatalities as a result of work-related injuries of other workers working on our sites, such as contractors, amounted to 0 in fiscal 2025 (2024: 0).

The rate of recordable work-related accidents represents the number of respective cases per one million hours worked without taking into account whether these cases resulted in missed days of work. Additionally, we report the lost time injury rate (LTIR) under **S1-5** and **ESRS 2** as it is one of our strategic sustainability key indicators used to gauge the success of our occupational safety efforts. LTIR measures work-related injuries resulting in at least one day of missed work per one million hours worked (see **S1-5** and **ESRS 2**).

Additionally, we use our Environment, Health and Safety Incident Rate (EHS IR) to track incidents. Under our EHS IR, we track and evaluate all major and minor accidents, environmental incidents as well as EHS non-compliances. It covers both our own employees as well as those of contractors. To calculate it, we state the number of incidents and the severity of the event in relation to the number of hours worked. The EHS IR represents an average value. The lower the EHS IR, the better the EHS performance of the site. In 2025, the ratio was 1.85 (2024: 2.23). As one of our strategic key indicators, we also report the EHS IR under **ESRS 2 (SBM-1)**.

Incidents, complaints and severe human rights impacts (S1-17)

The following table shows the number of work-related incidents and complaints concerning a violation of our Social and Labor Standards Policy within our own workforce. We distinguish between the number of reported violations filed through our existing grievance system as well as the number of confirmed violations of our Social and Labor Standards Policy during 2025. Confirmed violations comprise reported violations that were confirmed following investigations. Additionally, we disclose the number of reported and confirmed incidents of discrimination, including harassment as a specific form of discrimination.

	2025	2024
Total number of complaints filed through channels for people in our own workforce to raise concerns: reported incidents of our Social and Labor Standards Policy	231	183
thereof: number of complaints of discrimination, including harassment: reported incidents	37	28
Total number of complaints filed through channels for people in our own workforce to raise concerns: confirmed incidents of Social and Labor Standards Policy	60	57
thereof: total number of complaints of discrimination, including harassment: confirmed incidents	16	10

The total number of confirmed violations of the Social and Labor Standards Policy is one of our strategic key indicators which we use to measure the progress of our sustainability strategy in the focus area of ‘Our people and communities; providing a diverse and inclusive environment’, see ESRS 2 (SBM-1).

In 2025, fines, penalties and compensation for damages as a result of incidents and complaints disclosed in the table above totaled € 0 (2024: € 0). During the reporting period, no complaints in connection with our company and related to matters concerning our employees were filed to the National Contact Points for OECD Guidelines for Multinational Enterprises.

The following table discloses the number of severe human rights incidents connected to our own workforce. We consider incidents of forced labor, modern slavery, human trafficking and child labor as severe human rights incidents.

	2025	2024
Number of severe human rights incidents connected to own workforce[1]	–	–
thereof: cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises[1]	–	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

In 2025, fines, penalties and compensation for damages as a result of severe human rights incidents disclosed in the table above totaled € 0 (2024: € 0).

Our metrics related to equal treatment and opportunities for all

Diversity metrics (S1-9)

The following table discloses the gender distribution at our top-management level:

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Number of female employees at top management level	61	58	18	15
Share of female employees at top management level (in %)	31.3	29.9	32.0	30.6
Number of male employees at top management level	134	136	38	34
Share of male employees at top management level (in %)	68.7	70.1	68.0	69.4
Number of employees with other gender at top management level[2]	–	–	–	–
Share of employees with other gender at top management level (in %)[2]	–	–	–	–
Total number of employees at top management level	**195**	**194**	**56**	**49**

[1] The Group also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.

[2] A dash indicates that a value was collected that corresponds to 0 when rounded.

We define top management level as all employees in senior management positions (Role 6+). We use a market-oriented system to rate positions within the company. To facilitate consistency across the organization, each position is assigned to a specific role with an overarching job architecture classifying each role as one of 11 levels, 15 functions and a range of career types (Core Operations, Services & Support Groups; Experts; Managers; Project Managers).

The following table shows the total number of employees, broken down by age:

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Number of employees under 30 years old	7,750	8,174	483	504
Number of employees between 30 and 50 years old	40,046	39,520	2,107	2,099
Number of employees over 50 years old	14,665	14,862	1,043	1,112

[1] The Group also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.

Based on birth year, we determine employees' age and allocate them to their respective age group.

Training and skills development metrics (S1-13)

The following table discloses employees' participation in regular performance and career development reviews, including a breakdown by gender as well as the average number of training hours per employee:

	2025	2024
Share of employees that participated in regular performance and career development reviews (in %)	98.0	98.0
by gender		
Female (in %)	98.0	99.0
Male (in %)	98.0	98.0
Other (in %)	29.0	3.0

Performance and career development indicators are based on the number of performance reviews (year-end conversations) documented in our central HR system. Year-end conversations are considered valuable input for career and development conversations. The majority of employees in the category "other" belongs to a in 2025 acquired subsidiary. As Employee data related to performance management is not yet fully integrated into our database Therefore, the actual percentage of employees in the gender category "other" may be higher.

Work-life balance (S1-15)

100% of our employees were entitled to take family-related leave, ensuring that all employees have access to one or more of these leave options. Family-related leave includes maternity (or primary carer) leave, paternity (or secondary carer) leave, general leave related to children, and specific leave for critical situations related to immediate family (or carer) leave.

Remuneration metrics (pay gap and total remuneration) (S1-16)

Our remuneration is based on the requirements of the respective position on the one hand and the performance of the individual employee on the other hand. We make no distinctions based on gender or any other demographic characteristics. To ensure a competitive remuneration structure, we regularly review our salary policy using data analyses and industry benchmarks. Before we make changes, we thoroughly analyze current market conditions and practices and involve relevant stakeholders as well as important stakeholder groups, such as employee representatives, where applicable. In addition to individual performance, our annual and long-term incentive plans measure company performance on the basis of financial and non-financial indicators. The latter are intended to drive forward our High-Impact Culture and sustainability strategy. In addition to a competitive salary, we offer attractive additional and social benefits through our benefits programs, such as a company pension scheme, health insurance and other employee insurances as well as other local offers, such as bicycle leasing or discount programs.

The percentage gap in pay between female and male employees, expressed as a percentage of the average pay level of male employees, amounted to 7.3% (2024: 8.8%) in 2025 (unadjusted pay gap). For the calculation, we considered the difference in average pay levels between female and male employees. Additionally, we opt to analyze the adjusted gender pay gap as we understand that this metric provides a more accurate representation of pay disparities by controlling for various factors such as education, experience and job roles. The adjusted gender pay gap defines the difference in average pay levels between female and male employees after controlling for various factors that can influence pay. In the most recent analysis of all countries and markets where we operate (except the United States), the adjusted (unexplained) gender base pay gap was identified to be less than 1,5% in favor of men. While this outcome is positive and below the established benchmark, we remain committed to monitoring pay data and taking appropriate actions as necessary.

The ratio between the remuneration of our highest-paid individual and the median remuneration for our employees amounted to 122 in fiscal 2025 (2024: 97.3). The underlying calculations for both indicators are based on taxable employee compensation; they include annual base salary, short-term and long-term incentives, all other recurring payments (such as allowance and profit sharing), and all benefits in kind (taxable benefits). Various objective factors influence the pay gap as well as the total annual remuneration, including the type of work, the country/market and business sector in which employees are employed as well as individual factors such as educational qualifications, length of service, age, performance, and work experience. To calculate the median annual total remuneration, we included all employees who worked for us the full year, excluding the highest paid individual and employees on unpaid leave.

Workers in the Value Chain (S2)

Our business model is based on scientific research and responsible entrepreneurship. For us, they are the key to technological progress. We source numerous raw materials, packaging materials, technical products, components, and services from all over the world. Accordingly, we depend on the stability and reliability of our suppliers and supply chains. The impacts identified in our materiality assessment related to workers in the value chain result from our complex supply chain, our business activities and geographical conditions. Therefore, the objectives of our supplier management are compliance with human rights and environmental due diligence obligations through suitable policies, processes, and actions. We aim to act ethically and responsibly in our own business practices as well as in our supply chain to minimize human rights violations and abuses. We expect the same commitment from our suppliers and have defined this in our Supplier Code of Conduct. In case human rights violations or breaches of labor standards occur in the supply chain, we apply remedial actions specifically targeted at our suppliers and expect the deviations to be addressed promptly and effectively.

Definition of workers in our value chain

Our company operates in complex supply chains, often involving several supplier levels between us and the sources of the raw materials used in our products. Consequently, our manufacturing operations may indirectly have adverse impacts on workers in our upstream value chain, especially their working conditions, equal treatment and opportunities, and other work-related rights. The risks of such impacts are mostly widespread and often systemic, particularly in supply chains involving raw materials extraction and sectors such as transportation, logistics and distribution.

In this context, workers who may be particularly affected by human rights violations in the value chain include:

- Workers who extract, process and transport conflict minerals such as tin, tungsten, tantalum, and gold (3TG). A significant proportion of these workers often operate in the informal economy and lack access to basic labor protections. They may be exposed to unsafe work environments, discrimination, insufficient health and safety practices, unfair pay and, in severe cases, child labor. In addition, conflict minerals may be extracted in conflict-affected and high-risk areas, where armed groups may trade minerals to finance and continue conflict that affects workers and local communities.
- Workers who extract, process and transport mica. Mica is an important raw material in effect pigments, which are used in the automotive, cosmetics, and plastics industries. We used this raw material in our business unit Surface Solutions, which we divested on July 31, 2025. We sourced most of our mica from Rajasthan and Bihar, India, where mining conditions are often hazardous. Similarly, as for the 3TG, there is a considerable risk of child labor, discrimination, unsafe working conditions and a lack of formal employment structures. Local authorities' lax supervision further exacerbates this problem.
- Workers in the transportation, logistics, and distribution sector may experience precarious working conditions, excessive working hours, a lack of health and safety protection, and mistreatment and discrimination.

Workers in our upstream value chain from the aforementioned groups are particularly susceptible to negative effects. This includes people who do not have a good command of language in the workplace, meaning they have difficulty understanding safety instructions and/or communicating effectively with colleagues, for example. Workers with physical or mental challenges may also be more susceptible to injury or accidents in the workplace. Women can be discriminated against and treated unequally in the workplace, affecting their access to work in the first place, safe working conditions, fair promotion opportunities, and adequate health and safety resources.

Workers in our upstream and downstream value chain, such as distributors or agents, may be additionally affected by geopolitical events. These events and the risks they pose are external and therefore not linked to any impacts or dependencies by our business activities or relationships with workers in our value chain. Workers working in the operations of a joint venture or workers in our downstream value chain are not affected by our material impacts. Workers who work on our site and fall into the category of non-employees (for example, self-employed workers or temporary workers contracted by temporary employment agencies) are part of our own workforce (S1).

Our main impacts, risks and opportunities related to workers in the value chain (SBM-3)

Diversity, Employment and inclusion of persons with disabilities

Identifier	S2-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Discrimination: Disrespecting equal opportunities, diversity, equity, inclusion and non-discrimination can lead to human rights violations in our value chain. In our upstream areas of work, it is possible that women and minorities are comparatively underrepresented.

Measures against violence and harassment in the workplace

Identifier	S2-NI-02
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Violance and harassment: In our complex international supply chains with different levels of employee protection, certain workers for example in risky countries may be exposed to violence and harassment in the workplace. Violence and harassment in the workplace creates severe negative consequences for workers' physical and mental health.

Child labor, Forced labor

Identifier	S2-NI-03
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Medium-term
Value chain step	Upstream
Description	Forced and child labor: The presence of forced labor and child labour within the value chain has severe negative implications for workers, organizations, and society as a whole. This exploitative practice undermines fundamental human rights and has significant negative impact for workers health and quality of life. Despite robust due diligence and monitoring mechanisms, there is a possibillity that forced labor and child labor might occur in the supply chain of multinational organizations with complex supply chains, especially when raw materials, for example conflict minerals, are sourced from risky regions.

Adequate housing, Water and Sanitation, Privacy

Identifier	S2-NI-04
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Medium-term
Value chain step	Upstream
Description	Inadequate living standards: Due to the complexity of our supply chains and the nature of the materials we are sourcing, it cannot be ruled out that workers in the upstream value chain are affected by inadequate housing, lack of water and sanitation, and insufficient privacy. For instance, this may be the case in the mining industry by sourcing mica.

Secure employment, Working time, Adequate wages

Identifier	S2-NI-05
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Social protection gaps: As our global supply chains comprise countries with limited regulation or enforcement measures to protect workers, we bear the risk that companies providing inadequate wages and social insecurity are part of our supply chain and negatively affect workers' living conditions.

Health and Safety

Identifier	S2-NI-06
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Hazardous working conditions: Health and safety aspects play a major role in our supply chains, which also include countries with weak enforcement of health and safety laws. For example, contract manufacturers in industrial manufacturing or workers in the mining industry face health and safety risks from exposure to heavy machinery, harmful substances and high temperatures, among others. Unhealthy, unsafe and hazardous work conditions can cause physical and mental health issues for workers.

Health and safety

Identifier	S2-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Short-term
Value chain step	Upstream; downstream
Description	Geopolitical disruption risks: The effects of some unprecedented geopolitical events do not only pose a burden on the health care system, but also directly affect economies. In case of such events for which there is no adequate ad hoc measures or treatments in place, there is a risk that supply bottlenecks will arise through the loss of people/workforce, which can lead to financial and reputational damage for the Group.

Our policies related to workers in the value chain (S2-1)

Human Rights Charter	
Connection to material impacts, risks and/or opportunities	Identifier S2-NI-05; S2-NI-07; S2-NI-08
Material sustainability matter	Health and safety, child labor, forced labor
Key contents	The policy outlines our commitment to respecting human rights and supporting its realization across our operations, supply chain, and business relationships. It addresses specific human rights issue areas such as social and labor standards, access to health, product stewardship, research ethics, privacy, supply chain and business relationships, investment decisions, communities, security, and bribery and corruption. Additionally, the policy describes our overarching human rights due diligence process including the handling of concerns and grievances. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. Furthermore, we expect our business partners and other parties linked to our operations, products and services to respect human rights and practice human rights due diligence as articulated in our policy.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the International Bill of Human Rights; the UN Guiding Principles on Business and Human Rights (UNGP); the principles of the UN Global Compact; the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, and the ILO Declaration on Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered the interests of external stakeholders such as trade unions, industry associations, and representatives of potentially impacted groups. We also drew on the knowledge of internal topic experts in these matters.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Policy Statement on Compliance with Human Rights and Environmental Due Diligence Obligations	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-01; S2-NI-02; S2-NI-03; S2-NI-05; S2-NI-06
Material sustainability matters	Health and safety, other work-related rights
Key contents	This policy aims to uphold human rights and ensure sustainable environmental practices throughout the entire supply chain. The policy includes our human rights commitment and our due diligence obligations. Moreover, it describes the process of how we ensure that we meet our human rights and environmental due diligence obligations. This process includes risk analysis, preventive action and remedial action, complaints procedures as well as documentation and reporting obligations. Our due diligence obligations are implemented based on national and international standards and in line with the German Supply Chain Due Diligence Act. Our expectations as regards to human rights and the environment as per the German Supply Chain Due Diligence Act must be acknowledged and adhered to by all of our employees and suppliers: • Ban on child labor: We take a zero-tolerance approach to any form of child labor; • Ban on discrimination: We do not tolerate discrimination against anyone based on characteristics such as gender or gender identity, culture or national origin, ethnic origin, race, color, religion or beliefs, disabilities, age, sexual orientation, family or marital status, military or veteran status; • Ban on forced labor: We take a zero-tolerance approach to any form of forced or compulsory labor, slavery and human trafficking; • Freedom of association: We respect the right to form employee representative bodies and engage in collective bargaining (in accordance with the law in the place of employment); • Compliance with legal requirements on pay and working hours: We comply with national legislation on working hours, pay, minimum wage and social security benefits or the international standards of the ILO where there are no national regulations; • Security personnel monitoring: Regardless of the type of contract, we observe applicable national law when using external personnel (e.g., security personnel) in contractual and labor relations. We take appropriate action to inform and monitor external personnel, especially with regard to human rights risks; • Occupational health and safety: We conduct suitable occupational health and safety management action to prevent accidents and work-related illness wherever possible.
Scope of application	The policy applies Group-wide at all our sites and to our upstream and downstream value chain.
Accountability	The Executive Board and Human Rights Officer.
Third-party standards/initiatives	The policy is based on the Universal declaration of Human Rights, the ILO core labor standards, the Ten Principles of the UN Global Compact, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal and external stakeholders.
Availability	The policy is publicly available on our website.

Supplier Code of Conduct	
Connection to material impacts, risks and/or opportunities	Identifier S2-NI-02; S2-NI-03; S2-NI-04 S2-NI-05; S2-NI-06
Material sustainability matter	Working conditions, health and safety
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services (“Suppliers”) and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel.
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

Responsible Minerals Sourcing Charter	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-03; S2-NI-04; S2-NI-05; S2-NI-06
Material sustainability matter	Health and safety
Key contents	The policy governs our approach to the sourcing of minerals from conflict-affected and high-risk areas. The focus of this charter is on minerals such as tin, tungsten, tantalum and gold (also known as 3TGs) as well as cobalt, which are mined in conflict and high-risk areas. The extraction of these minerals, also known as "conflict minerals", carry the risk of contributing to human rights violations. For this reason, we have developed a comprehensive due diligence program and due diligence practices that comply with international laws.
Scope of application	The policy applies Group-wide and supplements the requirements arising from our Supplier Code of Conduct.
Accountability	Senior Management of business sectors, Business Sector Conflict Minerals Lead and Group Procurement.
Third-party standards/initiatives	The policy is based on the EU Conflict Minerals Regulation (EU) 2017/821 and German law 585/19 on the implementation of (EU) 2017/821 of the European Parliament. We also strive for practices that are in line with the Dodd-Frank Wall Street Reform and Consumer Act, section 1502 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is publicly available on our website.

Conflict Minerals Due Diligence Guideline	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-03, S2-NI-04, S2-NI-05, S2-NI-06
Material sustainability matters	Health and safety, child labor, forced labor
Key contents	The objective of the policy is to ensure compliance with applicable laws and codes as well as international standards relating to the sourcing of conflict minerals from conflict-affected and high-risk areas. To comply with these regulations and maintain consistency, the policy describes our due diligence process and the associated practices specifically designed to address conflict minerals originating from conflict-affected and high-risk areas. The policy is regularly updated and monitored.
Scope of application	The policy applies Group-wide at all sites and also to our value chain.
Responsibility	Business Sector Senior Management, Business Sector Conflict Minerals Lead and Group Procurement.
Third-party standards/initiatives	The policy is based on the EU Conflict Minerals Regulation (EU) 2017/821, the German Act 585/19 implementing Regulation (EU) 2017/821 of the European Parliament, the Dodd-Frank Wall Street Reform and Consumer Act, Section 1502 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on our intranet.

Mica Sourcing Governance Process	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-03; S2-NI-04; S2-NI-05; S2-NI-06
Material sustainability matters	Health and safety, child labor, forced labor
Key contents	Mica is sourced for the production of effect pigments from regions that face challenges related to poverty, political instability and human rights issues. According to our human rights commitments outlined in our Human Rights Charter and policy statement, we have to ensure that no human rights violations occur within our respective sphere of influence and that our business activities do not infringe upon these rights. The policy process aims to ensure that our suppliers comply with the requirements of the Supplier Code of Conduct and our Human Rights Charter. For example, progress in improving sustainability in mica sourcing is to be summarized and documented in order to provide a shared view of the current status. The policy is regularly updated and monitored.
Scope of application	The policy applies Group-wide to our value chain.
Accountability	Mica Steering Committee.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on our intranet.

Risk Management Process for External Supply Chain	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-01; S2-NI-02; S2-NI-03; S2-NI-05; S2-NI-06
Material sustainability matter	Health and safety, child labor, forced labor
Key contents	The Risk Management Policy document for our external Supply Chain refers to the Group Standard "Human Rights Due Diligence Obligation." This document, which is applicable for the entire company, defines a system with core elements of the diligence obligations regarding the protection of human rights including the social and specific environmental aspects. The policy is regularly updated and monitored.
Scope of application	The policy applies Group-wide to our own operations and to our upstream value chain.
Accountability	Group Procurement and the Executive Board.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders and experts
Availability	The policy is available on our intranet.

Our human rights commitment

As an international company, we have the responsibility to respect human rights, including labor rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. We want to ensure that no human rights violations occur at our subsidiaries, suppliers, or business partners. We also aim to work toward improving the respective circumstances if human rights violations are identified. In doing so, we are fulfilling our due diligence obligations and complying with legal obligations, such as the German Supply Chain Due Diligence Act. In the event of inconsistencies between our Group-wide standards and national laws, we try to act in accordance with whichever standard is stricter while complying with the laws in the countries in which we operate. This helps us to contribute to the UN Sustainable Development Goals (SDGs).

We do not engage directly with workers in our value chain. We work with other companies in industry initiatives to ensure that we operate according to industry standards and can rely on comparative data and expert analyses. For example, until the divestment of our business unit Surface Solutions, we engaged in the multi-stakeholder group Responsible Mica Initiative (RMI). RMI aims to reduce human rights risks in the mica supply chain. In addition to the interests of companies, the interests of value chain workers are also considered in order to improve working conditions and eliminate child labor and forced labor. More information can be found under **S2-4**.

We have processes to remedy human rights and environmental violations. They include a Group-wide whistleblowing and complaints system through which any stakeholder can anonymously report potential violations. Regardless of the source – such as reports from the media or civil society or reports from our complaints system – we take effective action to end, remediate or otherwise address the potential harm to affected stakeholders. If an investigation confirms that a supplier poses a human rights or environmental risk or has committed a violation, we take appropriate steps, such as audits and corrective action plans. More information can be found under **S2-3**.

The implementation and operationalization of our human rights due diligence has been outlined, including clear responsibilities assigned for the monitoring of risk management. Our Human Rights Officer is responsible for monitoring human rights and environmental due diligence. As we consider the fulfillment of due diligence obligations as a cross-sectoral task, in addition to our Human Rights Officer, topic managers in the respective functions, business sectors and local units are also responsible for their operational implementation. In addition, external experts are consulted for certain topics and tasks. The overall responsibility for respecting human rights lies with our Executive Board.

In fiscal year 2025 we did not record any confirmed cases in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct our supply chain (2024: 0). One case was reported through our Compliance Hotline. The case was investigated and not confirmed as a human rights violation. Our Human Rights Officer was informed about the matter.

Our processes for engaging with workers in value chain in relation to the impacts on them (S2-2)

We do not yet have processes in place to directly engage with workers in the value chain and their representatives about material actual/potential impacts and risks affecting them.

Our processes for addressing negative impacts and channels through which workers in the value chain can raise concerns (S2-3)

As a multinational company that operates globally, we cannot rule out the possibility that negative impacts on people and the environment occur in our supply chains. We therefore work systematically to identify, prevent, mitigate or otherwise address such impacts. These efforts include standardized processes – in particular, our supplier selection and supplier performance evaluation processes – as well as our integrated Human Rights and Environmental Due Diligence program. This program encompasses a full range of due diligence processes, such as risk management, preventive and remedial actions, our complaints system, news monitoring as well as our specific process for conflict minerals.

Supplier selection and evaluation processes

We factor social, human rights, and environmental expectations into the selection and evaluation of suppliers. Our supplier sustainability score combines ratings of suppliers' ESG practices (primarily reflected in their EcoVadis assessment) with various decarbonization indicators (such as availability of product carbon footprint, SBTi targets, or share of renewable electricity). The supplier sustainability score is considered when selecting suppliers and when assessing their overall performance. Our overarching objective is to gradually shift a greater proportion of spend to suppliers that demonstrate a strong sustainability performance. The supplier sustainability score supports this objective.

Risk management process

We conduct an annual risk analysis to identify and monitor our suppliers' human rights and environmental risks. If business realities change, we conduct additional risk analyses on an ad hoc basis. The analysis's findings flow into our decision-making and other business processes and shape our choice of preventive and remedial actions. The annual risk analysis has two stages: abstract and concrete. The abstract risk analysis is based on third-party country and industry indices and our business volume with each supplier. It enables us to identify risky and top-spend suppliers, which are subjected to the second, concrete stage. This involves an EcoVadis assessment to evaluate the robustness of their sustainability management systems and to obtain a comprehensive scan of news reports about them and any sanctions they may face. We classify suppliers whose performance falls below a certain threshold as high-risk suppliers. For those, we need to take remedial action, as described in the next section.

Preventive and remedial actions

When risks have been identified, we take preventive measures. These include, for example, acknowledging our Supplier Code of Conduct, completing the associated training, and conducting supplier assessments and audits. More information can be found under **S2-4**.

The Remedial Actions Guideline explains the actions that we need to take to incentivize suppliers to end, mitigate or otherwise address a human rights or environmental violation. There are two scenarios under which remedial action is necessary: first, if our suppliers' sustainability assessment or audit results do not meet our expectations; second, if we obtain knowledge of adverse impacts through our complaints mechanism or news monitoring. The latter scenario is described in the next two sections: "Complaints mechanism" and "News monitoring".

If suppliers do not meet our expectations regarding their sustainability assessment or audit, we work with them to define and implement remedial action plans within an appropriate timeframe. The most common issues requiring remedial action in 2025 were employee health and safety, social dialogue and diversity, discrimination and harassment. In addition, we ask our suppliers to formally acknowledge our Supplier Code of Conduct and complete a training module on the policy.

Complaints system

Potential violations of human rights, legal provisions and environmental regulations can be reported via our Group-wide whistleblowing and complaints system. A central component of this is our Compliance Hotline, which we have set up in collaboration with a third-party provider. Both our employees and workers in our value chain can report suspected cases in more than 40 languages via this system: free of charge and anonymously, either by telephone or via a web-based application. The channels can be accessed via our external website **Compliance-Hotline**. All reports are treated confidentially and are checked and processed according to a clear and transparent process. The persons responsible for the investigation are independent and autonomous. Group Compliance accepts complaints received via the aforementioned channels and passes them to the specialist departments responsible for processing. The respective Group functions are responsible for complaints that concern their business activity.

The Center of Excellence for Sustainability within Group Procurement is responsible for the timely handling of possible violations in the supply chain. If the investigation confirms human rights or certain environmental risks or violations in our company or at our suppliers, appropriate remedial measures are initiated in accordance with our Remedial Actions Guideline. At the same time, we regard the reports as an opportunity to review our internal processes and structures and improve them where necessary. The human rights and environmental whistleblowing procedures contain a description of our compliance process and are available on our website in the following languages: English, German, Chinese, French, Hindi, Japanese, Korean, Portuguese and Spanish. The complaints system is described in our Supplier Code of Conduct. Furthermore, we outline in our Supplier Code of Conduct that our suppliers need to have a complaint system in line with effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights (UNGPs) or other applicable laws. They must encourage and enable their employees to report concerns or illegal activities. Suppliers shall follow up on concerns and take corrective actions if needed. The complaints system also needs to be made available and actively communicated to external rights holders. Additionally, our suppliers with low human rights scores have to complete a training module on our Supplier Code of Conduct, which specifically includes information about our complaints system.

Our complaints system meets all established effectiveness criteria for non-judicial grievance mechanisms, as set out in the UN Guiding Principles on Business and Human Rights (UNGPs): it is legitimate, accessible, predictable, fair, and transparent. We are working on improving the effectiveness of our complaints system.

News monitoring

When we become aware of news media, government or civil society reports of potential human rights or environmental violations in our supply chain, we investigate the matter immediately. If the allegations are substantiated, we take appropriate action to ensure that the supplier in question mitigates, ends or otherwise addresses the violations. In the event of severe human rights violations we may terminate our commercial relationship with a supplier if they fail to cooperate in remediating the violation.

Our investigation process consists of identifying the nature of our business relationship with the entity (direct supplier or indirect upstream supplier), establishing a timeline of events, collecting contextual information from various public sources and requesting that the supplier provide a formal statement on the matter. Regardless of whether the violation occurs at a direct or indirect supplier, our respective sourcing team first engages with the direct supplier with which we have a contractual relationship. If the violation involves an upstream indirect supplier, we collaborate with our direct supplier to investigate and remediate the case. The complaints procedure is closed if the investigation determines with sufficient certainty that no violation occurred. If the supplier responsible for the violation is unresponsive and/or unwilling to take remedial action, we initiate an escalation process as defined in our Remedial Actions Guideline.

Similarly, as for cases reported through our complaints system, the investigation, remedial actions and escalations draw on expertise from across our company, including Procurement, the Human Rights Office of Merck KGaA, Darmstadt, Germany, the Legal team, and business risk owners from the affected business sectors (Life Science, Healthcare, Electronics).

Due diligence process for responsible mineral sourcing

During the fiscal year 2025, we were subject to the EU Conflict Minerals Regulation (EU) 2017/821, which requires companies to exercise due diligence in sourcing minerals from conflict-affected and high-risk areas. As part of this obligation, we conducted and publicly disclosed an independent third-party assessment of our responsible minerals sourcing practices. Our human rights and environmental due diligence program prioritizes materials with elevated risk profiles, particularly mica and conflict minerals, namely tin, tantalum, tungsten and gold (3TG). We identified high-risk suppliers in India and conducted independent third-party on site audits for all of them.

In addition to our standard due diligence procedures, we implement dedicated activities as outlined in our Conflict Minerals Due Diligence Guideline. Our Procurement and Quality departments worked together to collect Conflict Minerals Reporting Templates (CMRTs) and/or Extended Minerals Reporting Templates (EMRTs) from our suppliers and validate them. If the Responsible Minerals Initiative’s (RMI) Responsible Minerals Assurance Process deems a smelter listed in our suppliers’ CMRTs or EMRTs to be non-conformant, we engage with the smelter and require them to implement a remedial action plan within a defined timeframe. If there are clear indications that suppliers do not adhere to our principles for responsible minerals sourcing, we require an independent third-party on site audit. In cases where serious concerns persist and the supplier fail to cooperate, we reserve the right to terminate the business relationship.

Our initiatives and actions regarding workers in the value chain (S2-4)

In order to fulfill our human rights due diligence obligations, we have implemented a variety of measures as described in the following. The aim is to protect affected workers and to prevent, end, mitigate or otherwise address adverse impacts on human rights. Unless otherwise stated, all memberships in the industry initiatives listed below-are ongoing.

Together for Sustainability supplier assessments and audits

Together for Sustainability (TfS) is a global initiative that brings together more than 50 leading companies to promote sustainable sourcing practices in the chemicals industry. Suppliers' sustainability performance is assessed by TfS member companies or by EcoVadis, an independent rating agency. EcoVadis assesses suppliers from more than 175 countries and over 200 sectors in four key areas: environment, labor and human rights, ethics, and sustainable procurement. On top of the assessments, suppliers are also monitored through a 360-degree news watch. The results are shared among TfS member companies in compliance with all restrictions stipulated by antitrust law.

TfS provides us access to 2,179 (2024: 2,695) valid scorecards on the assessment of our suppliers, almost 2,092 (2024: 2,587) of which completed a new assessment or re-assessment in 2025. These were either initiated by us or by other TfS members. In 2025, we continued our collaboration with member companies in TfS workstreams. We contributed to several best practice sharing and collaboration formats such as the TfS Talks as well as TfS Coordinator Roundtable. The TfS Academy offers training courses for employees of member companies. The module on human rights due diligence covers topics such as child labor, forced labor, human trafficking, discrimination and harassment. We use this leverage to enforce sustainability standards and requirements in supplier contracts to ensure compliance with ethical practices and environmental responsibility. We pool our knowledge and resources in a global network to drive systematic improvements in the supply chain.

Training on the Code of Conduct

Since January 1, 2023, a specific contractual clause has been applied to all new contracts, through which we enshrine the obligation to comply with our Supplier Code of Conduct. Suppliers that present certain risk factors or a low human rights score must undertake training on our Supplier Code of Conduct. This involves using an interactive e-learning tool that we have developed based on the content of the policy in various language formats. The training can also be carried out as part of an existing action plan or to enhance supplier awareness. All remedial actions and training initiatives of suppliers are documented. By this, we aim to ensure that the implemented measures are driving continuous improvement of our supplier's performance. If the supplier fails to meet the minimum requirements and does not show improvement, appropriate escalation is initiated.

Membership of the Responsible Minerals Initiative

Our membership in the Responsible Minerals Initiative (RMI) reflects our commitment to safeguarding the labor and human rights of workers in our minerals supply chains. The RMI provides us with various tools and resources that support us in making responsible sourcing decisions that comply with the EU Conflict Minerals Regulation (EU) 2017/821. For example, the RMI Facilities Database allows us to check audit results of smelters and refiners that are in our suppliers' supply chains in accordance with the RMI's Responsible Minerals Assurance Process. The Reasonable Country of Origin Inquiry list gives insights into smelters' and refiners' source countries. In addition, RMI's Global Risk Mapping Platform allows users to identify material mineral-related risks at early on.

Membership of the Responsible Mica Initiative

We are a founding member of the Responsible Mica Initiative and held its presidency from 2017 to 2025. The initiative brings together more than 100 companies and organizations dedicated to eliminating child labor and unacceptable working conditions in the mica supply chain. In 2025, we continued to support the initiative's efforts to improve both the working conditions in mica extraction (in part by conducting audits) and the living conditions in nearby communities. We divested Surface Solutions – our only business unit that used mica as a raw material, effective July 31, 2025, and therefore ended our membership in the initiative.

Improving the living conditions of mica workers

Our business unit Surface Solutions, which was divested on July 31, 2025, sourced mica from the Indian states of Jharkhand and Bihar. Insufficient social and economic factors contribute to poor working conditions, including child labor in these regions. We supported this region by safeguarding local employment and livelihoods. Therefore, we contractually agreed a monthly wage of 17,500 Indian rupees with our suppliers for the workers in the mines and factories. In 2023, the workers in processing units and mines in our supply chain already received the aforementioned fixed salary, independent of mica volumes harvested or processed. This wage is a living wage that contributes to a decent standard of living for workers and their families while helping to eliminate the root cause of child labor. We continued to monitor the maintenance of this living wage. Moreover, we worked to improve the living conditions of families in mica mining areas. Since 2012, we have been funding three schools in Jharkhand, India, which currently have around 490 students, as well as five vocational training centers, all of which are run by our local partner, the non-governmental organization “The Indo-German Export Promotion Project” (IGEP). In addition to our support for education, we also helped to improve access to healthcare. For example, we fully fund a health center operated by IGEP in Sapahi, Bihar, which serves around 20,000 residents of the region. Due to the divestiture of our Surface Solutions business unit, which used mica as raw material, by July 31, 2025 the initiative will no longer be moved forward by us.

External audits in the mica supply chain

Until the divesture of our business unit Surface Solutions, we collaborated with our partner IGEP. This organization IGEP has been carrying out regular unannounced visits since 2013: IGEP monitors occupational safety and compliance with laws to combat child labor. In 2025, its inspections focused on medical check-ups for workers and conducting mock fire drills. We regularly optimized the escalation process together with IGEP. Supplier assessments were carried out in meetings every third week with representatives of our company. These meetings helped to identify any required actions, which our sourcing teams then discussed and implemented with our suppliers. Our employees in Kolkata and Darmstadt took action to address any identified issues. As a result, our suppliers have successfully improved the working conditions at these sites. If the corrective actions are not respected, we may suspend or even terminate our business relationship with them.

Evaluating and tracking mica sources

We used a digital traceability system to help ensure that the mica we purchase is derived from mica sources qualified by our company and audited accordingly as described above, focused on working conditions as well as environmental, health and safety aspects. Based on written records of the daily extraction quantities, we reviewed the volumes of mica reported and supplied to the processing facilities. The effectiveness of this initiative was proven by the fact that we only sourced mica from mines that fulfill due diligence requirements.

Monitoring of supply chain resilience

To increase supply resilience, we identify and monitor relevant suppliers against criteria such as financial, operational and ESG related risks, and their strategic importance to the business. This approach supports our category sourcing teams to identify potential mitigation actions with impacted suppliers and supports them in making improvements. As part of our comprehensive procurement risk management approach, which is based on various external data sources and indices, we also monitor potential global events (for example, geopolitical, climate, natural catastrophes, military conflicts, etc.). In the case of an identified risk, our sourcing teams work closely with our business sectors to take the necessary action, for example, creating a contingency plan with our suppliers.

Ensuring ethical labor practices: Our commitment to SDG 8.7

We demonstrate our commitment to Goal 8 of the 17 UN Sustainable Development Goals "decent work and economic growth" through our initiatives, taking immediate and effective actions to contribute to the elimination of forced labor, end modern slavery and human trafficking, prohibit and eliminate the worst forms of child labor, including conscription and the use of child soldiers, and end all forms of child labor. We have an ongoing commitment to help establish and maintain fair and ethical labor practices in our operations and throughout the supply chain. By adhering to stringent ethical and social standards, regularly reviewing compliance, as well as engaging with suppliers to ensure ethical practices, our approach facilitates continued improvement in eradicating forced labor, modern slavery, human trafficking, and child labor. This commitment to human rights due diligence and responsible supply chain standards aligns with the aim of SDG target 8.7 and contributes to the company's ongoing dedication to ensuring fair and ethical labor practices within its operations and across its supply chains.

Roles and Responsibilities

Procurement is responsible for integrating sustainability requirements into the relevant stages of our sourcing and supplier management processes. Our Center of Excellence for Sustainability coordinates the relevant actions, such as updating our guidelines where necessary, examining processes and coordinating our participation in external initiatives to collaborate with peers and further stakeholders about human rights due diligence in our supply chain. We use internal communication channels and training to regularly inform and update Sourcing teams responsible for selecting and contracting suppliers. These updates include our guidelines and sustainability requirements, including human rights requirements affecting workers in the value chain as set out in our Supplier Code of Conduct.

We have defined clear roles for the governance of the due diligence process for conflict minerals. The Conflict Minerals Project Lead oversees the governance process, leads the project teams, and updates senior management. The Business Sector Conflict Minerals Lead oversees supplier reporting and participates in due diligence activities, for example, by monitoring conflict mineral supplier assessments, including human rights aspects for workers in the value chain via the RMI Facility database at an early stage. The procurement team engages in risk mitigation and ensures compliance with sourcing expectations. They are also responsible for gathering supplier information and managing supplier relationships.

The Head of Corporate Responsibility, Surface Solutions, was the central contact for topics related to mica sourcing until July 31, 2025. Under his responsibility business requirements were defined, audits executed and outcomes reviewed to manage corrective actions that affect working conditions for mica workers, for example. Our procurement unit responsible for sourcing mica was in direct contact with suppliers to reiterate the importance we place on ethical, social and environmental standards. Our Head of Product Compliance, Surface Solutions headed mica advocacy efforts and served as the President of the Responsible Mica Initiative until the divestment of our business unit Surface Solutions effective July 31, 2025.

Our targets in relation to workers in the value chain (S2-5)

Sustainability assessment of our relevant suppliers	
Reference to material impacts, risks and/or opportunities	Identifier: S2-NI-04; S2-NI-05; S2-NI-06
Material sustainability matters	Child labor; forced labor; adequate housing; secure employment; working hours; adequate pay; health and safety
Target	We strive for transparency in all our procurement regions. This is in direct relation to the strategic goal of anchoring sustainability throughout value chains by 2030. Our interim objective is to ensure that by the end of 2025, 73% of our relevant suppliers and 92% of our relevant supplier spend (based on spend data from 2024) will be covered by a sustainability assessment. We define relevant suppliers as: a) Annual total number of suppliers, which are rated with a higher risk score according to our human rights and environmental risk analysis b) Total annual number of suppliers contributing to 50% of procurement-related spend, excluding suppliers mentioned under a). Our target for sustainability assessments reflects our overarching Group Sustainability Strategic goal: By 2030, we will fully integrate sustainability into our value chains. We defined it in an internal, interdisciplinary process to ensure alignment with our procurement objectives. Supplier data is consolidated through an automated process and regularly reviewed by the Sustainability Council of Merck KGaA, Darmstadt, Germany. Due to its strategic relevance, we also report this indicator under ESRS 2 (SBM-1). We are working on enhancing our sustainability performance indicators regarding suppliers. Therefore, since we now have appropriate sustainability assessments for the majority of the relevant suppliers, we will focus on selecting more suppliers with a good sustainability profile from 2025 onwards.
Reference value/year	We introduced supplier assessments as a sustainability key indicator in fiscal year 2022 (based on data from fiscal year 2021). At that time, 33% of our relevant suppliers and 74% of our procurement spend attributable to them were covered by a valid sustainability assessment.
Methods	The annual calculation of the key indicator is based on the data from our relevant suppliers. This includes the procurement-related spend and the number of suppliers as of December 31 of the previous year, along with valid sustainability assessments from the current year. The first step is to consolidate the assessments of our relevant suppliers from various external platforms. We then compare the total number of ratings with the total number of our relevant suppliers. In the second step, we evaluate how much of our procurement-related spend is attributable to these assessed suppliers and compare this figure with our total procurement spend.
Consideration of stakeholders	We developed the target internally.
Changes from the previous year	No changes were made.
Performance/Key figures	In fiscal year 2025, we worked with our relevant suppliers on new assessments and reassessments. 73% (2024: 75%) of our relevant suppliers were covered by a valid sustainability assessment. 96% (2024: 94%) of our procurement spend attributable to these suppliers was covered by suppliers with a valid sustainability assessment.

Sustainability assessment of our suppliers with good sustainability profile	
Reference to material impacts, risks and/or opportunities	Identifier: S2-NI-04; S2-NI-05; S2-NI-06
Material topic	Child labor; forced labor; adequate housing; secure employment; working hours; adequate pay; health and safety
Target	As part of our ambition to achieve transparent and sustainable supply chains, we set a new target in 2025. We aim to increase the proportion of our total spend that is allocated to suppliers with a valid sustainability assessment rated 'good' or higher to 61% by 2027.
Reference value/year	The baseline for the target is 2024, at that time 55% of the total spend allocated to our suppliers had a sustainability assessment rated with “good” or higher.
Methods	The annual calculation of the indicator considers the sourcing supplier spend as of December 31 of previous year and current year data for valid assessments. A “good” rating for suppliers in sustainability assessments indicates that the supplier has exceeded a predefined threshold assessment score. Suppliers with a “good” rating have achieved a high level of maturity in criteria such as environmental impact, human rights, and compliance with sustainability standards. These suppliers are considered to be reliable partners that contribute to our overall sustainability goals.
Consideration of stakeholders	We developed the target internally.
Changes from the previous year	New target
Performance/Key figures	In fiscal 2025 59% of our spend was allocated to suppliers with a sustainability assessment rated “good” or higher.

The measurement of metrics related to workers in the value chain has not been separately validated by an external body.

Consumers and End-Users (S4)

Ensuring patient health and safety is our top priority. From clinical trials to post-market surveillance, we aim to ensure that our medicinal products are effective in combatting disease while posing the lowest possible risk to patients. At the same time, we recognize that access to healthcare remains unequal. Our strong commitment to health equity includes holistically combining innovation, equitable access and active community engagement to ensure that all individuals – regardless of their geographical, social and economic background – can benefit from our healthcare solutions. This chapter is divided into two subchapters: Health and safety of our patients as well as access to our products and services and access to (quality) information. They describe how we safeguard patient well-being, promote equitable access to healthcare solutions and help patients make informed decisions about our medicinal products.

Definition of consumers and end-users

Our materiality analysis included identifying impacts, risks and opportunities related to consumers and end-users. All consumers and end-users who are likely to be materially impacted by our company were taken into account when describing our strategy and business model. All impacts, risks and opportunities related to consumers and end-users that exceed our materiality threshold are attributable to our Healthcare business sector.

Our Healthcare business sector's consumers are primarily individuals who acquire, consume, use, or are intended to use our medicinal products and services, such as patients, their relatives or carers. Our primary end-users are adult and pediatric patients who use or are intended to ultimately use our medicinal products and services. End-users also include clinical trial participants (patients or healthy volunteers participating in clinical trials).

Furthermore, our end-users include those who benefit from the information and services we offer, such as people who are made aware of diseases through campaigns and/or who make use of our diagnostic or screening services. The same applies to students or researchers who take part in initiatives to foster health skills in science. Our end-users are particularly vulnerable to health impacts as they are primarily patients or people with medical needs. Medicinal products offer benefits to patients, yet may also pose risks. Consequently, our products may result in some end-users experiencing adverse effects and/or facing an increased risk of undesirable conditions/diseases. Consumers and end-users of our products depend on accurate and accessible product- or service-related information – such as manuals, product labels or package inserts – for healthcare professionals or for themselves to use the product correctly and ultimately obtain the intended effects and minimize adverse effects. In addition, our end-users may also include particularly vulnerable populations, such as children or people who are financially disadvantaged.

Moreover, the range of therapeutic areas in which we aim to improve healthcare and the nature of our business model result in our treatments being provided to consumers and end-users who may be at greater risk of harm due to particular characteristics. Examples of such end-user groups include:

- End-users participating in clinical trials for innovative treatments for severe diseases who may be exposed to risk of harm due to the less-well-characterized efficacy and safety profile of the treatment solutions under investigation.
- Oncology patients who are exposed to cancer drugs that can have inherently harmful effects (adverse effects) due to their mode of action. However, patients being treated for a life-threatening disease like cancer may accept such risk if the treatment is beneficial in combatting the disease.
- Pediatric patients (such as those receiving medicinal products for the treatment of schistosomiasis) are vulnerable end-users.

Our material impacts, risks and opportunities in relation to consumers and end-users (S4 SBM-3)

Health and safety	
Identifier	S4-PI-01
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations; downstream
Description	Health innovation: Our medicinal products have a direct or indirect positive impact on public health. Exploring transformative technologies beyond our core products and markets can help develop breakthrough solutions that benefit society.

Health and safety	
Identifier	S4-PI-02
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Short-term
Value chain step	Own operations; downstream
Description	Patient-focused development: In the healthcare sector, ensuring the safety and efficacy of our medicinal products is crucial for public health. We strive to adhere to high ethical and scientific standards. During clinical trials we implement patient-focused drug development to involve patients, carers and their advocates more actively. Additionally, we secure early access to drugs through specific programs. These efforts ensure that patients receive our medicinal products safely and enable the delivery of new treatments to people worldwide, including in low- and middle-income countries.

Health and safety	
Identifier	S4-PI-03
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Short-term
Value chain step	Downstream
Description	Pharmacovigilance: Promoting robust safety frameworks and a safer healthcare environment promotes the well-being of all patients. We strive to proactively work with health authorities to improve and strengthen pharmacovigilance systems in order to benefit patients. This collaboration can improve the health and safety of consumers and end-users by ensuring the effective monitoring and management of the safety of our medicinal products.

Health and safety

Identifier	S4-PI-04
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Short-term
Value chain step	Downstream
Description	Product-related crime: Illegal or counterfeit medicinal products pose a significant threat to public health. Our initiatives to combat counterfeit medicinal products often exceed legal requirements. By implementing measures that enhance the detection of counterfeit medicinal products and assist authorities, we ultimately improve patient protection.

Access to products and services

Identifier	S4-PI-05
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Downstream
Description	Access to health: Access to products and services is essential for patients because it directly improves their health outcomes and quality of life. However, healthcare systems face multiple challenges in providing access to healthcare for all patients. Pharmaceutical companies and healthcare providers play a crucial role in ensuring this access. Beyond what is required by law, we strive to promote health equity by making health solutions available, accessible and affordable. This has a positive impact on our consumers and end-users. Access not only leads to better health outcomes but also enhances overall patient satisfaction and well-being.

Access to (quality) information

Identifier	S4-PI-06
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Downstream
Description	Health awareness and capacity: Access to quality information is crucial for patients and the community as a whole. It significantly influences health outcomes and overall well-being. When people are well-informed about their health conditions and treatment options, they are empowered to make better decisions. Access to quality information is a fundamental aspect of our concept of people-centered care. Furthermore, our capacity-building and health-system-strengthening initiatives are essential to ensure that healthcare providers have the necessary skills and knowledge to benefit patients. Pharmaceutical companies play a vital role in this landscape by providing clear, accurate, and accessible information about their products and associated diseases.

Health and safety

Identifier	S4-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Medium-term
Value chain step	Own operations; downstream
Description	Liability claims: In the pharmaceutical industry, companies encounter inherent risks associated with liability claims related to the health and safety of patients. We are exposed to potential liability claims concerning our marketed medicinal products and clinical trials. Although we anticipate that significant product claims will occur with low probability, there is a risk that our insurance coverage may not be sufficient to cover such claims, potentially leading to financial loss.

Health and safety

Identifier	S4-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Short-term
Value chain step	Own operations; downstream
Description	Pharmaceutical research and development risk: There is a risk that new drug candidates in development may not achieve the intended clinical outcomes during preclinical or clinical trials. This may be due to a lack of efficacy or unforeseen safety issues. Even if clinical trials are successfully completed, there remains the possibility that regulatory authorities may not grant marketing authorization due to concerns about the benefit-risk profile, insufficient data, or compliance issues. This poses financial and reputational risks to our company.

Health and safety

Identifier	S4-O-01
Material impacts, risks and opportunities	Opportunity
Time horizon	Short-term
Value chain step	Own operations; downstream
Description	Developing innovative medicinal products: Advancing health and safety for patients presents a significant opportunity for growth in the pharmaceutical industry. We are committed to research and development (R&D), continuously evaluating and realigning our pipeline projects through regular portfolio management reviews. This strategic focus allows us to invest in areas that best meet patient needs, enabling the development of innovative medicinal products. Additionally, we pursue strategic alliances with external partners and engage in in- or out-licensing of programs to ensure efficient resource allocation in addressing health and safety challenges.

Patient health and safety

Our strategy to improve patient health

As a science and technology company, we are committed to advancing healthcare and to improving patient health by using our innovations to deliver first-in-class or best-in-class medicinal products that pose the lowest possible risk. The safety of patients treated with our medicinal products is our top priority. We continuously aim to adapt our strategy to address material impacts.

Our focus on innovative solutions and transformative technologies aligns with our strategy to address high unmet medical needs across all our therapeutic areas, thereby driving our organic growth. In addition, we continuously evaluate our R&D pipeline to prioritize investments in areas that best meet patient needs and to focus in particular on complex or rare chronic conditions. Communicating effectively and monitoring our products post launch enable us to mitigate risks associated with adverse effects, underscoring our commitment to patient safety throughout the product life cycle. Our portfolio includes the therapeutic areas of oncology, rare diseases, neurology and immunology, fertility as well as diabetes, cardiovascular diseases, metabolic disorders, and endocrinology. **Fundamental Information about the Group** contains more details about our healthcare product portfolio. It can be found in the Management Report under Company Profile and Structure/Healthcare.

Clinical trials

Obtaining regulatory approval for our medicinal products involves conducting clinical trials with patients and, if necessary, also with healthy volunteers to investigate the safety and efficacy of our medicinal products. We aim to do so only in countries where we intend to market our medicinal products to ensure accessibility to them after successful market authorization. Clinical trials, which typically involve hundreds of participants, enable us to investigate and provide new treatments to patients, including those living in low- and middle-income countries. Clinical trials may also have a positive impact on participants, who receive potentially life-saving medicinal products in a controlled setting and prior to commercial availability. Before deciding whether to continue developing a medicinal product, we carefully and thoroughly assess all available data to ensure that its potential benefits for patients outweigh its potential risks.

If a medicinal product demonstrates a favorable benefit-to-risk ratio in clinical trials and receives regulatory approval, we launch it commercially. We aim to ensure the safe use of our products on the market by continuously reviewing and assessing safety data updates on them.

In the event that drug candidates fall short of expectations, we set up financial provisions for costs necessary to meet our obligations to trial participants (connected to IRO S4-R-02). As of December 31, 2025, provisions for follow-on obligations in connection with discontinued clinical development programs in the amount of € 80 million are accounted for. Of this amount, € 45 million are additions in fiscal 2025 and payments totaling € 43 million were made, as well as reversals totaling € 69 million. More information can be found under Note **(27) Other provisions** in the Notes to the Consolidated Financial Statement. Furthermore, impairment losses on intangible assets in the amount of € 223 million were recognized in fiscal 2025 in connection with discontinued development projects in the Healthcare business sector. The further financial consequences of this risk on the next reporting period cannot be estimated at this time.

Ethical and scientific principles

We have established strict company requirements and compliance guidelines to ensure that we conduct clinical trials ethically. The safety, well-being, dignity, and rights of the sick and healthy participants in our clinical trials are our top priority. We ensure patient safety during clinical trials by selecting participants based on eligibility criteria considering known risk factors, such as age and comorbidities. Notably, we only enroll the precise number of patients required to answer the scientific and medical questions posed. Our clinical trials always address issues that are relevant to improving the healthcare that patients receive. We only conduct them if our established methodology indicates that the medicinal product being developed is likely to demonstrate significant therapeutic promise and a positive benefit-to-risk ratio.

Special protection for specific patient groups

We are committed to conducting clinical trials that adequately represent the diverse patient populations that are likely to use our medicinal products after regulatory approval. This ensures that we assess the safety and efficacy of our medicinal products across different patient populations. We achieve this by enrolling a diverse range of participants. Participants vary by a number of factors, including but not limited to age, sex and gender identification, ethnicity, race, religion, socioeconomic background, and disability. A written statement of our commitment to diversity in our trials can be found on our **website**. In addition, each clinical trial has specific inclusion and exclusion criteria to ensure that only participants likely to benefit from the treatment are selected. This enables us to increase the likelihood that our clinical trials ultimately have a positive impact on the patients and communities who need the medicinal products being tested.

Clinical trials that involve participants from vulnerable populations must be conducted with particular care to ensure compliance with the highest ethical and scientific standards. We therefore only conduct studies involving such populations if scientifically justified and if there is no alternative approach to achieving conclusive results.

Integrating patient perspectives

We are committed to patient-focused drug development that actively involves patients, carers and their representatives. Their valuable perspectives and insights into disease and treatment management help us make more informed decisions at every stage of drug development. **S4-2** provides more information.

Governance and compliance in clinical trials

We audit the processes and procedures of our clinical trials on a regular basis to verify their compliance with applicable laws and guidelines. Regulatory agencies also perform inspections for external verification. In addition, we review the safety reports across the entire product life cycle and immediately address any unforeseen risks as applicable. Senior boards, such as our Medical Safety and Ethics Board, oversee emerging safety concerns. In addition, cross-functional teams assess the benefit-risk ratio of each medicinal product and its development strategy, seeking to properly characterize and mitigate risks for our consumers and end-users while increasing the likelihood that the medicinal products will have a beneficial effect.

Early access programs

Our early access programs make some of our investigational medicinal products available for treatment prior to the approval of health authorities. We strictly control access to these programs to ensure the safety and well-being of patients. Patients treated with such products must have a serious or life-threatening disease or condition, have exhausted all other treatment options and be unable to participate in a clinical trial. Moreover, clinical data must sufficiently indicate a reasonable expectation that the patient can have a clinically meaningful benefit and that the medicinal product has an acceptable safety profile for the patient. Internal audit procedures ensure compliance with our standard governing this type of access.

Approved medication for unapproved uses

Additionally, we receive unsolicited requests from physicians to provide access to approved medicinal products for unapproved use, free of charge. We strictly control access to ensure patient safety and well-being. The same conditions regarding patient status and benefit-risk profiles apply as described for the early access programs.

Post marketing

Once the medicinal products receive regulatory approval and enter the downstream value chain, we collaborate with wholesalers and/or distributors as well as pharmacies in the respective countries to deliver our medicinal products. Pharmacies also help to ensure correct and responsible product use. Our medicinal products can be obtained with a prescription to ensure that their use is safe and medically justified. Where applicable, we support patients and end-users by providing educational materials and guidance on safe administration. We periodically hold Patient Advisory Board meetings to learn more about our patients' perspective. These meetings focus on patient-facing materials, disease journeys, and support programs. **S4-2** and **S4-3** describe the various ways in which we engage with patients. We also work closely with healthcare professionals and organize Medical Advisory Boards to gain insights from their treatment experience. Their feedback informs our business strategy, including drug development and the design of patient-support programs aimed at improving care.

Ongoing product safety monitoring

As stated in our Code of Conduct, the safety of patients treated with our medicinal products is our top priority. We strive to continuously monitor any treatment-related risks or adverse effects and take the necessary action to minimize them in order to safeguard the interests and the rights of our consumers and end-users of our medicinal products. We have established a pharmacovigilance system in accordance with our legal obligations and international guidelines to ensure that we monitor adverse effects, including those not detected during clinical development. This enables us to identify and communicate them transparently, thereby reducing risks for patients. Our pharmacovigilance encompasses the entire life cycle of a medicinal product: development, market launch, clinical use, and, in some cases, expiration or revocation of regulatory approval.

Our policies related to consumers and end-users (S4-1)

Standards on Human Research and Clinical Trials

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-05; S4-R-02; S4-O-01
Material sustainability matter	Health and safety
Key contents	We have several internal policies on human research and clinical trials: Standard on Human Research, Standard on Investigator-Sponsored Studies and Standard on Collaborative Research Studies. These policies define how we strive to protect the safety, well-being, dignity, and rights of all patients in our clinical trials. They also cover the principles of ethical medical governance, the appropriate frameworks for clinical trials with the aim of advancing clinical and medical knowledge in accordance with applicable laws and codes. The policies are regularly monitored and updated if necessary. Compliance with the policies is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policies covers the downstream value chain of the Healthcare business sector. The policies' affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policies.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	The policies are based on the World Medical Association's (WMA) Declaration of Helsinki on ethical principles for medical research involving human subjects, the ICH Guideline for Good Clinical Practice (GCP) E6 (R2) and the CIOMS International Ethical Guidelines for Health-related Research Involving Humans. Other quality documents incorporate additional principles and guidelines, such as our position statement on data privacy. These documents include references to other guidelines and principles, such as Good Laboratory Practice (GLP), Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), the Joint Position on the Disclosure of Clinical Trial Information via Clinical Trial Registries and Databases, and the Joint Position on the Publication of Clinical Trial Results in the Scientific Literature published by the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the Pharmaceutical Research and Manufacturers of America (PhRMA), and the EFPIA and PhRMA Principles for Responsible Clinical Trial Data Sharing and the IFPMA Principles for Responsible Clinical Trial Data Sharing.
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and requirements.
Availability	The policies are available internally on the intranet.

Medical Governance Standard

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-PI-05; S4-O-01; S4-R-02
Material sustainability matter	Health and safety
Key contents	The purpose of the policy is to ensure compliance of all human research activities with recognized medical and ethical standards. It aims to protect the rights, safety, dignity, and well-being of patients using our products and subjects participating in clinical studies. This policy describes the framework of our internal medical governance with roles and responsibilities, committees, guidelines, standards, and processes. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers downstream activities of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	The policy is based on the WMA Declaration of Helsinki and the ICH GCP E6 (R2).
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Standard on Managed Access to Medicinal Products

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-PI-05
Material sustainability matter	Health and safety
Key contents	This policy describes the principles and requirements for managing patients' access to medicinal products in three specific situations: early access to investigational medicinal products (Early Access), access to approved medicinal products for unapproved uses (Post-Approval Access) and access to medicinal products following participation in a clinical study (Post-Study Access). The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers downstream activities of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as healthcare professionals and employees of the Healthcare business sector who need to comply with it and are trained on the policy.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	The policy is based on the Principles of the Pharmaceutical Research and Manufacturers of America on conduct of clinical studies, while the section addressing Post-Study Access is based on the Principles of Post-Trial Continued Access to an Investigational Product (November 2024), the WMA's Declaration of Helsinki, and the International Ethical Guidelines for Health-related Research Involving Humans by the Council for International Organizations of Medical Sciences.
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Standard Procedure: Product Quality Complaint Management

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-02; S4-PI-03; S4-R-01
Material sustainability matter	Health and safety
Key contents	The policy defines the following requirements: All complaints regarding products and services related to GMP (Good Manufacturing Practice) or GDP (Good Distribution Practice) must be recorded and investigated promptly and effectively. Complaint management includes receiving, recording, evaluating, investigating, responding to, and monitoring complaints, as well as analyzing complaint trends to prevent recurrence. Additionally, complaints should be screened for adverse events and forwarded to the relevant safety function. Furthermore, the policy defines the rules for reporting such complaints to management and to health authorities. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Healthcare Quality unit.
Third-party standards/initiatives	The policy is based on: ISO 9000:2005: Quality Management Systems – Fundamentals and vocabulary; WHO-GMP: Good Manufacturing Practices for pharmaceutical products; ICH Q10: Pharmaceutical Quality Systems; US-GMP: Code of Federal Regulations (CFR) parts 210, 211, 600, 803, 820; Eudralex Volume 4 Chapter 8; ISO 13485:2003: Medical devices – Quality management systems – Requirements for regulatory purposes; ISO 14971:2007: Medical Devices – Application of Risk Management to Medical Devices; EMA Classification: Rapid Alert System: Classification of Urgency of Defective Medicinal Product Alerts (EMEA/INS/GMP/313510/2006, rev 1); Europe MEDDEV 2.12-1 rev 8: Guidelines on a medical devices vigilance system; European Commission: Falsified medicinal products directive, 2011/62/EU & European Commission: Commission Delegated Regulation, 2016/161/EU; Health Canada, Health Products and Food Branch Inspectorate; Good Manufacturing Practices (GMP) Guidelines – 2009 Edition, Version 2; Canadian Medical Device Regulations SOR/98-282
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-02; S4-PI-03 ; S4-PI-06; S4-R-01
Material sustainability matter	Health and safety
Key contents	The policy guides our workforce in conducting business ethically, in line with our company values and the law. It outlines our commitment to respect human rights, our principles in the workplace and for dealing with external business partners, customers, consumers and end-users. The policy also addresses our principles of responsible business conduct, for example, product safety, patient safety and the ethical conduct of clinical studies. Furthermore, the policy describes various reporting methods for employees if they suspect that internal or external rules are being breached. The update incorporated content and structural changes and improved user-friendliness to enhance readability and access to related governance documents and tools. Along with our values, it now addresses other important topics such as digital and data ethics, money laundering prevention and our High-Impact Culture. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. It also applies to downstream business activities and relations with external stakeholders, such as consumers and end-users.
Accountability	Executive Board.
Third-party standards/initiatives	The policy follows the principles of the UN Global Compact.
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Pharmacovigilance Governance Standard

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-R-01; S4-R-02; S4-O-01
Material sustainability matter	Health and safety
Key contents	The policy addresses patient safety. In line with the policy's objectives, our Global Patient Safety unit has a clear organizational structure in which all local/regional patient safety staff report directly to Global Patient Safety. The policy describes our pharmacovigilance framework, including organizational structure, processes, governance, and systems. Pharmacovigilance objectives are monitored through our pharmacovigilance quality strategy and the annual quality plan; performance and compliance are monitored through internal and external key performance indicators. The policy is regularly monitored and updated, if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers downstream activities of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Head of Global Patient Safety unit.
Third-party standards/initiatives	The policy is based on the Commission Implementing Regulation (EU) 2025/1466 amending Commission Implementing Regulation (EU) No 520/2012, Directive 2010/84/EU; the General Data Protection Regulation (GDPR); the Regulation (EU) 2016/679 GVP Modules and Annexes; the Regulation (EC) No 726/2004 and U.S. Food and Drug Administration (FDA): Code of Federal Regulation 21, Title 21 and relevant FDA drug safety guidance documents.
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Standard on Patient Support Programs

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-05
Material sustainability matter	Health and safety
Key contents	The policy provides a framework of general requirements and operational guidelines for the management of all types of patient support programs to comply with applicable laws, codes and company standards. Patient support programs conducted by the Healthcare business sector or any third party acting on behalf of our company are organized programs with the objective of providing benefits and support to patients in the diagnosis, treatment and management of their disease or condition and/or addressing specific aspects of their patient journey (for example, education, diagnoses, adherence, and compliance). According to this policy, the purpose of such programs is to enhance patient care, which will directly benefit patients and they are not revenue-driven or conducted for the purpose of generating profits. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users based on the Healthcare business sector's definition as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Group Standard Illicit Trade & Product Crime Prevention

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-04
Material sustainability matter	Health and safety
Key contents	The policy defines the general actions required to protect the business, patients and our customers from product-related crime. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers all consumers and end-users affected by counterfeit products that are falsely associated with our company.
Accountability	Chief Security Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Good Practice and Process Guidance: Engagement with Patients, Patient Opinion Leaders, Carers, Patient and Carer-led Organizations

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-O-01
Material sustainability matter	Health and safety
Key contents	The policy provides a framework for working with patients, patient opinion leaders, carers, and patient- and carer-led organizations. As a global healthcare company focused on patients' needs, our company is committed to fostering an open dialogue with and listening to the patient community and their carers to increase our knowledge of patients' needs and act to meet them. This is in order to: • Find better innovative healthcare solutions for patients; • Take into account and respond to the broader needs of patients and carers throughout the patient journey; • Facilitate meaningful patient engagement in the areas of improved health outcomes, access to care, policy issues, clinical development, and medical innovation. The policy is regularly monitored and updated if necessary.
Scope of application	The scope of the globally applicable policy covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users based on the Healthcare business sector definition as well as employees of the Healthcare business sector (excluding U.S. employees) who need to comply with and are trained on the standards.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Group Quality Policy

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-PI-05; S4-R-01; S4-R-02
Material sustainability matter	Health and safety
Key contents	This policy follows the vision "Quality is embedded in everything we do" and defines the strategic framework for quality-related activities at our company. These activities must be performed in compliance with our Code of Conduct, the applicable Group Quality Documents, the Healthcare Marketing Best Practices, and the applicable regulations. The objective is to ensure that products, services and systems are delivered to patients and our customers at the intended level of quality, safety and efficacy. The policy is regularly monitored and updated if necessary. Compliance with the policy and internal quality standards is to be ensured by internal quality audits.
Scope of application	The scope of the globally applicable Group policy also covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees from all organizational units and legal entities who need to comply with the policy.
Accountability	Head of Corporate Quality Assurance.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Our human rights commitment

We are committed to respecting the human rights of consumers and end-users in line with the UN Guiding Principles on Business and Human Rights (UNGP), and we expect our employees and our business partners to do so as well. Specific company documents outline the relevant management processes and actions for particular human rights issues such as research ethics, including clinical studies. However, we currently do not explicitly monitor compliance with human-rights-related processes and actions with regards to consumers and end-users. Our commitment to human rights is further reflected in our long-standing participation in the UN Global Compact, which we joined in 2005. We endeavor to prevent the risk of human rights violations to the greatest degree possible, not only at our own sites but also along our entire value chain. More information can be found under **Our policies related to consumers and end-users**.

We have also adopted a Supplier Code of Conduct, which applies to all providers of goods and/or services to our company (suppliers) and sales intermediates (such as dealers, distributors, wholesalers, agents, and resellers). It defines minimum standards, which suppliers agree to meet, for respecting human and labor rights, occupational health and safety, business integrity, environmental protection, continuous improvement, and supplier management. More information can be found under **S2**.

We have a Group-wide whistleblowing and complaints system that enables any stakeholder to report – anonymously and free of charge – potential human rights violations or product-related risks. The WHO Patient Safety Rights Charter (2024) considers patient safety to be an important application of human rights norms and standards in healthcare settings. For example, patients have the right to receive safe medication, to be heard when they experience adverse effects related to the use of our products, and to obtain timely, accurate and complete information about how to use our products safely. Our product complaints channel and our pharmacovigilance system address these rights of patients and end-users. If new safety risks are identified, we immediately inform health authorities and relevant stakeholders and take corrective action, including product recalls where necessary. Our complaints system is general and is not limited to cases relating to consumers and end-users. Violations of our Code of Conduct or legal provisions as well as human rights and environmental concerns during clinical studies can be reported via our Group-wide whistleblowing and complaints system.No severe human rights issues or incidents connected to consumers and end-users were reported in 2025.

If our safety risk assessments identify any new safety issues, if safety observations in the downstream value chain require urgent safety measures or if we identify new safety information that could impact the benefit-risk profile of our medicinal products (for example, in the event of a product recall as part of crisis management), we immediately notify the health authorities using the appropriate emergency response procedures. Emergency response procedures include seeking health authority approval for further actions and communicating the information to relevant healthcare professionals. In addition, we promptly share this information with our business partners and clinical trial investigators, enabling them to take proper action where the medicinal product in question is used. More information can be found under **Our complaint handling mechanisms**.

Our processes for engaging with consumers and end-users (S4-2; S4-3)

We aim to continuously improve our research and development approach and are committed to patient-focused drug development. We actively engage with patients, carers and their representatives as well as patient experts and patient advocacy groups – throughout the drug development process as well as after drugs become available on the market – to understand their needs. Their valuable insights into disease and treatment management help us make more informed decisions that benefit the patients throughout a medicinal product’s life cycle. Our compliance guidelines define how we aim to ensure that our engagement activities take place within an ethical framework. The phases in which we engage with consumers and end-users, as well as the type and frequency of engagement vary by process. We generally work with consumers and end-users or their representatives either directly and/or through credible proxies. We issue press releases that provide updates on development milestones in order to transparently disclose new achievements that have the potential to change the treatment patients receive.

Patient Advisory Boards

Patient Advisory Boards (PAB) are a key source of insights from patients and carers. PABs draw from interviews, consulting agreements, surveys, and qualitative and quantitative research projects involving consumers and end-users. We collect feedback on specific conditions and on the experience of living with diseases. Insights from PABs guide decisions across our Medical, Clinical, Clinical Operations, Digital Health, and Communications functions. They also shape patient-support programs, digital tools, awareness campaigns, company strategies, and the development of patient-facing materials to ensure clarity and understanding. In addition, early input from PABs informs protocol development and execution to help make our clinical trials even more patient-centric. Responsibility for PABs lies with Clinical and Medical functions as well as with Government and Public Affairs. All PAB-related activities follow the guidelines of the European Federation of Pharmaceutical Industries and Associations and our policy, Good Practice and Process Guidance: Engagement with Patients, Patient Opinion Leaders, Carers, Patient and Carer-led Organizations.

Patient 360 program

Our annual Patient 360 summit and our Patient 360 projects enable us to collaborate with suitable patients, carers and patient organizations to find solutions for identified gaps or medical needs. We consult with them by means of e-mail and virtual or in-person meetings. After an advisory board session, we typically conduct a survey to gather feedback and assess the process. We summarize the insights, including concrete recommendations for action, in a report that we share with participants of the session and with relevant internal functions that may benefit from it. Valuable insights gained through the program have, for example, helped us plan and validate patient-engagement initiatives, identify gaps in support for carers of individuals with multiple sclerosis and myasthenia gravis, and co-create a website that provides information to patients and carers. The Director of Global Patient Insights & Advocacy for Neurology & Immunology and the Vice President for Global Patient Insights & Advocacy share responsibility for the Patient 360 program.

Medical Advisory Board

Our Medical Advisory Board serves as a forum in which external healthcare professionals can meet with our business sector’s medical employees to discuss unmet medical needs or evidence gaps. The board, which meets on an ad hoc basis, also enables us to obtain direct feedback from treating physicians. In 2025, the board convened 26 times. We supplement this with patients’ feedback on their treatment experience and patient-reported outcomes. We draw on this information to plan our clinical studies. For example, information might lead us to exercise greater caution when enrolling for trials in a particular country in order to prevent bias, to adjust treatments and patient populations, or to modify biomarker strategies to enhance the value of clinical data and improve patient stratification. Our aim is to deliver higher quality work in meeting patients’ needs during drug development, increase the benefits of drugs, and minimize the risks for participants in clinical studies. The accountability for the Medical Advisory Board meetings lies with the Medical function Heads.

Patient Data Collection System

We run a variety of programs to actively communicate with consumers and end-users of the medicinal products we have in the market. The programs may engage with patients, relatives, carers, and healthcare professionals as well as vulnerable groups, such as children, seniors, and pregnant or breastfeeding patients. Other forms of engagement include market research, digital health monitoring tools, patient support programs, and patient hotlines. Such programs or forms of engagement in which we gather feedback about our medicinal products from consumers or end-users constitute our Patient Data Collection System (PDCS). We use the system to collect information about adverse events raised or other concerns regarding a medicinal product’s safety and efficacy. A PDCS undergoes a certification process to ensure consistent safety practices across all qualified programs. The Head of Global Patient Safety unit oversees the PDCS process.

Individual Case Safety Report Management

Our Individual Case Safety Report Management gives consumers, end-users and healthcare professionals several channels to report adverse events. These channels include e-mail, fax, telephone, webpages, and various programs. Our Healthcare business sector provides employees with basic pharmacovigilance training to enable them to collect and report information on adverse events from all sources. Employees who work in programs or tasks related to patient safety receive additional role-specific training. We have established appropriate procedures for supplier management, the management of pharmacovigilance agreements with our business partners and conduct of audits. The adverse event data we collect inform the outcome of our safety evaluation as well as our decision-making. Individual Case Safety Report Management is overseen by the Head of Global Patient Safety unit and follows the Guideline on Good Pharmacovigilance Practices (GVP), Module VI – Collection, management and submission of reports of suspected adverse reactions to medicinal products.

Post-Authorization Safety Studies

Once a medicinal product has been approved by the regulatory authority, the authority may request a study to collect further safety data. These Post-Authorization Safety Studies (PASS) create a mechanism by which we can collect safety data recorded or reported by healthcare professionals. The frequency of engagement to healthcare professionals varies depending on the program structure and requirements. Our Pharmacovigilance Advisory Board is involved in the review and endorsement of each PASS. Once approved and initiated, these clinical studies are then tracked in accordance with Good Pharmacovigilance Practices guidelines. Our collection of data through PASS also considers the vulnerable patient groups mentioned in previous paragraphs. PASS findings are published in the catalogues of Real-World Data Sources and Studies. Our Clinical Studies Transparency Officer also enters the relevant information in **ClinicalTrials.gov**. Accountability for the PASS process lies with the Head of the Global Patient Safety unit.

Up-to-date labeling and product information

Product information documents – such as package inserts, summaries of product characteristics, U.S. prescribing information, instructions for use, and illustrations – provide consumers, end-users, and healthcare professionals with information and labeling about the medicinal products we market. Employees involved in product information and labeling receive role-specific training. Our procedures for medicinal product information are designed to ensure that we update safety information in public portals, on package inserts and in illustrations for all the medicinal products we market. They also aim to ensure that safety information about known product characteristics, indications, ingredients, dosage, storage, warnings, and precautions as well as potential side effects is available to healthcare professionals, consumers and end-users. Package leaflets may include instructions for disposing environmentally harmful ingredients. We regularly review and update our information documents to ensure they reflect the latest safety, efficacy and formulation information. Actual and potential impacts on consumers and end-users of our medicinal products contribute to our product information documents. The Head of the Global Labeling unit is responsible for drug information and labeling.

Safety communications

If our ongoing safety monitoring activities of our medicinal products identify important new safety findings with a potential impact on the benefit-risk profile, we organize the respective safety communication after obtaining the necessary approvals from the relevant regulatory authorities. The safety communication message is delivered to the target group (such as our business partners, healthcare professionals and consumers and end-users) in the appropriate format. Depending on the life cycle of the medicinal product in question and applicable requirements, communication takes the form of a letter, an e-mail, a video, a written statement on a website, or via other internet-based channels such as social media. Safety communication messages disseminated to healthcare professionals are tracked. Employee training for the safety communication processes is covered by role-specific training. The responsibility for such processes lies with the Global Patient Safety unit.

In 2025, we had 3 drug product recalls affecting 446,689 units in total (2024: 5 recalls; 46,465 units).

Our complaint-handling mechanisms

Whistleblowing and complaints system

We have set up a Group-wide complaints system that can be used to report actual and potential violations. A central component of this is our free and anonymous Compliance Hotline. Complaints received via our Compliance Hotline are received by a central and independent team within Group Compliance. This team evaluates the reports and either initiates an investigation directly or, depending on the type, content and nature of the report, may forward the report to the responsible function. If the complaint involves concerns from consumers and end-users regarding medicinal products, the report is forwarded to the appropriate function (for example, the Global Patient Safety unit in case of adverse events) for further follow-up and for initiating appropriate measures. The end-to-end investigation process and remedial action lies within the responsibility of the respective function. Generally, if communication with the reporting person is possible, we would confirm receipt of the report within seven days and aim to provide information on the status of reported concerns within three months after the confirmation of receipt. We do not assess whether consumers and end-users are aware of and trust our Compliance Hotline as a way to raise concern. More information on the Compliance Hotline can be found under **corporate culture (G1)**.

Information and complaint channel

Our general call center 720 serves all customer groups, including healthcare professionals, patients and carers. Contact information, such as phone numbers and e-mail addresses, is provided in the package leaflets or the summaries of product characteristics of medicinal products as well as on the websites of the therapeutic areas. We are legally obligated to be available for reporting adverse events and product complaints, and reconciliation processes are in place for such requests to ensure that all cases are processed appropriately. Our call center services, which may be outsourced, are closely monitored for quality and efficiency and supported by service level agreements with the aim of ensuring high standards. Agents in the call center are subject to knowledge verification and regular training. We regularly review reports and analyses to maintain the availability and functionality of our communication channels. Documenting and tracking adverse event and product complaint reports are integral to our quality management system. We also record and analyze medical information requests to gain insights and assess the recognition and trustworthiness of our call center 720. We do not assess whether consumers and end-users are aware of and trust our call center 720 as a way to raise concerns.

With a centralized follow-up of corrective and preventive actions (CAPA), we help to verify the effectiveness of procedures in connection with complaints. To this end, we carry out regular trend analyses of complaints and their causes in order to identify areas that require improvement. All complaints received are anonymized. Digital systems are used to track complaints, while regular meetings with service providers in accordance with the service level agreements are intended to ensure effectiveness.

Combating product crime

We are committed to combating the illegal counterfeiting of our products. Our Group standard, Illicit Trade & Product Crime Prevention, sets out binding procedures for preventing, identifying and responding to pharmaceutical crime. Implementation is driven by a multidisciplinary team including security personnel and specialists from our Legal, Trademark, Procurement, Patient Safety, Regulatory Affairs, and Quality Assurance functions. This collaborative approach ensures comprehensive coverage and rapid response capabilities across all our operations.

We monitor online pharmacies, e-commerce platforms and social media to detect and remove illicit online listings of our medicinal products. Our investigations – both online and offline – aim to identify and disrupt the availability of illicit products in both legitimate and illegitimate channels. In close cooperation with law enforcement authorities, we support the prosecution of offenders. Our Compliance Hotline, 720 call center and patient safety and product complaint systems are among the channels stakeholders can use to report suspected illegitimate products. We have established processes to ensure rapid and reliable authentication of suspected

counterfeit medicinal products. All reports of suspected product-related crime are documented in our central, Group-wide reporting system, enabling us to compile comprehensive intelligence, link incidents and respond more effectively.

We also strive to fulfill regulatory requirements on product serialization and track-and-trace technologies across multiple countries and regions, including clear barcoding of individually and multiple packaged products. This enables supply chain traceability and increases the likelihood that counterfeit products are detected before they reach patients. Our risk-based approach involves adding extra security features to certain products to make them easier to verify as genuine, thereby promoting consumer and end-user safety.

More broadly, we support global initiatives to protect patients, such as the Global Pharma Health Fund (GPHF), a non-profit organization that supplies the GPHF-Minilab®. This mobile compact laboratory enables users to quickly and effectively test the presence and quantity of 113 different active ingredients, particularly in regions with limited access to healthcare solutions.

Our actions related to consumers and end-users (S4-4)

Our actions in relation to consumers and end-users follow our policies and aim to improve the protection and advance the healthcare of consumers and end-users. Through the following actions, we aim to make progress toward the targets we have set ourselves, which are detailed under **S4-5**. This primarily affects consumers and end-users, R&D functions and our Healthcare business sector as well as external service providers. Unless otherwise stated, all actions mentioned are to be regarded as ongoing and have no fixed completion date.

Inspections and audits to ensure patient safety

We conduct global internal audits to ensure compliance with legal and further requirements such as Good Clinical or Pharmacovigilance Practices as well as our internal standards, and to verify the effectiveness of protection measures for consumers and end-users. These audits affect our R&D function as well as further Healthcare units and external service providers. We carried out 109 audits in 2025 (2024: 113). Regular quality management reviews with Senior Management involve sharing identified trends and risks from audits and inspections. Internal audits that detect relevant observations trigger a root cause analysis and the definition of corrective and preventive actions, which are checked and approved by the R&D Quality Assurance department. In addition, regulatory authorities check whether we are complying with legal requirements and our internal standards. In 2025, 13 health authority inspections took place (2024: 17). We follow up on the findings of these inspections and take necessary actions to ensure the ongoing compliance of our pharmacovigilance system. All audits were completed without significant safety risks to subjects or impact on subject rights or data integrity that could lead to legal action. In addition, all inspections were completed without legal action by an authority. By conducting audits according to pre-defined audit plans, we ensure that our processes are appropriate and that the safety and rights of our consumers and end-users are at no time at risk. Audits and inspections accordingly also constitute a means to allow us to compliantly develop drugs, mitigating the risks for the company arising from dependencies on our consumers and end-users including liability claims.

Patient Safety Day

The aim of our Patient Safety Day is to raise employees' awareness of patient safety and the importance of pharmacovigilance in the local subsidiaries. This annual event is held in accordance with the WHO celebration event schedule. The global awareness campaign took place in September 2025, focusing in particular on ensuring safe care for every newborn and every child. We currently have no specific effectiveness tracking in place. Raising awareness of pharmacovigilance helps to protect patient safety, thus reducing the risk of our company being exposed to liability claims regarding pharmaceutical products.

Roles and responsibilities

Our Global Development unit is responsible for clinical development, including clinical studies and the associated management processes (connected to IROs S4-PI-01; S4-PI-02; S4-PI-03, S4-PI-05; S4-R-01; S4-R-02; S4-O-01). The Head of Global Research and Development reports to the CEO of the Healthcare business sector, who is also a Member of the Executive Board. We review the progress of the development of new products based on predefined milestones. Depending on the results of the clinical studies, we decide whether to continue, change or discontinue development. The Human Exposure Group, led by our Chief Medical Officer, carefully evaluates whether it is safe to expose humans to a new investigational drug in a first-in-human study.

For our medications that are endorsed to undergo active clinical development, two internal boards govern the clinical study protocols and operational plans of our clinical studies. The Integrated Protocol Review Committee is responsible for the studies we conduct with products that are in clinical development. The integrated Medical Study Governance Board is responsible for our own studies on products that have already been approved as well as for all studies conducted by independent investigators that are supported by our company (so-called investigator-sponsored studies). Both boards consist of medical and scientific experts as well as managers with many years of experience in clinical research.

We continuously analyze the potential risks for the participants in clinical studies and for the consumers and end-users of our medicinal products after commercial availability. Our Medical Safety and Ethics Board constitutes the most senior decision-making body for ensuring that the usage of our medicinal products across their life cycle is safe and that they exhibit a positive benefit-risk ratio. It also convenes as required to resolve any emerging questions related to patient safety and the benefit-risk profile of our medicinal products and to discuss particular actual or potential negative safety events. Depending on the type of issue, the board might mandate the termination of a trial, the adaptation of a clinical trial protocol, or a product batch recall, among other actions, to ensure the safety of our patients.

Our Global Patient Safety unit is responsible for managing patient safety (connected to IROs S4-PI-01; S4-PI-02; S4-PI-03; S4-R-01; S4-R-02; S4-O-01). The unit analyzes all safety data and assesses the risk profile on this basis, if necessary. If applicable, we inform regulatory authorities, healthcare professionals and patients about new risks, additional risk mitigation measures and potential changes to the benefit-risk profile. Our Healthcare Quality unit handles quality complaints in connection with our medicinal products.

Our Corporate Security team manages all security risks across our organization, including our strategies and initiatives against product-related crime (connected to IRO S4-PI-04). Supported by experts from Legal, Export Control, Supply Chain, Patient Safety, Regulatory Affairs, and Quality Assurance at both global and local levels, they work collaboratively to safeguard our products and patients.

Our targets related to consumers and end-users (S4-5)

Good Clinical and Good Pharmacovigilance Practice	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-02; S4-PI-03
Material sustainability matter	Health and Safety
Target	Our target for Good Clinical and Good Pharmacovigilance Practice is to achieve a 100% completion rate of the annual audit plan. We apply specific risk assessment tools at regular intervals for each audit type, to define objectives and prioritize audits. Our target for inspections carried out by regulatory authorities is to ensure that observations are properly mitigated to maintain compliance with regulations and internal standards. Furthermore, we aim to deliver inspection responses before or on the due date defined by the regulatory authority.
Reference value/year	Audits: Base value of 100% completion rate of annual audit plan. Inspections: Response to inspection observation delivered on time and no legal action initiated.
Methods	Our audits are based on a risk-based approach. Inspections are initiated by regulatory authorities. The target is not based on scientific evidence.
Consideration of stakeholders	Stakeholders were considered through questionnaires, interviews and previous experience.
Changes from the previous year	No changes were made.
Performance/Key figures	Audits: Target achievement is tracked on a quarterly basis. The progress in target achievement is below what had initially been planned for the reporting period, particularly due to lower-than-expected recruiting rates of patients in our clinical trials. In 2025 we conducted 109 audits (2024: 113). The completion rate of the annual audit plan 2025 (Q2 2025 to Q1 2026) is expected to reach 95% (2024: 96%). Inspections: In 2025, we documented 13 inspections (2024: 17). All inspection responses were delivered before or on the due date defined by the regulatory authority.

Specific information about our target-setting process in relation to the stated target cannot be disclosed. Furthermore, we lack systematic mechanisms to compare our performance with consumer expectations and experiences, and we have not implemented structured processes for collaborative learning and improvement with consumers. For both audits and inspections, we conduct internal learning sessions. Our current approach does not involve direct engagement with consumers and end-users at this stage. In addition, we are looking for ways to improve our understanding of the expectations and experiences of consumers and end-users. We recognize the importance of learning from our achievements and working with consumers and end-users to identify areas for improvement. Our ambition is to systematically identify, manage and report risks associated with consumers and end-users. More information on our actions can be found under **S4-4**.

Access to our products and services and access to (quality) information

Our strategy to improve health equity

Our company is committed to promoting health equity, a strategic priority aligned with our sustainability strategy. At least half of the world's population lacks access to essential health services, and approximately 344 million people live in poverty due to health-related expenses. Achieving health equity involves ensuring communities have access to quality care and addressing inequities in health and living conditions. Overcoming this multifaceted challenge requires collaboration among all health stakeholders. Every community deserves a fair chance at achieving optimal health. We help by working to lower systemic barriers and by creating sustainable, long-term solutions and partnerships to improve health outcomes. We integrate a people-centered approach.

Our efforts to promote health equity are guided by our principles: First, we start with people. We continually strive to respond to the needs of patients, carers and communities and always treat them as active participants in, and beneficiaries of, their care solutions. Second, we build through systems. This reflects our understanding of the importance of aligning our actions with global and local health priorities and forging partnerships that

foster the integration of health systems over the long term. Third, we sustain through shared value. Promoting health equity is beneficial for our business too. Consequently, we continually look for new ways to embed health equity into our commercial strategy as a growth driver and then to design sustainable and scalable business models to promote it.

A key component of our health equity strategy is enabling access to our medicines in low- and middle-income countries. We adopt a holistic approach in addressing the availability, accessibility, and affordability challenges to access these markets:

- Availability: We drive needs-based research and development, broaden and accelerate registration and responsibly manage intellectual property to accelerate the fastest and broadest access to innovation.
- Accessibility: We support countries in strengthening health infrastructure and services to improve patient access to the best possible care. In addition, we design and execute local advocacy initiatives to improve our products' accessibility.
- Affordability: We implement innovative mechanisms to ensure equitable and sustainable access to our innovations and established products.

Our medicines' availability and accessibility depend on a multi-stage process. Our efforts have always been directed toward ensuring that our medicines are readily available and that sustainable financing mechanisms are in place to meet patient needs. One way we ensure affordable access to our healthcare portfolio is by conducting annual price analyses. The purpose is to validate price thresholds and to provide our subsidiaries with guidance on local pricing for the following year. This consistent, data-driven approach combined with equitable pricing initiatives helps our subsidiaries meet their patients' access needs.

We run programs designed to lower barriers to health equity such as our Systematic Health Access and Patient Enablement (SHAPE) program. Our equitable pricing initiatives aim not only to improve access for underserved populations in low- and middle-income countries (LMICs), but also for patients with affordability challenges in high-income countries. More information on our actions can be found under **S4-4**.

Besides enabling access to our healthcare portfolio, our global health engagement also encompasses combatting diseases that disproportionally impact populations in LMICs. These include schistosomiasis, a neglected tropical disease (NTD), and malaria. Moreover, we strengthen healthcare systems in LMICs by investing in local R&D, manufacturing, education, and infrastructure.

Our overall efforts focus on reaching underserved populations in LMICs, where we aim to reach over 170 million patients annually by 2030. This includes more than 80 million through our healthcare portfolio and over 90 million through our global health initiatives. **S4-5** provides more information on our targets.

Our policies related to consumers and end-users (S4-1)

Health Equity Whitepaper	
Connection to material impacts, risks and/or opportunities	Identifier S4-PI-05; S4-PI-06
Material sustainability matter	Access to products and services and access to (quality) information
Key contents	The policy establishes the overarching definition, guiding principles, and framework for driving health equity in the Healthcare business sector. It replaces the Charter on Access to Health in Developing Countries. It aims to provide guidance to the entire company on how to integrate health equity considerations in the commercial, function, and country business plans. It provides guiding principles for engaging with health equity stakeholders, such as patients, communities, healthcare professionals, patient advocacy groups, civil society organizations and public health organizations. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide.
Accountability	Member of the Executive Board and CEO Healthcare.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy takes into consideration needs of stakeholders in driving health equity, including patients, communities, carers, health care systems, patient advocacy groups, civil society and public health providers. Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and credible proxies.
Availability	The policy is publicly available on our website.

SHAPE Governance for In-Market Products	
Connection to material impacts, risks and/or opportunities	Identifier S4-PI-05; S4-PI-06
Material sustainability matter	Access to products and services and access to (quality) information
Key contents	This policy establishes the overarching principles, framework, and governance structure for the SHAPE program within our Healthcare business sector. It is binding for all SHAPE access initiatives for in-market products and is supported by detailed procedural documents. The policy is regularly monitored and updated if necessary.
Scope of application	The policy focuses on our downstream value chain and affects various stakeholders, including patients, communities, healthcare professionals, health service providers (for example, hospitals), charitable organizations, and third-party providers of services and products, as well as employees of the Healthcare business sector who need to comply with the policy.
Accountability	Head of the Global Value Demonstration, Market Access & Pricing unit.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy is developed with patients' needs for accessibility, availability and affordability in mind, including unmet medical needs, ability to pay and availability and maturity of healthcare infrastructure such as testing and diagnostic facilities. Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and credible proxies.
Availability	The policy is available internally on the intranet.

Group Pricing and Access Policies	
Connection to material impacts, risks and/or opportunities	Identifier S4-PI-05; S4-PI-06
Material sustainability matter	Access to products and services
Key contents	Our internal policies on affordability include the following standards: Pricing Governance; Patient Access Program (PAP) Governance; Tender Management Governance. These policies describe how we price our products in a fair, responsible, equitable, and sustainable way. In addition, the policies create a comprehensive framework that defines the requirements, processes and operational guidelines for the initiation and management of our equitable pricing initiatives. The policies are regularly monitored and updated if necessary.
Scope of application	These policies focus on our downstream value chain and affect various stakeholders, including patients, healthcare professionals, health service providers (for example, hospitals), charitable organizations, and third-party providers of services and products, as well as employees of the Healthcare business sector who need to comply with the standards.
Accountability	Head of the Global Value Demonstration, Market Access & Pricing unit.
Third-party standards/initiatives	In developing the policies, we were guided by the Good Practice Standards of the Access to Medicines Foundation. These include addressing local needs and skills gaps, partnering with relevant stakeholders, ensuring strong governance to mitigate conflicts of interest, setting clear and measurable targets, conducting regular monitoring and evaluation while sharing progress publicly, and aiming for long-term integration within the health system.
Consideration of stakeholder interests	Pricing and access governance policies are developed with patients' needs for accessibility, availability and affordability in mind. For example, during the development of the PAP governance, we considered unmet medical needs, ability to pay, and availability and maturity of healthcare infrastructure such as testing and diagnostic facilities. Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and credible proxies.
Availability	The policies are available internally on our intranet.

Our human rights commitment

As stated in our Human Rights Charter, we respect the right to health and are committed to providing high-quality, safe health solutions for all. Our philosophy follows the guidance from the World Health Organization (WHO), which demands "the right to the highest attainable standard of physical and mental health". We apply the concept of implementing this especially for populations in LMICs as well as for populations with access challenges in high-income countries.

Regarding complaint-handling mechanisms and further details on how we comply with laws and regulations but also international guidelines and principles concerning our products as well as how we report human rights incidents, the same apply as for the health and safety of our patients. More information can be found under **health and safety**.

Our processes for engaging with consumers and end-users (S4-2)

When planning our activities regarding access to products and services, as well as access to (quality) information, we do not have specific processes in place for involving consumers and end-users. Further information on our processes for engaging with consumers and end-users can also be found under **health and safety**. We conduct regular stakeholder dialogues with relevant groups, such as payers, payer advisors, patient representatives, and healthcare professionals, to understand the care landscape and the needs of patients and healthcare systems. Our exchange also extends to international organizations, non-governmental organizations, local institutions, and universities. When it comes to addressing global health challenges, we focus particularly on LMICs. Stakeholder dialogue takes place in all phases of the life cycle of our products – from research and development to market launch and post-launch. Engagement takes place through various platforms and in the form of market research projects, roundtables, discussions with stakeholders, education and awareness programs, public consultations, and the involvement of payers. The Member of the Executive Board and CEO of Healthcare is the most senior role responsible for ensuring the engagement.

Our actions related to consumers and end-users (S4-4)

Our actions related to consumers and end-users follow our strategy and aim to improve access to our products and services as well as to (quality) information. In 2025, we served around 108 million patients (2024: 103 million) with our healthcare portfolio, thereof around 70 million patients in LMICs (2024: 65 million). Furthermore, we enabled the treatment of around 75 million people with praziquantel against schistosomiasis (2024: 81 million). The total number of people reached in 2025 amounted to 182 million (2024: 184 million), which we show as a strategic sustainability key indicator (number of people treated with our Healthcare products) under **ESRS 2 (SBM-1)**. Through the following actions, we aim to make progress toward the targets we have set ourselves. Unless otherwise stated, all actions mentioned are to be regarded as ongoing and have no fixed completion date.

In 2025, we allocated € 48 million of operating expenditures (OpEx) to all our actions described in this report related to consumers and end-users to improve access to our products and services as well as to (quality) information. These OpEx are included in the respective lines of the Consolidated Income Statement. For fiscal 2026, we intend to allocate € 31 million of OpEx.

Access to health in low- and middle-income countries

As part of the implementation of our health equity ambition, SHAPE is our long-term, systematic flagship program for improving the availability, accessibility and affordability of our Healthcare medicinal products for underserved patient populations in LMICs. The program includes both existing and upcoming products in our healthcare portfolio. Specifically, we pursue a three-pronged approach that goes deeper, wider and faster. We are going deeper in our collaborative efforts to remove barriers to access in individual countries, including launching equitable pricing strategies and health system strengthening initiatives. We are going wider by making our medicines available in more countries, focusing on those with significant prevalence. And lastly, we are going faster when introducing new products to LMICs, reducing the time between the first global launch and regulatory filings in those countries supported by a streamlined LMIC launch planning process, governance and framework. We anticipate that the implementation and expansion of SHAPE will continue to positively impact our consumers and end-users, leading to more equitable access and further initiatives to strengthen the healthcare system in LMICs.

As of 2025, 15 pilot projects are currently operational in countries such as Argentina, Brazil, Egypt, Indonesia, Mexico, and Peru as well as several other countries in Central America and Africa. In Egypt, for example, we have implemented a SHAPE project for Erbitux®. The program aims to reduce the prevalence and mortality rates of colorectal cancers by increasing public awareness, providing continuous medical education for healthcare practitioners and supporting diagnosis and treatment. We also collaborate with the Cancer Early Detection Presidential initiative by providing education programs for healthcare professionals.

We continue to drive forward activities in and for LMICs through our health equity and accessibility initiatives that help strengthen local healthcare systems. In this way, we prepare and promote access to our innovations and products for high-burden, non-communicable diseases such as various cancer indications. We adopt a partnership approach to maximize our impact in this complex and challenging environment. This includes the shared value program, which supports our teams in LMICs in implementing initiatives that address health system barriers to patient access through capacity building and training for healthcare professionals. Our stakeholders are patients, health authorities, payers and healthcare providers.

The implementation of our aforementioned initiatives is supplemented by monitoring and evaluation processes. In our SHAPE program, the number of patients is the most important key indicator. This is tracked and evaluated on a quarterly basis. In addition, we continuously monitor the progress of the projects regarding important milestones. At the end of the year, we set and validate annual targets for patient numbers and investment needs to ensure the effective implementation of approved projects.

Eliminating schistosomiasis as a public health problem

We aim to eliminate schistosomiasis as a public health problem by 2030, in accordance with the Neglected Tropical Diseases (NTD) Roadmap 2021-2030 of the World Health Organization (WHO). We are committed to the targets of the Kigali Declaration on NTDs, according to which participating companies, governments and private organizations pledge to contain and ultimately eliminate the 21 NTDs, including schistosomiasis. Schistosomiasis, also known as bilharzia, is caused by parasitic worms and affects over 250 million people worldwide, mainly in sub-Saharan Africa. To fight this disease, we have adopted an integrated strategy, which we are implementing in close collaboration with multiple partners worldwide. Our approach is based on four pillars:

- Treatments: As part of our partnership with WHO, we donate up to 250 million praziquantel tablets every year for the treatment of schistosomiasis in countries where the disease is endemic. In 2025, we provided 187 million tablets (2024: 203 million). Based on the treatment guidance of WHO, we estimate that this number of tablets enabled the treatment of around 75 million people (2024: 81 million). Nearly 50 years after its development, praziquantel remains the standard of care for the effective treatment of schistosomiasis around the world. Our target is to reach over 90 million people per year by 2030. As part of the Pediatric Praziquantel Consortium, supported by external funds from Global Health Innovative Technology Fund and the European and Developing Countries Clinical Trials Partnership, we developed arpraziquantel, a new treatment for children aged three months to six years. After the European Medicines Agency issued a positive scientific opinion, in 2024 the WHO included arpraziquantel in its List of Prequalified Medicinal Products. Arpraziquantel dispersible tablets became available in the first African country, Uganda, at the end of 2024; the first preschool-aged children received the medicine in **March 2025** under the Consortium's ADOPT program. This program, which is being conducted in Côte d'Ivoire, Kenya and Uganda, aims to identify routine practices for expanding the new medicine's use in countries where schistosomiasis is endemic. Arpraziquantel was officially included into the WHO Essential Medicines List in September 2025. We applied for marketing authorizations in five countries in 2025: Côte d'Ivoire, Kenya, Senegal, and Uganda as well as Tanzania, where the authorization was already granted. We also continued our work to ensure large-scale local production and sustainable access to the medication.

- Research and development (R&D): We are advancing R&D for a next generation of drugs and have a promising candidate in the preclinical phase. In addition, our participation in a collaborative effort promotes the development of new and more sensitive diagnostics, which will help enable the transition from mass drug administration programs to target treatments.

- Health education for behavioral change: Health education is a crucial component in behavioral change strategies to control and eliminate schistosomiasis. It aims to modify risky behaviors related to water contact and sanitation practices. This will ultimately reduce disease transmission and improve treatment-seeking behavior. Effective health education for schistosomiasis focuses on increasing knowledge, fostering positive attitudes and promoting the adoption of healthy habits. We implement three collaborative initiatives involving local African institutions to raise disease awareness for prevention as well as to influence national policies.

- Advocacy and partnerships: We intend to make even faster progress in the fight against schistosomiasis. That is why we collaborate with a variety of stakeholders – such as academic institutions, research centers, international organizations, governments, and the private sector – and maintain an ongoing dialogue with the wider stakeholder community, for example through the Global Schistosomiasis Alliance (GSA). In October 2025, we signed a new Memorandum of Understanding (MOU) with the END Fund to strengthen our collaborative efforts to eliminate schistosomiasis. The MOU builds on more than a decade of partnership, to establish a strategic framework for joint initiatives to drive innovation and expand equitable and sustainable access to treatments.

Further information on our targets can be found under **S4-5**.

We collect various parameters: the demand for praziquantel tablets through WHO, the production and supply of tablets, the number of people reached (school-aged children and adults), and the countries in which they are used are tracked. We continuously monitor the program and outcomes. Final figures are consolidated and assessed on an annual basis. We expect to continue positively impacting our consumers and end-users through the availability of our products via new, diversified mechanisms for sustainable access, to reach people of all ages who are in need. In the light of the significant effects of recent donor funding cuts, such as those from United States Agency for International Development (USAID), we are exploring new strategies and interventions to reduce the prevalence of schistosomiasis infections.

Preventing and controlling malaria to support elimination

According to WHO estimates, almost half of the world's population is at risk of contracting malaria. The latest annual figures report over 260 million cases of malaria and close to 600,000 related deaths, with around 75% occurring in children under the age of five. Currently, 95% of cases and deaths occur in Africa.

Increasing drug resistance and the need for additional preventive measures render innovations necessary. We have invested in the development of a new medicine to cure and prevent the disease. This medicine has successfully completed Phase IIa clinical trials; the next phase of development is under preparation. The investment in this new health solution aims to create a significantly positive impact from health and socio-economical perspectives in the countries where malaria is endemic. The evaluation of the impact is currently in progress using an integrated model collaboratively developed. We monitor the progress of our activities on an ongoing basis. Reports to governance bodies are submitted upon reaching key milestones, which are used as a basis for making decisions. The development of innovations is complemented by the evaluation of mechanisms that will ensure sustainable and more equitable access to products, once available.

Health education and capacity building

The private sector is a crucial partner in responding to global health threats. We help to ensure that healthcare systems are prepared to address emergencies effectively and to sustainably deliver care to patients in need. In the area of global health, we have established a portfolio of collaborative projects that build up capacity and strengthen healthcare systems in LMICs by investing in four key areas: local research and development, production and supply chains, education and awareness, as well as health infrastructure and training.

We contribute to health equity by building scientific capacity and competencies through our R&D programs with a primary focus on schistosomiasis and malaria. Through technology transfers, we support local production to help countries to become self-sufficient and serve local in-need populations. We build sustainable supply chains of local distributors in Africa through partnership. We also invest in education and behavioral change initiatives to raise awareness on schistosomiasis, through our collaboration with the NALA Foundation in Ethiopia as well as our storytelling approach in Ethiopia, Kenya and Rwanda as examples. We collaboratively develop and implement new approaches and initiatives to strengthen healthcare systems and improve access to, for example, thyroid care in Indonesia, Peru, the Philippines, and in African countries, starting with Kenya.

Equitable pricing approaches

The prices of our products should not be a barrier to accessing treatment. We strive to ensure affordable access to our healthcare portfolio by monitoring the dynamic healthcare environment and markets, pricing and reimbursement systems as well as legal and regulatory guidelines and adjusting our prices where necessary. We have therefore implemented a multitude of equitable approaches including value-based contracting, Patient Access Programs (PAP) and second brands.

We are committed to advancing value-based healthcare through pricing and contracting mechanisms that comply with applicable local laws and regulations. In collaboration with payers, such as health insurance companies, we have developed various product- and market-specific reimbursement and contracting models. These help to provide patients with prompt access to our innovations. In 2025, we continued to implement and

maintain innovative risk-sharing agreements, which give patients with multiple sclerosis direct access to Mavenclad® with agreements in Europe, Latin America as well as the Middle East and Africa. We also implemented an adherence-based agreement for Saizen® in Spain and value-based contracting for multiple products in Korea.

Our PAPs are self-sustaining commercial programs through which we provide approved medicines to underserved populations in LMICs as well as patients with affordability challenges in high-income countries. In 2025, we operated PAPs for nine of our innovative products in over 20 global markets. In India, for example, we offer a PAP for our oncology drug Erbitux® through which financial assistance to eligible underprivileged patients in line with local laws and regulations is provided. Since we initiated the program in 2013, it has been made available to approximately over 10,000 patients nationally. In 2025, around 1,500 patients benefited from the program (2024: around 1,500). In the Kuwait and United Arab Emirates, we introduced a patient affordability initiative to provide access to our oncology and multiple sclerosis treatments to patients who cannot afford the cost. This program is carried out in collaboration with third-party providers and charitable organizations. In 2025, 54 patients benefited from this program (2024: 62).

For some of our existing high-quality products, we offer second brands at affordable prices, especially in countries where many patients live on low incomes. Second brands of the beta-blocker bisoprolol (Concor®) are available at affordable prices in Botswana, Brazil, Chile, Greece, Peru, Poland, Slovakia, and South Africa. Similarly, second brands of levothyroxine (Euthyrox®) are available in Brazil, Mexico and Peru, and second brands of extended-release metformin (Glucophage® and Glucophage XR®) are available in Chile, India, Mexico, Peru, and South Korea.

We expect that the introduction and expansion of our equitable pricing initiatives will continue to have a positive impact on our consumers and end-users over the next 3-5 years and beyond. We monitor the effectiveness of our equitable pricing initiatives on an ongoing basis; mechanisms used to assess the effectiveness vary. For example, the effectiveness of our value-based contracting programs is assessed against pre-set outcomes in the contract, such as financial indicators, performance, and patient adherence-based outcomes. We monitor the outcome of our Patient Access Programs (PAPs) based on patient numbers reached in the respective target populations.

Roles and responsibilities

The member of the Executive Board and CEO of Healthcare has the overarching responsibility for the initiatives related to access to our products and access to (quality) information.

Our Global Health & Health Equity organization is responsible for Group-wide initiatives and programs aimed at developing and providing access to health solutions and driving health equity by creating equitable and sustainable access mechanisms for patients and communities (connected to IROs S4-PI-05; S4-PI-06). Our team works closely with the various sectors to leverage our collective strengths and expertise internally as well as with a large number of international and local partners. Beyond enabling extended access to our healthcare portfolio by leveraging strategic approaches and shared value initiatives, we also focus on diseases that disproportionally impact populations in LMICs by prioritizing efforts for disease control toward the elimination of schistosomiasis as a public health problem, and catalyzing innovations for malaria.

Our Global Value Demonstration, Market Access & Pricing (GVAP) unit sets the prices for the market launch in coordination with the respective franchises and is responsible for the cross-functional global SHAPE program (connected to IROs S4-PI-05; S4-PI-06). It reports directly to a member of our Healthcare Executive Committee. In addition, the GVAP unit systematically evaluates our medicine portfolios and implements equitable access initiatives. Our local subsidiaries are responsible for price management and adapt prices to changing local conditions. This is done in accordance with our pricing governance and the defined price approval process.

Our targets related to consumers and end-users (S4-5)

Access to our Healthcare portfolio	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-05
Material sustainability matter	Access to products and services
Target	As part of our health equity ambition, we aim to increase access to our products and services in LMICs. Our target is to provide access to our Healthcare products for more than 80 million patients by 2030 (part of the overall target to reach more than 170 million patients each year including schistosomiasis in these countries by 2030). The focus for non-communicable diseases is on head and neck cancer, colorectal cancer and bladder cancer as well as endocrine disorders.
Reference value/year	Around 57 million patients in fiscal 2023.
Methods	We use our product sales figures to measure progress in the number of patients reached. The definition of the countries included is based on the World Bank's list of LMICs in 2022. We also utilize a quarterly tracking system to monitor progress, specifically focusing on the number of patients by product and country for SHAPE projects. The target is not based on scientific evidence.
Consideration of stakeholders	Stakeholders were not directly involved in our target setting; however, the needs of patients, payers and healthcare providers were taken into consideration via stakeholder engagement and dialogue. Additionally, we engage local teams in our company to assess consumer and end-user needs. Our method involves evaluating factors such as epidemiology, unmet patient needs, financial capacity, and existing healthcare infrastructure.
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, we supplied more than 70 million patients in LMICs (2024: 65 million) with our Healthcare portfolio. The progress toward achieving our target is in line with what was planned initially. Annual target with quarterly tracking of sustainability key indicator (number of patients).

Elimination of schistosomiasis with praziquantel	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-05
Material sustainability matter	Access to products and services
Target	Our integrated schistosomiasis strategy focuses on disease control in order to contribute to the elimination of schistosomiasis as a public health problem. We continue to produce and donate up to 250 million tablets of praziquantel per year. By 2030 we will provide sufficient praziquantel tablets to enable the treatment of 90 million people every year. The treatment is intended for school-aged children and adults mainly in sub-Saharan Africa where schistosomiasis is highly endemic.
Reference value/year	Around 73 million school-aged children in fiscal 2021.
Methods	We measure progress based on the number of tablets and the number of people reached (calculated on the basis of 2.5 tablets per person). We track targets annually on the basis of the figures provided by the WHO. We continue working with selected partners to further improve our monitoring. The target is not based on scientific evidence.
Consideration of stakeholders	External partner organizations (such as WHO)
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, we provided 187 million of tablets (2024: 203 million) of praziquantel, which enabled the treatment of around 75 million people (2024: 81 million). We maintain our commitment to providing up to 250 million praziquantel tablets annually, based on country demand via the WHO.

Elimination of schistosomiasis with arpraziquantel	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-05
Material sustainability matter	Access to products and services
Target	Our integrated schistosomiasis strategy focuses on disease control in order to contribute to the elimination of schistosomiasis as a public health problem. By 2030, sufficient arpraziquantel dispersible tablets will be made available to reach up to 12 million preschool-aged children.
Reference value/year	The first preschool-aged children received arpraziquantel in early 2025, which is our reference year.
Methods	We measure progress based on the number of tablets and the number of preschool-aged children reached (calculated on the basis of 5 tablets per child). Together with our partners, we are working on a process to assess and track the epidemiological impact of arpraziquantel in terms of control and elimination of schistosomiasis and the ultimate effect on the population in need. The target is not based on scientific evidence.
Consideration of stakeholders	External partner organizations (such as WHO)
Changes from the previous year	New target
Performance/Key figures	Ongoing monitoring, with annual tracking of the number of tablets and the number of preschool-aged children reached by the treatment. We provided 294,000 tablets of arpraziquantel in 2025, potentially reaching up to 58,800 preschoolers as part of the initial roll-out phase.

The measurement of metrics related to consumers and end-users has not been separately validated by an external body.

Governance

Business Conduct (G1)

Responsible corporate governance is the foundation for sustainable success and societal trust. To reflect the different material dimensions of this topic, the chapter is divided into three key areas: corporate culture, animal welfare and anti-corruption and bribery.

Our material impacts related to business conduct (G1 SBM-3)

Corporate Culture

Identifier	G1-PI-01
Material impacts, risks, and opportunities	Potential positive impact
Time horizon	Medium-term
Value chain step	Own operations
Description	High-Impact Culture: We are dedicated to cultivating a positive culture that prioritizes ethical conduct and employee well-being, enhances trust, innovation and a sense of belonging among employees. Companies that promote an inclusive work environment, where employees feel a deep sense of belonging, can achieve their full potential, benefiting both the workforce and the communities they serve.

Animal Welfare

Identifier	G1-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream; own operations; downstream
Description	Impacts on animal welfare: To ensure the quality, safety and efficacy of our products and processes, the use of animals is often a regulatory requirement. Although the use of experimental animals is only permitted when no alternatives exist and is carried out under the highest animal welfare standards, there is still a risk of animal welfare incidents negatively impacting the health and well-being of the animals. Despite our diligent precautions, guidelines can be breached, and deviations from protocols or contracts may occur, leading to negative impacts on animal welfare, such as inadequate housing conditions, improper handling, or inappropriate study procedures.

Corruption and bribery

Identifier	G1-NI-02
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream, downstream
Description	Corruption and bribery in business operations: Potential corruption and bribery in business operations, particularly in countries identified as a high corruption risk according to the Corruption Perception Index, can significantly hinder the development of the local economy and undermine fair competition. Failure to prevent corruption and bribery through adequate measures can potentially result in legal repercussions, financial losses and reputational damage to the organization. Moreover, such misconduct distorts market competition, and leads to unfair advantages for certain entities resulting in a negative impact for local economies. Corruption may manifest in various forms of inappropriate business behavior, such as bribery of public officials or inappropriate transfers of value to business partners and third parties.

Our policies related to corporate culture (G1-1)

Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate Culture
Key contents	The policy guides our workforce in conducting business ethically, in line with our company values and the law. It outlines our commitment to respect human rights, our principles in the workplace and for dealing with external business partners, customers, consumers and end-users. The policy also addresses our principles of responsible business conduct, for example, product safety, patient safety and the ethical conduct of clinical studies. Furthermore, the policy describes various reporting methods for employees if they suspect that internal or external rules are being breached. The update incorporated content and structural changes and improved user-friendliness to enhance readability and access to related governance documents and tools. Along with our values, it now addresses other important topics such as digital and data ethics, money laundering prevention and our High-Impact Culture. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. It also applies to downstream business activities and relations with external stakeholders, such as consumers and end-users.
Accountability	Executive Board.
Third-party standards/initiatives	The policy follows the principles of the UN Global Compact.
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet and publicly on our website.

High-Impact Culture Manifesto

Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate culture
Key contents	The policy illustrates our commitment to fostering a unified culture that emphasizes collaboration, innovation, and a customer-centric approach. At the same time, it encourages employees to drive meaningful impact in their work and communities. The progress of achievements across business sectors is monitored via the actions related to corporate culture. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide for all employees.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and external experts.
Availability	The policy is available internally on the intranet and can be downloaded in ten languages.

Whistleblowing and Investigations Standard	
Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate culture
Key contents	The policy provides guidance on reporting potential violations, outlining our procedures for investigating reports of misconduct and unethical behaviors while ensuring confidentiality and whistleblower protection. Depending on the nature, content and type of the report, it may be reviewed, assessed, processed, and investigated in accordance with predefined internal responsibilities of responsible functions – Human Resources, Corporate Sustainability, Quality and Trade Compliance, Legal & Compliance, and Internal Auditing. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all employees and, where indicated, also to external parties.
Accountability	Senior leaders, reporting directly to the Executive Board.
Third-party standards/initiatives	The policy is based on the EU Whistleblowing Directive 2019/1937.
Consideration of stakeholder interests	The policy was established with consideration of regulatory standards and the interests of both internal and external stakeholders, incorporating their input through an internal review process.
Availability	The policy is internally available on the intranet.

Group AI Governance Standard	
Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate culture
Key contents	The policy provides the mandatory requirements for our Artificial Intelligence (AI) Governance Framework. It ensures we comply with the EU AI Act while fostering innovation and building the basis for trustworthy and transparent AI initiatives. The policy establishes a risk-based approach, adapted from the EU AI Act, and reflects its relevance to us. Our AI Governance Standard ensures the protection of patient and personal data in the EU. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all employees.
Accountability	Head of Digital Enterprise Solutions and Group CIO.
Third-party standards/initiatives	The policy is based on the EU AI Act.
Consideration of stakeholder interests	The policy was established with consideration of regulatory standards and the interests of stakeholders, incorporating their input via an internal review process.
Availability	The policy is internally available on the intranet.

Corporate culture

For over 350 years, we have aimed to improve and enhance people’s lives worldwide. Our High-Impact Culture enables us to continuously reexamine our ways of working and challenge long-held assumptions with the aim to advance human progress. It also motivates us to recruit, develop, retain, and promote top talent while cultivating and promoting an inclusive working environment.

As a science and technology company, we thrive on change and view it as an exciting opportunity for growth and innovation underscored by our company vision “Sparking Discovery, Elevating Humanity”. Our commitment is to create a brighter, healthier and more sustainable world for customers, patients and communities around the globe. Our multi-industry business model and global footprint represent a competitive advantage. In addition, with our values and behaviors rooted in a long history, we want to ensure that we can carefully plan for the needs of both current and future generations. Our research and business decisions are guided by a clear moral and ethical compass, outlined in our Code of Conduct. Furthermore, our High-Impact Culture and inclusive mindset are intended to give us the strength and agility to navigate through challenging circumstances. By embracing these values and behaviors, we set a foundation for a company where employees feel that they belong and are encouraged to thrive in their work.

Defining clear workplace behaviors helps us support our purpose and create an environment where everyone can grow and succeed. These behaviors reflect our values and ensure that our teams embrace different cultures, ideas and life experiences. The behaviors are:

- Be obsessed with customers and patients: We focus on the impact we create. The customer's and patient's needs are the starting point of our work.
- Act as the owners: We think and behave like owners, we make decisions and act on behalf of the company's best interest not just our own.
- Be curious and innovate boldly: We challenge our own thinking and the status quo, focusing on better approaches and innovative methods while staying aware of the competition.
- Simplify and act with urgency: We value simplicity and efficiency. By eliminating unnecessary processes, we focus on what matters most and adapt quickly, when necessary, as speed is crucial to staying competitive in every business.
- Raise the bar: We constantly set high standards for ourselves and our teams, striving to deliver the best quality in our products, services and processes.
- Disagree openly, decide, and deliver: We think independently and deliver as a team. We make clear what is important in every decision, take accountability, and avoid deferring difficult decisions. Once a decision is made, we all commit to it.

One core principle that guides our operation is maintaining high standards of ethical conduct. To support this, we implemented a Group-wide whistleblower and complaints system for reporting any forms of misconduct. A central component of this is our Compliance Hotline, which we have set up in collaboration with a third-party provider. It is accessible to our employees as well as external stakeholders. Concerns can be reported in more than 40 languages and around the clock, 365 days per year, free of charge and anonymously, either by telephone or via a web-based application. The channels can be accessed via our external website **Compliance Hotline**.

Our Whistleblowing and Investigations Standard reinforces our commitment to maintaining and strengthening a culture of speaking up. The policy provides guidance on reporting potential violations and our procedures for investigating reports of misconduct while ensuring confidentiality and protecting whistleblowers in line with the Directive (EU) 2019/1937.

Reports to the central reporting channels are directly received and reviewed by a central, independent, and qualified team from Group Compliance. The qualified experts handling the report must act impartially, objectively, and in a timely manner, while striving to maintain confidentiality. In addition, our qualified experts are provided with our Whistleblowing and Investigation Standard, Compliance-Hotline and Case Management relevant training materials and investigation related templates. Compliance-relevant cases with a particular risk profile are presented to the Compliance Case Committee, comprising senior members of our Compliance, Legal, Data Privacy, Internal Auditing, and Human Resources departments. The Committee evaluates and classifies specific compliance cases and takes appropriate measures to clarify the identified issues.

Moreover, we provide regular training for employees on existing and new compliance requirements, guidelines and best practices, both in person and online. The topics include various areas such as Code of Conduct, anti-corruption, and data privacy. Employees are required to complete these courses during their onboarding period and to repeat the training based on their level of risk exposure. Furthermore, we continuously update our training curricula to reflect new developments. Some courses also apply to independent contractors and contingent workers, such as temporary workers.

Our actions related to our corporate culture (G1 MDR-A)

Our commitment to fostering an environment in which every employee feels valued, engaged and empowered to contribute to our collective success is at the core of our High-Impact Culture. We believe that acknowledging and rewarding individual achievements, along with a feedback-driven culture, enable this collective success. For this reason, we use a performance management approach that values employee expectations, defines clear goals, ensures feedback, and rewards outstanding performance. Our actions in relation to our corporate culture follow our Code of Conduct and aim to empower our employees to act in accordance with our core values. This approach applies to all employees across all business sectors. Unless otherwise specified, all actions are to be considered ongoing and have no fixed closing date.

Strengthening our sustainability culture

Since 2021, e-learning courses on our sustainability strategy have been a mandatory part of our onboarding and training for new and existing employees. In 2025, we reviewed and updated these mandatory training sessions and significantly expanded access to voluntary courses on various sustainability topics. In 2025, we also hosted our first company-wide sustainability day. It featured engaging sessions from all business sectors, including contributions from an Executive Board member, the Vice Chairman of the Family Board and Board of Partners of E. Merck KG, Darmstadt, Germany, and external keynote speakers.

Our Sustainable Network brings together employees and leaders from across our company. It supports mutual learning and voluntary exchanges on a range of sustainability topics. Throughout the year, we offer regular upskilling sessions on sustainability topics, aligned with our annual sustainability communications plan, to foster deeper engagement and promote open dialogue. In 2025, we rolled out a new sustainability narrative to guide our internal and external communications. Our sustainability initiatives aim to comply with all local laws and regulations, ensuring that we operate responsibly while furthering our sustainability strategy.

Attracting and inspiring key talent

We believe that a strong and appealing employer brand is built from the inside out. Our overarching objective is to attract qualified employees and build a strong organizational culture that supports effective collaboration and long-term employee retention. In 2025, we launched a campaign to provide insight into our culture and our employees’ passion for our vision of "Sparking Discovery, Elevating Humanity": employees shared stories in video format. Furthermore, we want to focus our efforts on reaching relevant talent beyond our current industry by increasing the channels we use to raise awareness among potential candidates who may not yet be familiar with the opportunities we offer. We are also working consistently to enhance the onboarding phase of our new employees, helping them adopt our High-Impact Culture and develop a strong sense of belonging within their team and their organization. We support managers in integrating new employees, ensuring they understand our high standards for ethics, integrity, accountability, and care. Additionally, we train our talent acquisition team to provide equal opportunities to all. Through our global minimum standards for the hiring process, which include clear expectations for hiring managers, we aim to ensure a fast and quality-oriented process. Our recruiters are trained to guide our hiring managers in following sound practices.

Embracing conversation and dialogue

In our increasingly connected world, we believe that feedback enhances open dialogue, builds trust, motivates, and improves collaboration. Our 360° feedback tool shall encourage our employees to provide continuous feedback based on integrity and respect. In the reporting year, we conducted various enablement sessions to further promote conversation and dialogue around our feedback culture. These included the interactive learning format Space2Grow, which emphasizes practical learning for our employees. As a part of the New Leader Onboarding Journey and the Supervisor Academy, our new managers are equipped not only with process knowledge, but also with an understanding of cultural differences.

Empowering our employees

Within our company, we foster an environment of trust, open feedback and mutual respect. We encourage everyone to contribute to our organization's collective success through internal communication platforms, surveys and discussion rounds. We also conduct employee surveys at various stages of the employee journey, such as onboarding surveys, pulse checks, engagement surveys, and exit surveys. These help us identify our areas of strength as well as opportunities to improve employee well-being, engagement and belonging. Based on the survey results, we identify follow-up areas at the global or sector/functional level and translate them into action plans. In 2024, we launched our Leadership Growth Journey, a global training initiative for all leaders. It is tailored to different leadership levels and aims to strengthen leadership capabilities in line with our High-Impact Culture. By the end of 2025, more than 3,000 leaders had completed the training. Full implementation, including all individuals with direct reports as of June 30, 2025, is planned by the end of 2026. Additional programs such as Empower Your Team and Empower Your Organization complement this initiative by promoting collaborative leadership and open dialogue. Alongside investing in our leaders, we are committed to supporting our employees during moments that matter in their lives. The rollout of the "Moments That Matter Caregiver Leave" to all employees globally will be completed on January 1, 2026. This initiative provides employees with up to 10 days' paid leave to support a close family member in an urgent or terminal health situation. We implemented this benefit to reinforce our caring culture by encouraging employees to share these challenging personal circumstances with their managers and facilitating managers to support them empathetically.

MyGrowth: Empowering employees for skills-driven professional growth

MyGrowth shall empower employees at all levels of the organization to take control of their professional development and become part of a skills-powered organization. Building on a growth-oriented mindset and our artificial intelligence-driven platform, MyGrowth enables employees to shape their own professional journey. By providing access to tailored learning opportunities, mentorship programs, internal job prospects, and development assignments, MyGrowth promotes a continuous learning culture that aligns employee growth with the strategic needs of the company. We conducted optional introductory sessions in English, French, German, Polish, Portuguese, and Spanish to educate employees on the growth mindset and the MyGrowth platform, ensuring inclusivity and accessibility for all. MyGrowth Global Development Weeks promote collective learning across the organization, encouraging collaboration and sharing of knowledge. This two-week learning event offers our employees a range of free global and local learning opportunities and includes a variety of interactive sessions, workshops and activities focused on skills development.

MyImpact: Building a culture of feedback and performance

MyImpact is our framework for maintaining and further developing a feedback-driven and performance-oriented culture in our company. It is designed to ensure that every employee is empowered to take ownership of their performance, actively participate in feedback conversations and contribute meaningfully to the company's success. A mandatory e-learning ensures that employees, regardless of their role, have equal access to understanding performance management principles and can apply them effectively in their day-to-day work. As part of MyImpact, we send out a newsletter several times a year, promoting psychological safety to build a culture where employees feel safe. Furthermore, we continue communication and framework refinement based on feedback, evolving technology and indicators. By evaluating feedback based on defined indicators and transparently sharing lessons learned, we want to ensure that MyImpact is applied consistently and aligned with the company's strategic goals. The framework contributes to a culture of continuous improvement, bringing employee behavior in line with our ethical standards and High-Impact Culture.

Evaluating the implementation of the High-Impact Culture

We have conducted an evaluation of the High-Impact Culture initiative. It focused on our largest hubs in China, Germany and the United States to identify gaps and opportunities to further strengthen the implementation of the High-Impact Culture framework. The overarching aim of this analysis complements the ethical behaviors in our company as defined in our Code of Conduct. In 2025, we implemented the initial recommendations and integrated activities that promote the High-Impact Culture in alignment with our business objectives and values. We address all employees worldwide, thereby aiming to further drive the integration of the High-Impact Culture across the organization.

AI upskilling journey

In 2025, we launched a company-wide AI Literacy Campaign to foster awareness and promote the responsible use of artificial intelligence. It aims to demystify AI tools, empower all employees to leverage AI in their daily work, and showcase practical applications that drive value across our business sectors and Group functions. The campaign provides resources, training and real-world examples that help our employees understand how AI can enhance their productivity, decision-making and innovation, while emphasizing ethical and responsible AI practices. This mandatory AI training helps to ensure the consistent understanding and responsible application of AI technologies. In support, we launched an intranet page with an allowlist of approved AI tools and hands-on examples of ethical usage. Following the publication of our Group AI Governance Standard in June 2025, we continued rolling out the campaign throughout the year.

Our targets and metrics related to our corporate culture (G1 MDR-T, MDR-M)

We focus on monitoring progress through a series of qualitative measures and comprehensive evaluation processes. However, these are neither metrics nor quantitatively measurable goals that are time-bound and result-oriented. We monitor the effectiveness of our measures on the topic of corporate culture using various criteria, which are presented below.

Within our sustainability culture, we have been using the sustainability-related questions from our annual Employee Engagement Survey since 2023 to measure the impact of our activities. The results of the survey are used internally only to evaluate the maturity of the sustainability mindset within the company and to identify and address differences across functions, regions and hierarchy levels.

In 2025, as part of our efforts to attract and inspire key talent, we continued measuring progress in terms of the quality of our onboarding process and talent retention. This included evaluating our talent management initiatives and analyzing the reasons why talented people leave our company. We also monitor the voluntary turnover rate of top talents and new hires.

In addition to monitoring participant feedback and enrollment rates for our leadership programs, we track the usage frequency of our 360° feedback tool. To continuously empower our employees, we conduct engagement surveys and assess engagement scores to evaluate employee well-being and belonging, as well as the overall resilience of our organization. We define employee engagement as the emotional and intellectual involvement that motivates employees to do their best work and contribute to the success of our company. Additionally, we use a quality index score to track the overall progress and effectiveness of our work and processes.

Since 2023, on a quarterly basis, we have been using MyImpact to measure feedback-based indicators. This includes tracking the number of performance feedback users in the respective year, the response rate to feedback requests and the overall results compared to the previous year.

Since 2024, a biweekly report from the MyGrowth dashboard has provided HR and leadership with updated insights on platform usage and the number of user profiles that include specific skills and participation in mentorship programs.

Animal welfare

International and national guidelines mandate the use of animal testing for medicinal compounds and chemicals, both during their development and for their approval prior to commercial use. In addition, there is still animal research, which from an ethical and scientific perspective is indispensable. We conduct animal-using activities in all three of our business sectors, not only adhering to all applicable laws and regulations, but also committing ourselves to high ethical and animal welfare standards going beyond legal requirements.

Our policies related to Animal welfare (G1-1)

Group Animal Science and Welfare Policy	
Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	Our policy sets guidelines for activities involving animals, and ensures compliance with our Code of Conduct, internal standards, as well as legal and ethical requirements. It emphasizes our commitment to using animals responsibly, maintaining high welfare standards and striving to phase out animal testing by developing non-animal alternatives. The policy outlines guidelines for gradually reducing the number of animals used, replacing animal testing with alternative methods and refining practices to enhance animal welfare and minimize suffering. The Group Animal Welfare Council (GAWC) is responsible for monitoring and controlling the implementation status, the progress of achievements and the corresponding key figures of business sectors. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide at all sites at our own operations and for all partners that use animals on our behalf.
Accountability	Senior management, reporting directly to the Executive Board.
Third-party standards/initiatives	The policy is based on national legislations, the EU Directive 2010/63, the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (ETS 123 – Appendix A), as well as the guidelines of the Institute for Laboratory Animal Research (ILAR).
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders, including representatives of business sectors in the One Group Animal Welfare Strategy working group, and the GAWC.
Availability	The policy is available internally on the intranet and publicly on our website.

Supplier Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services ("Suppliers") and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

Management of Animal Using Contracting Partners

Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	The policy defines requirements for animal-using contracting partners of our business sectors and legal subsidiaries and affiliates. It aims to ensure that only qualified animal-using contracting partners (AUCPs) are utilized, thus ensuring compliance with external regulations and internal standards in animal science and welfare. Work using live animals shall only be commissioned or contracted to AUCPs that have been trained by qualified auditors in accordance with our auditor training and qualification procedure. This is to be ensured by the Corporate Animal Affairs Operations team. All animal work at vendors and suppliers conducted on our behalf must be approved by independent multidisciplinary cross-sectoral Animal Usage Review Boards of Merck KGaA, Darmstadt, Germany. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all business sectors and Group functions governing any work involving live animals by business partners or on our behalf. This includes suppliers, subcontractors and our collaboration partners, academic partners, contract research organizations (CRO), breeders, and service providers. All of these are defined as AUCPs and include all subcontracting activities.
Accountability	Senior management of Group functions or business are responsible for AUCPs management.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders.
Availability	The policy is available internally on the intranet.

Group Procedure Animal Affairs Incident Management	
Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	This policy describes the actions to be taken if any incident occurs that has the potential to impact animal health and welfare, or the intended value created by the animal work. These incidents must be reported to Animal Affairs corporate function for oversight. The adherence to the processes described in the policy ensures transparency in internal or external animal welfare incidents worldwide and guarantees that measures are taken to prevent any avoidable pain, suffering, or recurrence of the event. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all sites that are involved in animal use. It applies to all quality, efficacy, safety, and compliance concerns related to animal use, husbandry, and animal use services.
Accountability	The Local Animal Welfare Officer is responsible for internal incident reports and the Global Animal Welfare Officer is responsible for external incident reports.
Third-party standards/initiatives	The policy is based on national legislations, the EU Directive 2010/63, the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (ETS 123 – Appendix A) and the guidelines of the Institute for Laboratory Animal Research (ILAR).
Consideration of stakeholder interests	When creating the policy, we considered the interests of regulatory agencies.
Availability	The policy is available internally on the intranet and an excerpt is provided to suppliers and service providers.

Our actions related to Animal welfare (G1 MDR-A)

Our actions related to animal welfare follow our Animal Science and Welfare Policy. Our long-term objective is to be a pioneer in phasing out animal work. Until we achieve this aim, we will continue applying high ethical and animal welfare standards related to quality, housing, husbandry and veterinary care to all animals within our care. We also orient ourselves toward the species-specific needs of the animals we work with.

4Rs Workstreams

The One Group 4R Program encompasses key principles that aim to enhance animal welfare and drive innovation. We are committed to the internationally recognized principles of the 3Rs for animal testing (Replacement, Reduction and Refinement) and have strengthened our dedication to animal welfare by adding Responsibility as a fourth principle. This approach aligns with the ethical principles published by David DeGrazia and Tom Beauchamp in their 2019 book “Principles of Animal Research Ethics”. Under the 4R Program we implemented the following workstreams:

- Replacement: Substituting animal studies with non-animal methods.
- Reduction: Using the minimum number of animals required.
- Refinement: Minimizing animal distress or discomfort via improved handling and housing techniques.
- Responsibility – Upholding a high level of care for all animals within our reach, both internally and among our business partners, as well as for the people involved in animal work.

Replacement as part of our 4Rs workstreams

We follow our 3 Basket approach to phase out animal work. This model categorizes animal work into three categories: (1) implementing available animal-free alternatives, (2) investing in the development of alternative methods, and (3) refining existing animal work methods where no innovative alternatives exist. In 2025, we focused on categorizing all animal-derived products into the three categories and establishing roadmaps to support structured phaseout, with special attention to eliminate the use of animal-derived material (for example, squalene, horseshoe crab blood and fetal bovine serum (FBS).

Our Bio-Convergence project focuses on developing alternative methods to enhance drug testing, by integrating artificial intelligence and advanced semiconductor technologies with human-derived cells and tissues. This innovative approach addresses the limitations of traditional animal models, while making clinical studies more successful, cost- effective and patient-centric, thereby fulfilling our ethical commitment. In 2025, we started collaboration with a nanoelectronics R&D hub (Interuniversity Microelectronics Centre, Belgium, [imec]) on developing next-generation microphysiological systems, which is a modular, scalable platform capable of simulating human body responses with unprecedented accuracy.

The ViA (In Vitro bioassay instead of Animal testing) project focuses on transitioning from animal testing to cell culture methods for the legally required quality control of our marketed products to treat infertility. In fiscal 2025, we received the approval for a new cell-based testing method for fertility medication and released the first batch of pre-filled injection of recombinant human follicle-stimulating hormone. We also successfully validated a new cell-based method for evaluating the strength of recombinant human luteinizing hormone.

Given the ethical, scientific, and safety concerns associated with FBS, which is harvested from fetal calves in slaughterhouses, we have continued our research into developing animal-free alternative media. Our focus remains on testing the specific needs of various cell lines to develop suitable alternatives for use in research, development, and manufacturing. In 2025, we successfully expanded our serum-free portfolio with the launch of three new products. Additionally, two peer-reviewed papers were published focusing on pathways analysis of cell lines under various media conditions with and without serum.

Reduction as part of our 4Rs workstreams

We are driving the development of virtual control groups to reduce the animal work in toxicology research. Using computer simulations instead of live animals could replace up to 25% of animal work in toxicological studies. This approach has been endorsed by health authorities including the EMA and the U.S. Food and Drug Administration (FDA) and will be gradually implemented in the coming years.

Refinement as part of our 4Rs workstreams

We continue improving animal welfare by implementing individual housing solutions and adopting non-aversive handling to prevent unnecessary harm and stress to the animals in our care. In 2025, all our vivaria implemented the procedure of non-aversive handling. We have defined our own species-specific needs for the mental, social, and physiological health of our laboratory animals, going beyond the definitions for housing and handling in legislation and guidelines, and established criteria to assess their fulfillment. This helps us identify and address areas for improvement.

Responsibility as part of our 4R workstreams

Our core responsibilities are to ensure high ethical and animal welfare standards for all animals within our reach, and to provide a Culture of Care (CoC) for the people working with animals. During fiscal 2025, we advanced our commitment to responsibility by focusing on the CoC, rehoming, training, cross-company interactions, and contributions to consortia. We also organized a Global Animal Technician Recognition Day to acknowledge and thank our animal technicians for their ongoing dedication and hard work in our vivaria around the world. Additionally, our vivarium sites held several CoC events to acknowledge the contributions of our people working with animals. We also facilitated the adoption and rehoming of rodents and non-rodents into foster homes, giving them a new life beyond the laboratory.

Our employees receive training and educational sessions on animal science and welfare through our Animal Affairs Academy since 2020. We provide internal and external courses on animal welfare and animal testing, and we also supervise and support workforce training on practical work with animals as well as on the applicable rules and regulations. This also includes dealing with incidents in relation to animal welfare. We have set up an internal webinar series called “Let’s talk Animal Affairs” to discuss the topic of animal welfare transparently and openly with our employees. Information about training courses and webinars is available on our intranet and is distributed via a newsletter. In 2025, the Animal Affairs Academy provided 64 training courses and workshops on the topic of animal research (2024: 112) training courses and workshops on the topic of animal research). These initiatives are designed to ensure that employees involved in animal-related activities receive regular and appropriate training and continuing education. The specific training needs (i.e. hours per topics per year) for any role that involves work with animals or work related to animals are defined in accordance with our Group Procedure on Animal Science & Welfare Training. More information on our training initiatives and specific requirements can be found under **Our policies related to animal welfare (G1-1)**. Our Vivarium Rotation Program enables two employees from each of our vivarium sites to visit another vivarium every year to learn, exchange knowledge and share best practices. To promote ongoing dialogue outside the program as well, the Vivarium Rotation Program community was established it meets once per quarter and exchanges on lessons learned during visits.

By 2025 all of our our animal facilities were AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care) accredited. This certification reflects our commitment to a high-quality animal care and use program. We are involved in several organizations and initiatives, including as Vice Chair of the Research and Animal Welfare Networks of the European Federation of Pharmaceutical Industries and Associations (EFPIA) as well as Interpharma, a federation of research-based pharmaceutical companies in Switzerland. Together with selected member companies, the audit group of the Animal Welfare Working Group of Interpharma conducts audits at contract research organizations and animal breeders. We are also involved with the Association for Assessment and Accreditation of Laboratory Animal Care International. This private, non-profit organization promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. We continue to support the European Partnership for Alternative Approaches to Animal Testing (EPAA) and participate in its working groups to develop alternatives to animal testing. We initiated the “Marseille Declaration on the worldwide implementation of high standards for animals housed and used by the industry for scientific purposes, both internally and externally. This declaration supports our prioritization of animal welfare with our suppliers and partners. In 2022, together with three European pharmaceutical companies, we established the Marseille Declaration Steering Group. To date, 11 companies have endorsed the declaration. Through this initiative, signatories set clear expectations of animal welfare practices, both at their own facilities and external partners conducting studies with live animals worldwide.

All activities conducted as part of our 4R program are applicable globally across all business sectors and are considered ongoing with no defined closing date. These activities contribute to advancing ethical animal research by implementing improvements that support accountability, innovation, and align with our long-term sustainability goals. We closely monitor effectiveness of our operations via the 4R program aiming to improve our performance to phase out our animal work and reinforce our responsibility to uphold high animal welfare standards. For Replacement we track the percentage of animal-based testing and animal-derived products that have been successfully classified within the 3 Basket concept. For Reduction, we monitor progress on achieving our target on animal reduction by measuring the reduction in the number of animals used. More information can be found under **Our targets related to animal welfare**. For Refinement, we monitor the fulfillment of defined species-specific needs criteria. For Responsibility we are collecting evidence of prioritizing the avoidance of animal pain and suffering, along with examples of how the 4Rs are being advanced beyond our company boundaries.

Animal science and welfare audits

Our goal is to maintain transparency, ensure accountability for animal work and uphold high animal welfare standards. Therefore, qualifying all vendors conducting animal work on our behalf is an integral part of our strategy. This is achieved through a rigorous quality assurance process, based on our established and robust audit framework, as well as a comprehensive auditor training and qualification program. Our own vivarium sites are audited every three years by our Group function Corporate Animal Affairs. According to this audit plan, in

2025, 3 audits were carried out in our vivaria (2024: 0), and 32 Animal-Using Contracting Partners audits (2024: 34)Animal-Using Contracting Partners audits) were completed. These audits reflect our commitment to compliance and excellence in animal welfare practices. In addition, we continued our supervisory role of Corporate Animal Affairs by conducting regular veterinary inspections of all our vivarium sites globally and monitoring the reporting of animal science and animal welfare incidents, both internally and externally.

Our targets related to Animal welfare (G1 MDR-T)

Animal reduction	
Reference to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Target	We aim to reduce the number of animals used by 50% by 2032 and 75% by 2040. The target applies at the Group level and covers all our legal entities and sites.
Reference value/year	Number of animals used in 2021: 181,392.
Methods	The Group target was defined in agreement with all business sectors to ensure alignment with strategic sustainability objectives and Animal Welfare Policy commitments. The targets for 2032 and 2040 are based on an internal forecast of the reduction in animal numbers provided by the business sectors. The key assumptions included regulatory developments and technological advancements.
Consideration of stakeholders	The Group Animal Welfare Council, the Sustainability Council of Merck KGaA, Darmstadt, Germany, and representatives from our business sectors are involved in setting targets, with final approval and endorsement given by the Executive Board.
Changes from the previous year	New target.
Performance/Key figures	In 2025, we achieved a 25% reduction. From 2025 we track the target by the annual percentage reduction in the number of animals used compared to the baseline established in 2021. We continuously monitor the degree of target achievement through quarterly reviews. We have not set any interim yearly targets.

Our metrics in relation to Animal welfare (G1 MDR-M)

Entity Specific Metrics	**2025**	2024
Total number of animals used in the Group	136,866	130,135
Share of animals used internally (in %)	86	83
Share of animals used externally (in %)	14	17
Share of non-rodents used (in %)	1	2
Share of rodents used (in %)	99	98
Total number of animals used in Life Science	76,243	73,291
Relative value for Life Science (number of animal used/€ million net sales)[1]	8.5	8.22
Total number of animals used in Healthcare	60,566	56,844
Total number of animals used in Electronics[1]	57	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

The metrics related to animal use are part of our entity-specific metrics. These include the total number of animals used for either testing or animal-derived product generation across the entire company as well as providing a breakdown by business sectors (Life Science, Healthcare and Electronics). We track year-on-year percentage changes in animal use to monitor trends over time. Additionally, we differentiate between animals used internally by our vivariums and those used externally by our contracting partners, with further categorization by species. For the Life Science sector, we also report the number of animals used relative to net sales (i.e., the relative value for Life Science) on an annual basis, as this sector often conducts animal-related activities on behalf of its clients. By contrast, in the Healthcare business sector, animal testing is a legal requirement to evaluate the safety and efficacy of medicines under development or in preclinical research. Animal numbers are collected at the business sector level, categorized into internal and external data, and reviewed quarterly by the Animal Affairs department. The measurements of the entity-specific metrics are not validated by an external body.

Anti-corruption and anti-bribery

Across our global operations, we set and enforce strict rules to prevent corruption in our business activities. We do not offer or accept bribes, and strictly prohibit all forms of corruption, extortion and embezzlement. Correspondingly, we also expect our suppliers to uphold these same principles. They must refrain from granting or accepting bribes, kickbacks or illegal payments, either directly or indirectly, and comply with all applicable anti-corruption laws, rules and regulations. We are committed to upholding high standards of integrity by implementing robust anti-bribery and anti-corruption measures that ensure a transparent and ethical business environment.

Our policies related to anti-corruption and anti-bribery (G1-1)

Anti-Corruption Group Standard	
Topic for the non-financial statement	Anti-corruption and anti-bribery
Key contents	The policy stipulates that all business activities must be conducted in line with applicable anti-corruption regulations and standards. All forms of bribery and corruption are strictly prohibited. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide at all sites in our own operations and for all third parties acting on our behalf.
Accountability	Group Legal and Compliance; the Chief Compliance Officer and Group Compliance function drive the design and the evolution of our compliance program across all business sectors and Group functions. Our Group Compliance function is responsible for the anti-corruption and anti-bribery framework (including healthcare compliance, third-party due diligence, and transparency reporting).
Third-party standards/initiatives	The policy is based on the United Nations Convention against Corruption, national legislations, relevant laws, and international ethical standards.
Consideration of stakeholder interests	When creating the policy, we considered the interests of regulatory agencies.
Availability	The policy is available internally on the intranet.

Prevention and detection of corruption and bribery (G1-3)

As a global company, we have stringent requirements for maintaining effective compliance management. Importantly, we seek to emphasize compliance by acting in line with our company values and believe that profitable business operations should go hand in hand with ethical standards.

Corruption and bribery risk assessment

We have implemented a range of procedures to mitigate the risk of corruption and bribery. They ensure we uphold effective prevention measures and can detect and address any allegations or incidents. To assess risks and the effectiveness of our controls, we have implemented various indicators that we monitor regularly. Our approach to risk minimization is governed by a global framework that emphasizes ethical and legally compliant business processes. Our compliance risk assessment process covers all of our business sectors. The assessment is based on a comprehensive risk matrix that improves objectivity and enables a data-driven risk approach through in-depth risk categorization and risk scenarios. Additionally, it uses country risk segmentation to classify the countries where we actively operate regarding their risk exposure to bribery and corruption. Subsequently, we use the outcome to prioritize initiatives and intensify activities in countries with higher risk levels. The regular reassessment of the country risk segmentation as well as of bribery and corruption risks takes place every two to three years to ensure ongoing effectiveness and relevance.

As part of our commitment to responsible business practices, we also apply a risk-based approach when selecting external partners. The greater the estimated risk related to a particular country, region or service type, the more in-depth our due diligence process is before entering a business relationship. Based on the outcome, we determine whether to reject the potential external partner, impose conditions to mitigate identified risks or terminate an existing relationship.

Additionally, we actively prevent bribery by enforcing strict value limits for gifts and entertainment. These limits are embedded into the company tool we use to reimburse travel and expenses. All submissions are subject to an approval process, which includes an additional internal review if they exceed specific cost thresholds. A custom developed tool for managing our interactions with healthcare professionals uses a risk based approach that is integrated into a system driven risk assessment. We follow clearly defined internal approval requirements and procedures for each type of interaction, in line with applicable laws and codes. More information on transparency reporting can be found under **Dealing with medical professionals and transparency reporting**.

External certification of the Compliance-Management-System

Since November 2022 our Compliance-Management-System is externally reviewed in accordance with the principles of proper auditing of Compliance-Management-Systems (IDW AsS 980 as amended 09.2022). Its focus is on preventing bribery, corruption and money laundering. The review identifies potential areas of improvement and assesses whether the measures we have taken adhere to the applicable regulations, policies and processes. The assessment covers three phases. The first two phases – the pre-assessment and adequacy assessment – were completed in 2023 with no material findings. The adequacy assessment found that the processes and measures in our Compliance-Management-System are adequately designed and implemented to manage our compliance risks. The third phase, the effectiveness assessment, is not yet completed.

Corruption and bribery audits

Group Internal Auditing regularly reviews functions, processes and legal entities worldwide. They also assess the effectiveness of the respective compliance guidelines, processes and structures. If an internal audit results in recommendations for improvement measures, Group Internal Auditing performs a systematic follow-up and monitors the implementation of the recommended corrective actions. In 2025, Group Internal Auditing conducted 29 audits (2024: 30) related to bribery and corruption risks (thereof 19 of Merck KGaA, Darmstadt, Germany, 2024: 6). The increased number of audits of Merck KGaA, Darmstadt, Germany, is attributed to the Group Internal Auditing’s shift in focus towards the global process audits.

Investigation of corruption and bribery incidents

Any concerns related to corruption and bribery can be reported through various central reporting channels. All submissions are investigated further according to our Whistleblowing and Investigation Policy and our internal investigation procedure. To ensure objectivity, the committee responsible for investigating incidents is separate from the chain of management involved in the matter. Our Chief Compliance Officer reports to the Executive Board and Supervisory Board on the status of our compliance activities, potential risks and serious compliance violations at least twice a year. More information on whistleblowing and investigations can be found under **Policies related to corporate culture G1-1**.

Compliance awareness and training

We communicate our compliance policies across various platforms (for examplethe annual Compliance Newsletter, targeted emails and intranet posts) at least once a year to ensure the policies are accessible and understood by all relevant stakeholders. This approach promotes a strong culture of accountability and integrity across our workforce.

Our efforts to mitigate corruption and bribery risks also extend beyond the boundaries of our own company. Through our global third-party risk management process, we aim to ensure that our sales partners – including

commercial agents, distributors, dealers, and high-risk vendors – are informed about our compliance principles. We expect our third parties to comply with relevant laws and reject all forms of bribery.

As bribery and corruption are a key focus area of our Compliance-Management-System, we implement regular awareness and training initiatives to promote ethical business conduct. Since 2023, we have been offering anti-corruption, anti-bribery and anti-money laundering e-learning course based on the anti-corruption and anti-money laundering policies. We specifically target our training efforts toward employees who may encounter risks related to bribery, corruption and money laundering. They include employees who interact with public officials, engage with third parties or are involved in reviewing and approving transactions. Participation in this course is mandatory for employees based on their level of risk exposure and associated position and role level. Since starting this training in 2023, 20,847 (98%) of all employees at-risk functions were trained. Additionally, we offer localized classroom training sessions tailored for high-risk areas. The administrative, management and supervisory bodies receive dedicated training on high-risk compliance matters, including anti-bribery and anti-corruption, conducted by the Chief Compliance Officer. Anti-bribery and anti-corruption topics are also integrated into our Code of Conduct and Supplier Code of Conduct e-learning modules and addressed via awareness initiatives throughout the year. More information about general training related to compliance requirements can be found in the chapter **Policies related to corporate culture (G1-1)**.

The number of employees with anti-bribery, anti-corruption and anti-money-laundering training is shown in the table below:

	2025	**2025 thereof: Merck KGaA, Darmstadt, Germany**
Total number of employees from functions-at-risk trained in reporting year	**2,931**	**169**
Percentage of employees from functions-at-risk trained in reporting year	**85**	**79**
Percentage of functions-at-risk covered by training programs in reporting year	100	100

Incidents of corruption and bribery (G1-4)

The number of convictions and the value of fines for violating anti-corruption and anti-bribery laws are shown in the table below:

	2025	**2025 thereof: Merck KGaA, Darmstadt, Germany**
Number of convictions for violation of anti-corruption and anti-bribery laws[1]	–	–
The amount of fines for violation of anti-corruption and anti-bribery laws[1]	–	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

The numbers of compliance cases reported via our hotline and other reporting channels are shown in the table below:

	2025	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Number of reported compliance incidents	132	89	5	1
Number of confirmed incidents	47	30	1	1
Confirmed cases of bribery and corruption[1]	2	2	–	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

Bioethics

Scientific progress can also pose ethical questions. We want to utilize the growing potential of life sciences in a responsible way in order to create the greatest possible benefit for humanity and other forms of life. In doing so, we believe it is important to take our own position on bioethical matters and drive our innovations responsibly.

Our material impact related to bioethics (SBM-3)

Bioethics	
Identifier	Entity-PI-01
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Medium-term
Value chain step	Up-stream; own operations; down-stream
Description	Responsible action in bioethical issues: Bioethics refers to the ethical implications of biological and medical research, practices, and technologies. It encompasses a wide range of issues, including the ethical treatment of human test subjects and laboratory animals, informed consent and privacy concerns. Respecting bioethical guidelines is especially important if no statutory regulations are yet in place. We focus on responsible behavior by proactively developing global corporate guidelines and positions for bioethical matters, thereby strengthening trust in our company. Bioethics support us when we are working in sensitive areas, for example in global health, in fertility medicine and when researching and using organoids. It helps us to promote responsible innovation, thereby contributing positively to societal well-being.

Our policies related to bioethics (MDR-P)

Genome Editing Principles	
Connection to material impacts, risks and/or opportunities	Entity-PI-01
Material sustainability matter	Bioethics
Key contents	The policy is a clear, binding and operational framework for our research, clinical and commercial activities in the field of genome editing. It is based on the careful assessment of ethical issues and legal principles. The policy describes our position on genome editing and prohibits intervention in the human germline. It sets clear limits for our company: firstly, for using the corresponding technologies in our research, and secondly for our function as a supplier of bespoke CRISPR-Cas nucleases and genetically modified cell lines. The Ethics Advisory Panel for Science and Technology of Merck KGaA, Darmstadt, Germany (MEAP) regularly advises us on important ethical issues and legal topics regarding genome editing. The policies are regularly reviewed and adapted if necessary.
Scope	The policy applies Group-wide for all employees who use genome editing technologies or otherwise work with them. The employees are responsible for understanding and complying with the basic principles on genome editing. Moreover, we also expect third parties to adhere to the rules and to stay up to date with the current discussions on the ethical aspects of genome editing.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the German Embryo Protection Act and is consistent with the guidelines of the International Society for Stem Cell Research (ISSCR).
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and in close collaboration with the MEAP.
Availability	The policy is available internally on the intranet and publicly on our website.

Human Stem Cell Principles

Connection to material impacts, risks and/or opportunities	Entity-PI-01
Material sustainability matter	Bioethics
Key contents	The policy defines ethical boundaries for the use of human stem cells in research. It describes our current position regarding their use and provides background information. The aim of the policy is to create a clear and binding framework for the use of human stem cells in research, clinical and commercial activities. It is based on a careful assessment of ethical issues and legal principles. The Stem Cells, Organoids & Novel Modalities Research Oversight Committee (SCROC) helps to ensure compliance with the policy in accordance with the latest scientific, ethical and legal knowledge. In addition, the MEAP regularly advises on ethic issues and legal impacts in the field of stem cell research and application. The policies are regularly reviewed and adapted if necessary.
Scope	The policy applies Group-wide for all employees who use stem cells or otherwise work with them. The employees are responsible for understanding and complying with the basic principles for the use of stem cells. Moreover, we also expect third parties to adhere to the rules, to stay up to date with the current discussions on the ethical aspects of using stem cells and to make an informed decision on their own use of stem cells.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the guidelines of the ISSCR.
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and in close collaboration with external experts and the MEAP.
Availability	The policy is available internally on the intranet and publicly on our website.

Fertility Principles

Connection to material impacts, risks and/or opportunities	Entity-PI-01
Material sustainability matter	Bioethics
Key contents	The policy describes our current position regarding the research and application of drugs and technologies in fertility medicine and provides the corresponding background information. The aim of the policy is to offer a clear and binding framework for our research, clinical and commercial activities for infertility treatment and in vitro fertilization, which is based on the careful assessment of ethical issues and legal principles. The MEAP regularly provides advice on ethical issues relating to the topic of fertility. The policies are regularly reviewed and adapted if necessary.
Scope	The policy applies Group-wide for all employees who work in the field of fertility medicine. The employees are responsible for understanding and complying with the guidelines on fertility medicine. Moreover, we also expect third parties to adhere to the rules and to stay up to date with the current discussions on the ethical aspects of fertility medicine.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the German Embryo Protection Act and is consistent with the guidelines of the ISSCR.
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and in close collaboration with the MEAP.
Availability	The policy is available internally on the intranet and publicly on our website.

Our actions related to bioethics (MDR-A)

Panel for ethical issues

Since 2011, the MEAP has been making clear recommendations on ethical issues that arise from our research and in science and technology. These recommendations extend beyond the field of traditional bioethics, in line with the transformation of our company into a science and technology company. The panel's recommendations guide our actions and business activities. The members of the MEAP are renowned external experts from the fields of bioethics, medicine, philosophy, law, and natural sciences. The MEAP is appointed by the Executive Board and is jointly led by two members from the management of the Life Science and Healthcare business sectors. The panel meets multiple times per year and can also be convened at short notice should urgent ethical issues arise. Summary minutes of the meetings and the recommendations made by the MEAP are available on our intranet. All employees can submit topics for the MEAP to our Bioethics team. If necessary, we consult further external experts. In addition, all employees may address their concerns to the Bioethics team via our Compliance Hotline and a dedicated e-mail address (accessible via the intranet).

Positions in reproductive and stem cell research

The latest progress in reproductive medicine is posing new ethical challenges and questions, while case law continues to develop. We have therefore agreed on a position on egg donation. In addition, we are currently working on a position on elective single embryo transfer (eSET). Previously defined positions of the MEAP were discussed and reviewed during 2025 in harmony with the German Embryo Protection Act and our guidelines for fertility medicine.

The SCROC decides on in-house research activities involving the use of pluripotent stem cells with the aim of ensuring compliance with legal requirements as well as our ethical guidelines. This also applies to joint projects with external partners. The SCROC consists of experts from our business sectors. Should complex issues occur that are not covered by the expertise available internally, we will continue to involve external experts in the decision-making process. Currently, we are not conducting any research projects that, according to the SCROC Charter, would require approval by SCROC or external expertise.

During 2025 we also set up an organoids group under the umbrella of the SCROC. This working group is made up of experts from all fields who are involved in activities relating to organoids and have an overview of ongoing research activities. It is to meet twice a year from now on. Organoids are complex collections of cells that are grown in a 3D culture medium and replicate many features of tissues or organs. During fiscal 2025, the group initially created an overview of projects on organoids based on induced pluripotent stem cells (iPSC) and presented it to the MEAP. iPSCs are created by reprogramming adult skin or blood cells and are capable of developing into other cell types of the human or animal body.

Our targets in relation to bioethics (MDR-T)

We want to lay the groundwork for generating an overview of our organoid projects in research and development. Although the MEAP believes that retrieving and cultivating specific cell types, tissue and organoids from human stem cells poses only a few ethical issues, some of them may nevertheless be highly significant, particularly as developments in this field are progressing rapidly. We plan to assess this overview of all organoid projects annually in the MEAP. Beyond these ambitions, we have not defined any targets related to bioethics.

Digital ethics

People, machines, data, and processes are becoming increasingly interlinked, with technological advances transforming our society and posing new ethical challenges. Our digital ethics activities define how we responsibly handle data, algorithms and artificial intelligence (AI).

Our material impact related to digital ethics (SBM-3)

Digital ethics	
Identifier	E-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Medium-term
Value chain step	Upstream; own operations; downstream
Description	Responsible handling of digital technologies: The field of digital ethics comprises the ethical issues and impacts relating to digital technologies and the usage of data alongside digital applications and services. As digitalization progresses, companies are introducing ever more digital tools and platforms. Therefore, it is essential to ensure that these technologies are handled in an ethically responsible way – especially with respect to data protection, AI, algorithmic bias, and the implementation of applications in sensitive areas. In the context of technological innovations, compliance with digital ethics principles plays a decisive role in winning and retaining stakeholder trust. We take digital ethics aspects into account in our business activities to a greater extent than is legally stipulated, thereby contributing to the responsible development and use of digital technologies. This has a positive effect on society.

Our policy related to digital ethics (MDR-P)

Code of Digital Ethics	
Connection to material impacts, risks and/or opportunities	Entity-PI-02
Material sustainability matter	Digital ethics
Key contents	The policy serves as a set of guidelines for our digital business models, as an instrument for analyzing ethical issues and as a basis for practical recommendations by the Digital Ethics Advisory Panel of Merck KGaA, Darmstadt, Germany (DEAP). It is based on five central principles: justice, autonomy, beneficence, non-maleficence, and transparency. These principles provide a clear structure for assessing ethical issues. Moreover, they support our business sectors and individual employees in overcoming challenges in the field of digital technologies for which no statutory or other regulations yet exist. The policy helps us assess the ethical risks of existing activities while also enabling us to ethically assess relevant aspects of new digital solutions. To this end, we use a principle-at-risk analysis (PaRA) based on the policy. We regularly perform internal reviews of data and AI technologies, services, applications, and cooperations in this area, in close collaboration with and advised by the DEAP. The policy is regularly monitored and updated if necessary.
Scope	The policy applies Group-wide for all employees who work in the fields of data science, AI and other digital specialist areas.
Accountability	Executive Board, Managing Director or Site Manager.
Third-party standards/initiatives	The policy is based on the EU AI Act, various scientific articles and other third-party guidelines on the use of AI.
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and external experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Our actions related to digital ethics (MDR-A)

Digital Ethics Advisory Panel

The DEAP plays a key role in the assessment of ethical issues relating to data and AI in our company. As an independent advisory panel, it provides support in identifying and addressing complex ethical challenges. Its work is based on the Code of Digital Ethics. The panel consists of external international science and industry experts with specialist knowledge in the fields of digital ethics, law, big data technologies, digital health, medicine, and data governance. In addition, we involve bioethics experts as well as representatives from patient organizations as needed. All employees who work with data and AI can contact the DEAP at any time with their topics and challenges. The panel meets online on a quarterly basis and gathers in person at least once a year. In 2025, it dealt with the automatic recording and transcription of virtual meetings among other matters. In doing so, the panel identified ethical risks such as a lack of transparency regarding the purpose of, access to and duration of storage of the recordings. As a result of the panel discussion, a new Group-wide rule was introduced stipulating the automatic deletion of recordings after four weeks.

Digital ethics check

Using an analysis mechanism – the Digital Ethics Check of Merck KGaA, Darmstadt, Germany (MDEC) – we intend to identify ethical risks relating to our projects and products in the individual business units independently and at an early stage. All relevant phases of a project or a product life cycle are systematically taken into account during the process. The semi-automated MDEC is based on the Code of Digital Ethics. It reviews and assesses certain aspects of a project for ethical risks using a scoring system and suggests possible actions for mitigation. We can draw conclusions for product development on the basis of the calculated risk value. The MDEC can be performed without prior ethical knowledge. Upon request, our Digital Ethics Team supports the respective business unit in analyzing the risk value and conducting a more in-depth assessment of the ethical risks. Should complex ethical issues arise, these are submitted to the DEAP in order to obtain recommendations for risk mitigation. Since January 2024, every new project in the Life Science business sector has been analyzed in accordance with our scoring system. In fiscal 2025, we also developed an MDEC demo app that demonstrates the risk assessment process at Life Science and familiarizes employees with the topic. Additionally, we expanded the MDEC to projects in Human Resources as well as in the Digital Health franchise of the Healthcare business sector. At the same time, we are developing methods for identification of ethical risks accessible to the general public through scientific publications and providing opportunities for academic dialogue. In 2026, we plan to introduce them in further franchises in the Healthcare business sector. The aim is to gradually expand the MDEC to the entire company.

Our targets related to digital ethics (MDR-T)

We aim to introduce the MDEC throughout the company and thus identify ethical risks in all AI projects within the company at an early stage. In 2026, we want to devise a specific MDEC version for the area of research and clinical development in the Healthcare business sector alongside a general variant for all other units. We also want to define metrics for monitoring the progress of the MDEC and establish a governance process for the monitoring. In doing so, we are creating a foundation upon which we can continuously evaluate the acceptance and effectiveness of the MDEC and adapt the analysis mechanism where necessary. Beyond these ambitions, we have not set any targets related to digital ethics.

Additional information in accordance with the German Commercial Code (HGB)

The Annual Financial Statements of Merck KGaA, Darmstadt, Germany, have been prepared in accordance with the provisions of the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and the supplementary provisions of the Articles of Association of Merck KGaA, Darmstadt, Germany. The Management Report of Merck KGaA, Darmstadt, Germany, is combined with the Group Management Report.

This summary includes a Sustainability Statement, which integrates both the Group Sustainability Statement and the Non-Financial Statement of Merck KGaA, Darmstadt, Germany. With this Combined Sustainability Statement, Merck KGaA, Darmstadt, Germany, meets the requirements of sections 289b to 289e of the German Commercial Code (HGB) on compiling a non-financial statement. When preparing the (Group) Sustainability Statement, the first set of European Sustainability Reporting Standards was implemented in full. No specific framework was used as reference for the Non-Financial Statement of Merck KGaA, Darmstadt, Germany; instead, it is based on conclusions drawn from the Group. The concepts and results described relate to both the Group and Merck KGaA, Darmstadt, Germany, unless Merck KGaA, Darmstadt, Germany, is explicitly mentioned.[**]

The full version of the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, together with the unqualified auditor’s opinion and including the Combined Management Report, is electronically transmitted to the German Federal Gazette for inclusion in the German company register and is published on its website.

Merck KGaA, Darmstadt, Germany, headquartered in Darmstadt, Germany, is the parent company of the Group. Following the transfer of the Life Science, Healthcare and Electronics business sectors into separate legal entities, which was completed at the beginning of fiscal 2023, Merck KGaA, Darmstadt, Germany, primarily performs a holding function for the Group. In this role, the supporting central functions make strategically important decisions and ensure that compliance provisions are observed globally. Merck KGaA, Darmstadt, Germany, also performs Group-wide services for the areas of information technology, strategic management and site management, especially at the Darmstadt site where around 4,000 of the more than 11,000 employees work.

[**] The Combined Sustainability Statement was not subject to a content review as part of the audit of the financial statements but was subject to a separate limited assurance audit by Deloitte.

Business development and results of operations

The operating business activities of Merck KGaA, Darmstadt, Germany, consist mainly of intragroup services such as site management, IT, strategic management, and the issuing of licenses for the Group umbrella brand. Furthermore, the results of operations are largely influenced by the development of the investment result, which includes all expenses and income in connection with investments of the Group.

Results of operations

			Change	
€ million	**2025**	2024	€ million	%
Net sales	1,754	1,624	130	8.0
Other income	101	114	-13	-11.7
Cost of materials	-787	-693	-94	13.6
Personnel expenses	-542	-527	-14	2.7
Depreciation, amortization and write-downs	-133	-132	-2	1.1
Other operating expenses	-792	-916	124	-13.6
Operating result	**-399**	**-530**	**131**	**-24.7**
Investment result	1,943	2,173	-229	-10.6
Other financial result	-511	-685	175	-25.5
Profit before profit transfers and taxes	**1,034**	**958**	**76**	**7.9**
Profit transfers	-740	-709	-31	4.4
Taxes	-9	36	-45	-126.0
Profit after profit transfers and taxes/ net income	**284**	**284**	**–**	**–**

The **operating result** of Merck KGaA, Darmstadt, Germany, improved overall. This is attributable to the following key changes:

The **net sales,** which mainly comprise intragroup on-charging, increased as a result of higher on-charges of project costs for global projects incurred within Merck KGaA, Darmstadt, Germany, such as the divestment of the Surface Solutions business unit and the acquisition of SpringWorks Therapeutics, Inc., USA, to Group companies with an economic involvement. The **cost of materials**, which comprises the services procured for the on-charged project costs, increased correspondingly. Accordingly, the cost of materials in relation to sales increased slightly to 44.9% (2024: 42.7%).

Personnel expenses grew slightly as a result of the scheduled increases to wages and salaries and the associated social security contributions and variable salary components.

In 2024, **other operating expenses** included an expense from another accounting period in a low triple-digit million euro amount. Adjusted for this expense, the other operating expenses increased by 7.8%, which was primarily attributable to increased external services for the aforementioned projects, which remained within Merck KGaA, Darmstadt, Germany.

The decline in the **investment result** is primarily due to lower investment income in the form of dividends from direct subsidiaries. This was realized to a smaller extent in financial assets as a result of one-time income from the intragroup transaction. In addition, income from profit transfers declined slightly. The good performance of the Life Science business sector and the divestment of the Surface Solutions business unit in the Electronics business sector had a positive effect here. However, profit transfers declined overall due to one-time effects in the Healthcare business sector and in the Group financing company Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany, as a result of the further decline in interest rates.

In **other financial result**, the lower interest rate level had a positive effect on the amount of interest expenses.

The **profit before profit transfers and taxes** developed positively overall due to the described effects.

Net assets and financial position

Assets

			Change	
€ million	**Dec. 31, 2025**	Dec. 31, 2024	€ million	%
Fixed assets	**26,352**	**25,209**	**1,143**	**4.5**
Intangible assets	196	193	3	1.4
Tangible assets	1,413	1,276	138	10.8
Financial assets	24,743	23,741	1,002	4.2
Current assets	**1,251**	**1,795**	**-545**	**-30.3**
Inventories	32	34	-2	-6.7
Trade accounts receivable	59	63	-4	-7.0
Other receivables and other assets	1,160	1,698	-538	-31.7
Cash and cash equivalents	–	–	–	–
Prepaid expenses	**89**	**84**	**5**	**6.2**
	27,692	**27,088**	**604**	**2.2**

Equity and liabilities

			Change	
€ million	**Dec. 31, 2025**	Dec. 31, 2024	€ million	%
Net equity	**5,481**	**5,481**	**–**	**–**
Provisions	**1,893**	**2,067**	**-174**	**-8.4**
Provisions for pensions and other post-employment benefits	1,190	1,313	-123	-9.3
Other provisions	703	754	-51	-6.8
Liabilities	**20,309**	**19,532**	**777**	**4.0**
Financial liabilities	2,548	2,276	272	12.0
Trade accounts payable	172	155	17	10.7
Other liabilities	17,589	17,101	488	2.9
Deferred income	**10**	**9**	**–**	**–**
	27,692	**27,088**	**603**	**2.2**

Net assets increased slightly by 2.2%. The increase on the asset side of the balance sheet related primarily to fixed assets (€ +1,143 million), while current assets declined (€ -545 million). On the equity and liabilities side, liabilities increased (€ +777 million) while provisions decreased (€ -174 million). The net equity remained at the level of the previous year.

Tangible assets increased as a result of the investments in property, plant and equipment at the Darmstadt site in particular, some of which are still under construction.

Financial assets increased in fiscal 2025 due to the two-phase contribution of an investment in an affiliated company as a non-cash contribution to another affiliated company, for which new shares were granted. The contribution occurred in two phases, whereby the first contribution occurred at the carrying amount of € 244 million and the second occurred at the fair value amounting to € 1,257 million. Accordingly, the shares in affiliated companies increased by € 1,500 million. This is offset by the carrying amounts of the contributed shares as disposals amounting to € 300 million. The resulting gains are shown under the investment result. Furthermore, a capital reduction of an affiliated company took place, which is recorded as a disposal in the investment book value amounting to € 251 million.

Other receivables and other assets declined as a result of lower investment income from subsidiaries.

Merck KGaA, Darmstadt, Germany, was financed by **equity** in the amount of € 5,481 million (2024: € 5,481 million), corresponding to an equity ratio of 19.8% (2024: 20.2%). The net income generated in fiscal 2025 covered the dividend payments that took place during the course of the year.

The reduction in **provisions** was due to the lower level of **pension provisions** in particular. These were reduced by an increased fair value of the offset plan assets and a lower settlement amount caused by a slightly increased discount rate.

The **financial liabilities** amounting to € 2,548 million (2024: € 2,276 million) serve primarily to finance various acquisitions in the Group alongside refinancing. Additional information on the financing conditions and maturity structure of the bonds can be found in Note (22) Financial Liabilities of the Notes to the Financial Statements in accordance with HGB.

Merck KGaA, Darmstadt, Germany, is also financed via the Group financing company Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany, which provides Merck KGaA, Darmstadt, Germany, with sufficient financial resources, thus ensuring liquidity. The **other liabilities** increased; these primarily relate to current loans and clearing account liabilities with respect to Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany, in the amount of € 16,659 million (2024: € 15,900 million).

Research and development

Research and development (R&D) expenses in fiscal 2025 declined to € 39 million (2024: € 79 million) and include remaining expenses for global R&D services at Merck KGaA, Darmstadt, Germany.

Dividend

For fiscal 2025, we propose to the Annual General Meeting the payment of a dividend of **€ 2.20** per share.

Personnel

As of December 31, 2025, Merck KGaA, Darmstadt, Germany, had **3,633** employees, representing a decrease compared with the reporting date of the previous year (2024: 3,715), in the areas of site operations, administration and research.

The average number of employees by functional area:

Personnel

	2025	2024
Administration	2,498	2,529
Site operations	762	820
Research	281	310
Logistics	55	55
Marketing and sales	35	36
Other	7	6
Total	**3,637**	**3,756**

Risks and opportunities

As the parent of the Group, Merck KGaA, Darmstadt, Germany, is largely subject to the same opportunities and risks as the Group. Merck KGaA, Darmstadt, Germany, participates in these risks and opportunities via its equity investments and subsidiaries. This can have consequences for its investment result or the valuation of shares in subsidiaries. More information can be found in the Group **Report on Risks and Opportunities**.

Forecast for Merck KGaA, Darmstadt, Germany

Deviations of actual business development in fiscal 2025 from the previously reported guidance

In the Combined Management Report for 2024, a moderately increased investment result was initially expected in fiscal 2025 in comparison with 2024. Net income was forecast to be slightly higher than in fiscal 2024.

Contrary to this expectation, the investment result was slightly less than in the previous year and was thus also less than forecast last year. Due to the realization of the one-time income from the intragroup transaction in financial assets, lower investment income in the form of dividends was thus realized. In addition, income from profit transfers was below the forecast from the previous year. The key drivers of this were one-time effects in the Healthcare business sector and the continued decline in interest rates, which had a negative effect on the earnings of the Group financing company Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany.

Net income was stable year-on-year, but was below the forecast due to the unexpected slight decline in the investment result.

Forecast 2026

We forecast a slight increase in the investment result overall. The investment income from dividend payments included in this is expected to be significantly higher than in fiscal 2025. However, it will remain below the level of the years prior to 2025 as, because of the intragroup transaction of fiscal 2025, additional Group companies will be included in the German tax group. In accordance with the plans for the German tax group, this will bring about a sustained increase in income from profit transfers. A one-time effect from the intragroup transaction, as in fiscal 2025, is not planned for 2026.

Overall, net income is forecast to remain at a comparable level to fiscal 2025.

Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany, in Darmstadt will provide the company with sufficient financial resources as needed, thus ensuring liquidity.

No risks that could jeopardize the continued existence of the company have been identified.

corporate governance

compensation report

This Compensation Report describes the structure and application of the compensation system for the Executive Board of Merck KGaA, Darmstadt, Germany, in fiscal 2025. It provides a transparent overview of the relationship between compensation and performance, and presents the compensation awarded or due to the members of the Executive Board and the Supervisory Board in fiscal 2025. The Supervisory Board and the Executive Board have jointly prepared the Compensation Report, which meets the requirements of section 162 of the German Stock Corporation Act (AktG). It is audited by Deloitte Wirtschaftsprüfungsgesellschaft GmbH formally in accordance with section 162 (3) AktG and materially. Furthermore, we are oriented towards the requirements of the German Corporate Governance Code (DCGK) in the version dated April 28, 2022.

The legislation and regulations relating to the Compensation Report are geared toward the situation at a German stock corporation ("Aktiengesellschaft" or "AG") and do not take into consideration the special characteristics of a corporation with general partners ("Kommanditgesellschaft auf Aktien" or "KGaA"), such as our company. Major differences between the two legal forms exist in terms of liability and management. In the case of an AG, only the AG is liable as a legal entity, whereas the general partners of a KGaA also have unlimited personal liability for the company's obligations (section 278 (1) AktG). Unlike the management board members of an AG, the members of the Executive Board of our company are personally liable partners of both Merck KGaA, Darmstadt, Germany, and the general partner E. Merck KG, Darmstadt, Germany, and not merely employed members of a corporate board.

Review of fiscal 2025

In fiscal 2025, the established growth trajectory continued successfully despite a challenging global business environment. We were able to organically increase both our sales and our EBITDA pre, the most important key performance indicator for managing our operational business.

In the Life Science business sector, we further strengthened our position as a leading provider for customers in research, diagnostics and pharmaceuticals. Fiscal 2025 was characterized by organic sales growth and strong order intake. The successful opening of a new facility in Blarney, Ireland, enhanced our strategic positioning.

In Healthcare, we achieved moderate organic sales growth based on all franchises. In addition to the successful completion of the acquisition of SpringWorks Therapeutics, Inc., USA, on July 1, 2025, we set an important milestone for future growth with the opening of the new Launch and Technology Center at our site in Darmstadt.

The net sales of the Electronics business sector remained organically stable in fiscal 2025. In the Semiconductor Solutions business unit, we recorded increased demand for modern microchips in the field of artificial intelligence, as well as for mature microchips. As part of the strategic capacity expansion, we opened a new site in Kaohsiung, Taiwan, which enables us to strengthen the resilience of the global semiconductor supply chain. Additionally, as part of the portfolio optimization, the divestment of the Surface Solutions business unit was completed on July 31, 2025.

Sustainability is an integral part of our business strategy. In fiscal 2025, we revised parts of our sustainability strategy and sharpened our commitment to deliver more sustainable solutions through our portfolio. We also achieved key milestones in our sustainability strategy by reducing our greenhouse gas emissions (Scope 1 and 2) by more than half compared to 2020 through effective and consistent measures and thereby achieved our 2030 target ahead of schedule. Furthermore, we finalized our first Climate Transition Plan. To further advance our long-term sustainability goals, we have again implemented relevant indicators and targets in the Sustainability Factor within the Long-Term Incentive Plan (LTIP) 2025.

Fiscal 2025 showed a differentiated performance regarding compensation: based on stable results in fiscal years 2023 to 2025 the payouts from the profit sharing reflect a consistent operational performance. In contrast, the payout from the Long-Term Incentive Plan (LTIP) was significantly lower, as the multi-year targets for the key performance indicators set at the inception of the plan were not met to the required extent. In particular, the development of the share price during the performance period fell short of expectations. A detailed presentation of the target achievement and the resulting compensation components will be provided in the following sections.

In addition, there were the following changes within the Executive Board in fiscal 2025: Khadija Ben Hammada was appointed Chief People Officer and is a member of the Executive Board in this newly created position with effect from March 1, 2025. Furthermore, Jean-Charles Wirth took over the position of CEO Life Science from Matthias Heinzel on June 1, 2025. Likewise, the role of CEO Healthcare was transferred from Peter Guenter to Dan Pinhas Bar Zohar on June 1, 2025. All had previously been employed in leading positions within the company. Matthias Heinzel and Peter Guenter left the Executive Board on May 31, 2025. In addition to his role as CEO Electronics, Kai Beckmann became Deputy Chair of the Executive Board effective September 25, 2025.

In fiscal 2025, the contractually agreed compensation of the other members of the Executive Board remained unchanged.

In the Supervisory Board, there was one change of mandate. Effective June 30, 2025, Sascha Held left the Supervisory Board and as of July 1, 2025, and Sven Vollrath joined. Anne Lange became Vice Chair of the Supervisory Board on July 1, 2025.

Approval of the Compensation Report 2024

In accordance with section 120a (4) AktG, the Compensation Report 2024 was approved with a voting result of 88.28% at the Annual General Meeting 2025. Only shareholders of Merck KGaA, Darmstadt, Germany, are entitled to vote at the Annual General Meeting (and thus not E. Merck KG, Darmstadt, Germany, in its capacity as personally liable partner of Merck KGaA, Darmstadt, Germany).

During the Annual General Meeting 2025, and in numerous discussions before and after the Annual General Meeting, the Group received feedback from investors, shareholder associations and proxy advisors on the compensation of the Executive Board, as well as the presentation in the Compensation Report. We consider this feedback to be valuable input for the continuous improvement of the Compensation Report and decisive for the revision of the compensation system. The revised compensation system, which was approved by 88.77% at the Annual General Meeting 2025, will enter into force on January 1, 2026.

In the discussions, we were given the impression that the high level of transparency in our compensation reporting was positively acknowledged. However, some investors noted that while the total amount of the maximum compensation is disclosed in the description of the Executive Board compensation system according to section 87a paragraph 1 of the German Stock Corporation Act (AktG), the individual capped amounts were not disclosed for all compensation components. These, as in previous years, are disclosed in the compensation report.

Regarding the design of the compensation system, the discussion partners appreciated the strengthening of the “pay for performance” principle in the design of the performance-related variable compensation components for the Executive Board. In particular, the revision of the profit sharing was highlighted. By focusing the performance period on the respective fiscal year and by doubling the threshold value required for a payout, the incentive effect and performance orientation of the profit sharing are further strengthened.

With regard to the compensation structure, it was commented that the Executive Board's compensation system will in future be even more strongly connected to the long-term and sustainable success of the company. This is achieved by a proportionately higher weighting of the Long-Term Incentive Plan within the variable compensation, while maintaining the maximum amount of compensation.

Additionally, in relation to the design of the profit sharing, it was discussed whether the profit after tax of the Group of E. Merck KG, Darmstadt, Germany, as the sole financial performance metric can adequately reflect the performance of the Executive Board members holistically. Unlike the management board members of a German stock corporation ("Aktiengesellschaft" or "AG"), the members of the Executive Board are personally liable partners which is reflected in a strongly entrepreneurial-oriented compensation via the profit sharing. The participation in the profit of E. Merck KG, Darmstadt, Germany, thus directly aligns the compensation of the Executive Board members with the success or with the failure of the company. Furthermore, the Personnel Committee considers the individual performances of the Executive Board members and their contributions to our sustainability goals within the adjustment factor of the profit sharing. This ensures – along with the other elements of the compensation system – a holistic alignment of the compensation of our Executive Board members with the company's success and the interests of our investors.

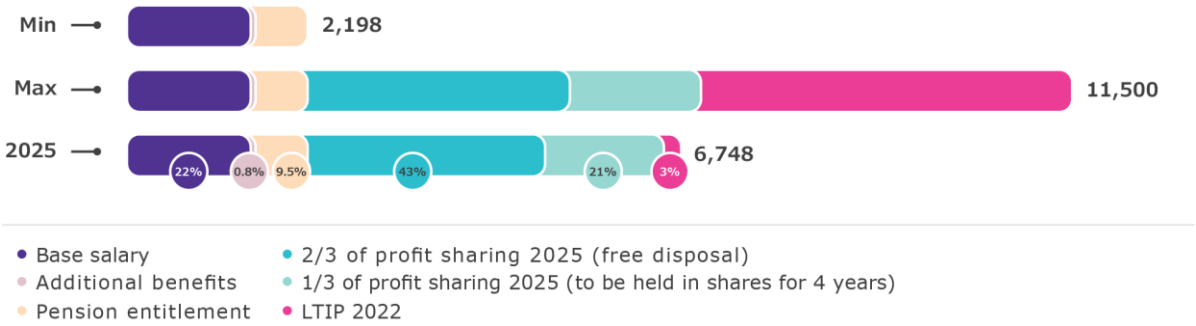
Regarding the future design of the Long-Term Incentive, the even more explicit consideration of sustainability aspects in the compensation system was discussed. In the compensation system valid from fiscal 2026, strategically derived sustainability goals will be implemented alongside the financial KPIs as independent and additive key indicators in the LTIP rather than as a sustainability factor (as before). This means that sustainability goals and financial KPIs will be of equal significance. With some discussion partners, the target achievement curve for the relative performance of the share of Merck KGaA, Darmstadt, Germany, compared to the DAX® was discussed. In our view, the DAX® Total Return Index represents a suitable and ambitious peer group of globally operating companies from various sectors that consistently set high standards in long-term performance. To keep pace with the DAX® Total Return Index, outstanding results must be continuously achieved, regardless of industry-specific or macroeconomic fluctuations. Accordingly, we consider the design of the target achievement curve for the relative share price performance to be ambitious and to establish the intended "pay for performance" principle within the Executive Board's compensation system. Against this background, it is important to note that the performance of the share of Merck KGaA, Darmstadt, Germany, is measured against a so-called Total Return Index. This means that dividend payments are included in the performance of our peer companies, while they are in contrast not considered in the calculation of the share performance of Merck KGaA, Darmstadt, Germany.

In summary, it can be stated that the constructive exchange with our investors plays an essential role in the continuous development of our compensation system and the improvement of reporting. In the run-up to the 2026 Annual General Meeting, we will continue the dialogue with investors in order to obtain constructive and valuable feedback and report accordingly in the following year.

Compensation for fiscal 2025 – summary

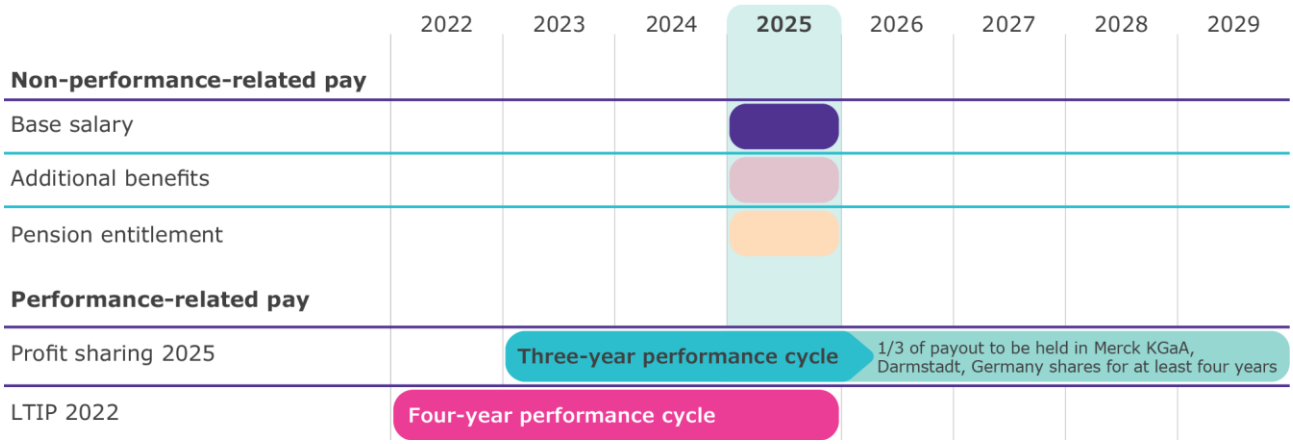
Compensation for services up to December 31, 2025 (see "Executive Board Compensation for 2025")

Chair of the Executive Board (Belén Garijo), in € thousand



The average calculation of the compensation of further members of the Executive Board is not shown for fiscal 2025. Due to entries into and exits from the Executive Board, the average calculation of the compensation is not meaningful.

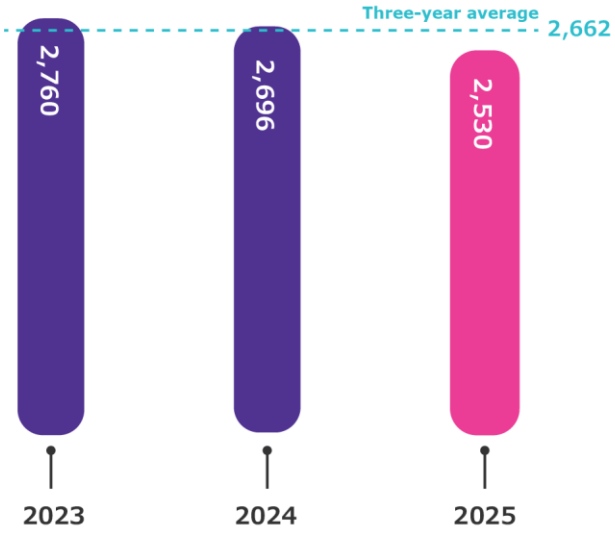
Terms of the compensation components for fiscal 2025



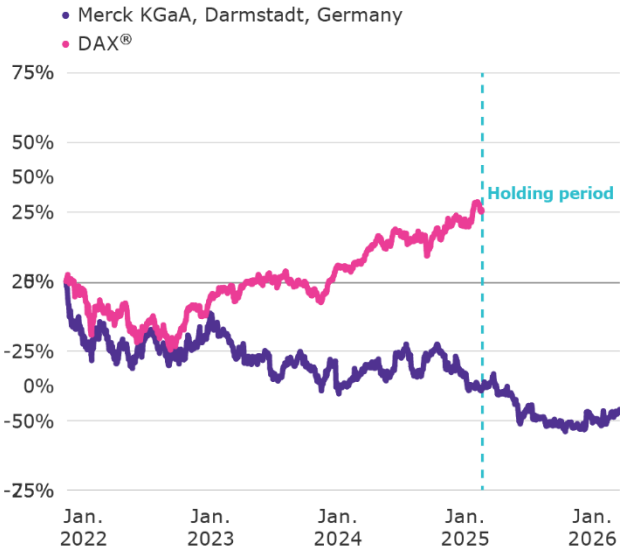
Relevant key performance indicators for profit sharing and LTIP

Profit after tax of the Group of E. Merck KG, Darmstadt, Germany

(€ million)



Performance of share of Merck KGaA, Darmstadt, Germany



LTIP 2022

Performance indicator	Target corridor	Actual value	Target achievement
Share price performance relative to DAX® (Weighting: 50%)	Lower limit -20% / Target value 0% / Upper limit 50%	**-54.9%**	**0%**
EBITDA pre margin (Weighting: 25%)	Lower limit 27.2% / Target value 30.2% / Upper limit 33.2%	**29.2%**	**66.7%**
Organic sales growth (Weighting: 25%)	Lower limit 4.9% / Target value 7.9% / Upper limit 10.9%	**2.3%**	**0%**
Sustainability factor	Lower limit 0.8 / Target value 1.0 / Upper limit 1.2		**1.01**

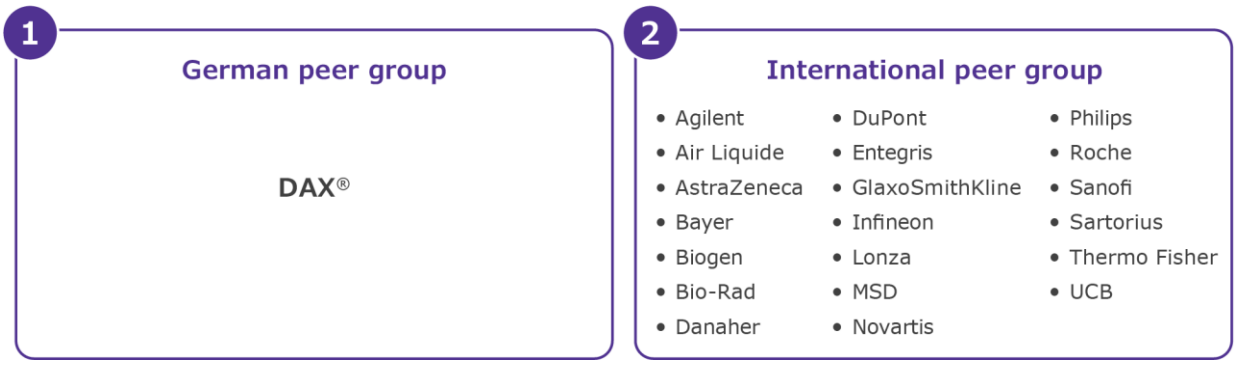
● Actual value

Total target achievement: 16.8%

Determining the compensation of the Executive Board

At our company, unlike at publicly listed German stock corporations, it is not the Supervisory Board but the Board of Partners of E. Merck KG, Darmstadt, Germany, that is responsible for designing and reviewing the compensation system and deciding on the amount and composition of compensation paid to Executive Board members. The Board of Partners has assigned this task to its Personnel Committee. As a result, the Personnel Committee is responsible for the development and regular review of the compensation system for the Executive Board, in particular also for structuring and examining the non-performance-related and performance-related compensation elements. The Personnel Committee also takes into account the compensation system for managers and employees below Executive Board level to ensure consistency and a uniform steering effect between the compensation systems. Furthermore, the Personnel Committee is responsible for defining the annual targets and thresholds of the key performance indicators for the performance-related compensation elements.

In addition to structuring the Executive Board compensation system, the Personnel Committee is responsible for defining the specific amounts of compensation paid to the members of the Executive Board. The compensation paid to the members of the Executive Board takes into account the responsibilities and duties of the individual Executive Board members, particularly their status as personally liable partners, their individual performance and the economic situation as well as the performance and future prospects of the Group. Furthermore, external market benchmarks are also considered. For this purpose, two peer groups are used: the companies of the DAX® as the German peer group as well as a group of selected international competitors. The peer groups are composed as follows:



The international peer group was defined considering the size, business area and geographic location of the headquarters of the respective companies. Overall, the peer group offers an appropriate ratio of companies headquartered in Europe and the United States as well as a balanced coverage of the Life Science, Healthcare and Electronics business sectors. In relation to the size criteria of sales, number of employees and market capitalization, the Group is positioned around the median of this international peer group.

Moreover, for the determination of the specific compensation amounts, the relation between Executive Board compensation, top management compensation and workforce compensation will also be considered based on a multi-year assessment. Top management is defined as senior levels of management below the Executive Board in Germany. The average compensation of an employee in full-time employment in Germany is considered in the determination of the compensation of the remaining staff.

The Personnel Committee regularly reviews the appropriateness of the amount and structure of the Executive Board compensation by referring to the peer groups described and with the assistance of an independent compensation consultant.

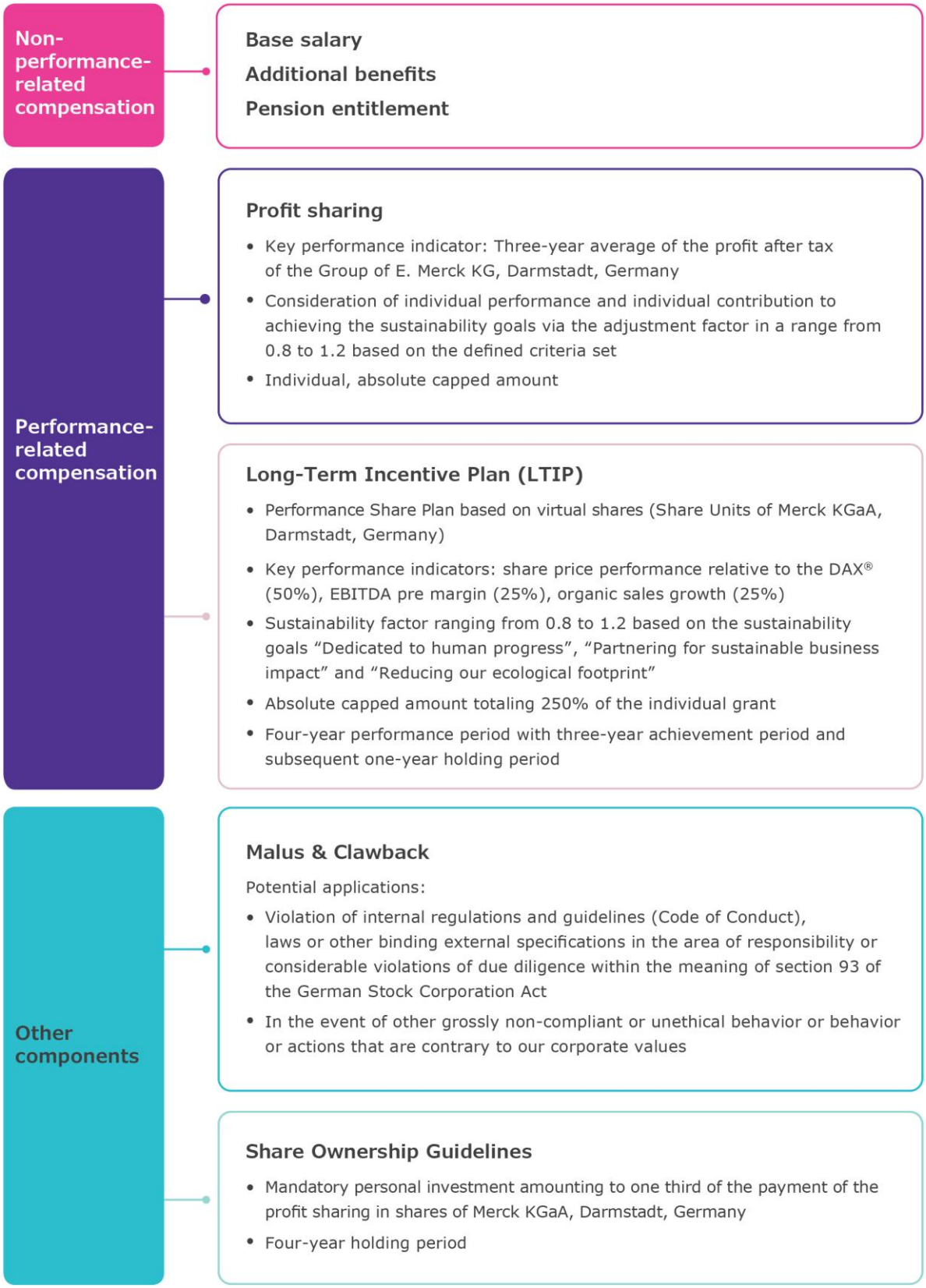
Overview of the structure of the compensation system

Compensation components

Executive Board compensation includes three main components: base salary, profit sharing and the Long-Term Incentive Plan (LTIP). It is complemented by contributions to the company pension plan as well as additional benefits. Additional compensation arrangements also exist for the members of the Executive Board, in particular malus and clawback provisions and a Share Ownership Guideline.

The performance-related compensation elements – profit sharing and the LTIP – are based on a multi-year performance period and as such are fully oriented toward the company's long-term development. In addition, the LTIP is strongly linked to the company's share price, to specifically recognize our shareholders' interests. The key performance indicators selected for variable compensation are derived from the corporate strategy and form part of our central controlling system. In this way, the variable compensation of the Executive Board members is used as a strong steering tool to ensure a focus on our objective of long-term profitable growth accompanied by strong cost discipline.

The following diagram provides an overview of all elements of the compensation system for Executive Board members relevant for fiscal 2025:



Executive Board compensation for 2025

The performance-related and performance-independent components of the compensation system for the Executive Board in fiscal 2025 are fully consistent with the Executive Board compensation system approved by the Annual General Meeting 2021 with a voting result of 87.08%. The compensation system 2021 is published on our website and has applied to all members of the Executive Board since January 1, 2021. The new compensation system 2026, which was approved with 88.77% of the votes at the 2025 Annual General Meeting, will come into force with effect as of January 1, 2026. The Personnel Committee ensures compliance with the compensation system by deciding by resolution on its specific application (e.g. setting targets, determining target achievement, etc.) as well as on the amounts to be paid out.

The following section reports on the compensation awarded or due in accordance with section 162 (1) AktG. Accordingly, the following sections contain all amounts paid to individual members of the Executive Board (active and former members) in the fiscal year (compensation awarded) as well as all amounts legally due but not yet received (compensation due).

In addition, the compensation for which the members of the Executive Board have provided the underlying service in full by December 31, 2025, but for which payment will be made in the following year, is disclosed on a voluntary basis. This applies to the profit sharing for fiscal 2025, as well as to the LTI tranche 2022, the performance period of which ended on December 31, 2025. These amounts have been provisionally determined by the Personnel Committee by resolution. The final amount will be paid to the members of the Executive Board once the Consolidated Financial Statements of E. Merck KG, Darmstadt, Germany, have been released. This enables transparent information and ensures the link between performance and compensation in the financial year.

Performance-independent compensation

Base salary

As base salary, the members of the Executive Board receive contractually fixed performance-independent amounts that are paid in the form of 12 equal monthly installments.

Due to the appointment of Kai Beckmann as Deputy Chair of the Executive Board, his base salary was increased from € 1,200,000 to € 1,300,000, effective September 25, 2025.

Additional benefits

The additional benefits mainly include company cars for personal use, contributions to insurance policies and expenses for personal protection.

Compensation payments were agreed with Helene von Roeder to compensate for the loss of variable compensation claims from her previous position on the Management Board of Vonovia SE, which resulted from her move to the Executive Board of Merck KGaA, Darmstadt, Germany, on July 1, 2023. The loss of the claims was proven on the basis of appropriate supporting documents.

The compensation payment for the loss of the long-term variable compensation entitlement is based on the plan rules of Vonovia SE's LTIP Tranche 2023, the performance period of which runs from the beginning of 2023 to the end of 2026. The amount can only be calculated after the publication of Vonovia SE's 2026 annual financial statements and will be paid out in fiscal 2027. This procedure ensures that Helene von Roeder only receives the long-term variable compensation that has actually been lost. The details of this were published in the 2023 Compensation Report.

Pension entitlement

The members of the Executive Board are granted a pension obligation as a direct commitment. A fixed amount is paid into a benefit account every year, and interest is paid at the applicable statutory maximum technical interest rate for the life insurance industry in accordance with section 2 (1) of the German Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV). Once the pension event occurs, the retirement capital in the benefit account is paid out either in ten annual installments or as a one-time payment. The pension event occurs upon retirement, in the event of occupational disability, or death. In fiscal 2025, no pension contributions were increased. The following table shows the pension obligations which result from the pension entitlements of the members of the Executive Board.

Pension obligations

		IAS 19			
		Service cost		Present value of the pension obligation as of December 31	
€ thousand	Contribution level	**2025**	2024	**2025**	2024
Belén Garijo	650	642	640	9,645	8,710
Kai Beckmann	450	435	435	8,146	7,478
Peter Guenter (until May 31, 2025)	186	182	436	–	1,835
Matthias Heinzel (until May 31, 2025)	450	446	447	2,366	1,883
Helene von Roeder	450	464	479	1,200	733
Total	**2,186**	**2,169**	**2,437**	**21,357**	**20,639**

In accordance with the Executive Board compensation system 2021, a pension agreement was entered into with Khadija Ben Hammada, Jean-Charles Wirth and Dan Pinhas Bar Zohar. The individual contractual pension contribution amounts to € 450,000 annually in each case. In fiscal 2025, it was agreed with Khadija Ben Hammada, Jean-Charles Wirth and Dan Pinhas Bar Zohar to switch to the pension substitute from January 1, 2026 in accordance with the compensation system for the Executive Board 2026 as well as a compensation payment for the pension contribution 2025 based on the compensation system 2021. This compensation will be paid in January 2026.

Peter Guenter had a pension commitment until May 31, 2025. The retirement capital was paid upon retirement as a one-time payment.

Performance-related compensation

Performance-related compensation comprises profit sharing as well as the Long-Term Incentive Plan.

Profit sharing

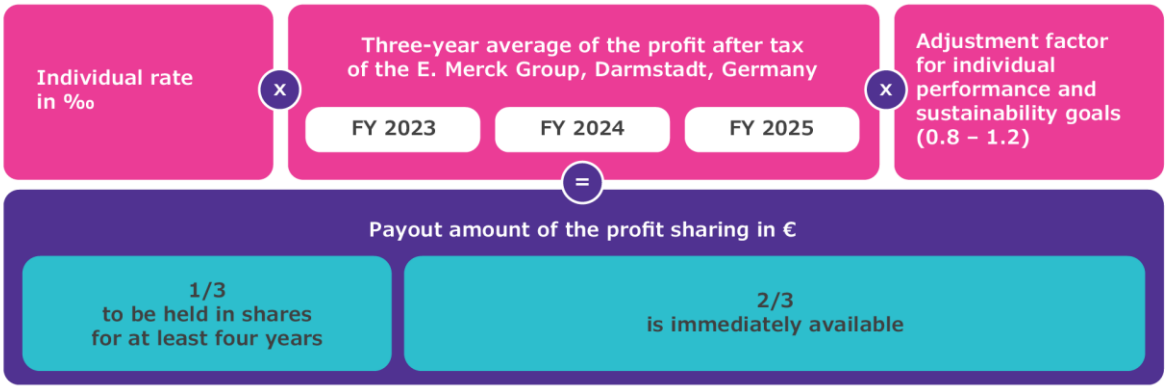
With regard to profit sharing, an individual profit-sharing rate is contractually defined for the members of the Executive Board as a per mille rate of the three-year average of the consolidated profit after tax of the Group of E. Merck KG, Darmstadt, Germany. Fiscal 2025 and the two preceding fiscal years are included in the calculation.

The use of profit after tax as the key performance indicator, which also serves as the basis for dividend payments, ensures very close alignment with shareholder interests.

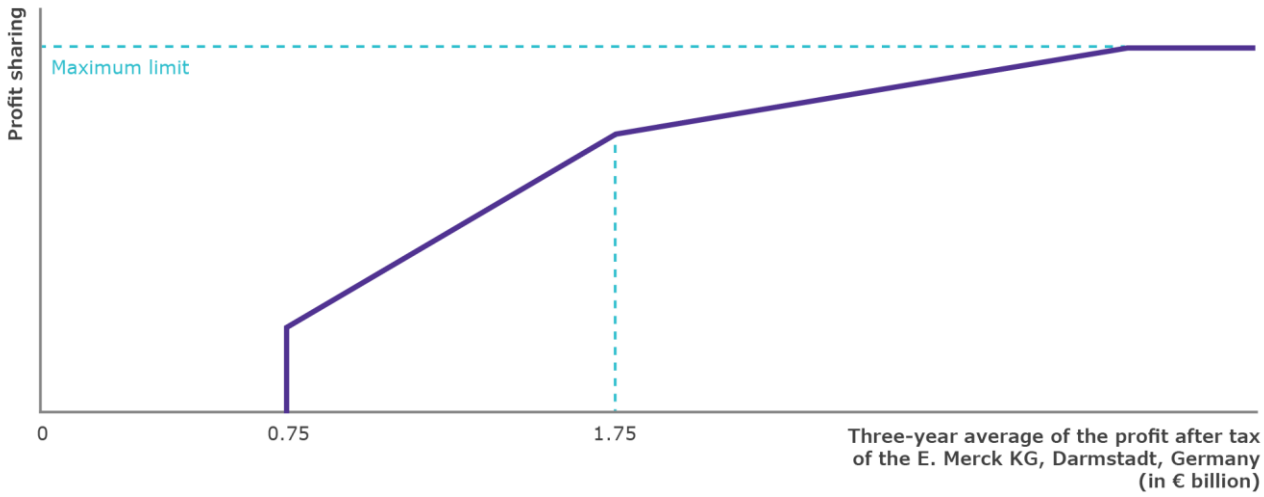
To appropriately consider the individual performance of the Executive Board members, the Personnel Committee may modify the payment by applying a factor ranging from 0.8 to 1.2. The adjustment factor allows recognition of outstanding individual performance as well as overachievement of certain sustainability targets by multiplying the profit sharing by a value greater than 1.0 up to 1.2. Similarly, multiplying by a value less than 1.0 down to 0.8 can reduce the profit sharing if the circumstances call for it, such as a failure to achieve sustainability targets.

The members of the Executive Board are obligated to invest one-third of the payout of the profit sharing in our shares and to hold them for at least four years. The obligation to hold shares refers to the payout amount of the profit sharing. Further details are provided under the heading **Share Ownership Guideline**.

The following illustration shows the profit sharing for fiscal 2025:



The Group of E. Merck KG, Darmstadt, Germany, must generate an average profit after tax of at least € 0.75 billion for the profit-sharing payment to be made. This minimum threshold reflects the "pay-for-performance" approach of the compensation system. If the profit exceeds this threshold, the individual profit-sharing rates are staggered as illustrated below:



The maximum profit-sharing payment is capped individually. It amounts to € 4,810 thousand for Belén Garijo, € 3,900 thousand for Peter Guenter, Matthias Heinzel, Dan Pinhas Bar Zohar, and Jean-Charles Wirth and € 3,300 thousand for Helene von Roeder and Khadija Ben Hammada. Due to Kai Beckmann's appointment as Deputy Chair of the Executive Board, effective September 25, 2025, the maximum profit-sharing payment for Kai Beckmann has been adjusted from € 3,500,000 to € 3,900,000. In the event of intra-year entries to or exits from the Executive Board, as well as intra-year compensation adjustments, the contractual provisions stipulate a pro-rata calculation of the respective maximum amounts.

The three-year average that is relevant for fiscal 2025 was based on the profit after tax generated by the Group of E. Merck KG, Darmstadt, Germany, in fiscal 2023, 2024 and 2025, as illustrated in the following table and graphic:

Profit after tax of the Group of E. Merck KG, Darmstadt, Germany

€ million	2022	2023	2024	**2025**
Profit after tax	3,288	2,760	2,696	2,530
Three-year average profit after tax (2022-2024)		2,915		
Three-year average profit after tax (2023-2025)			2,662	

The Personnel Committee has set the adjustment factor at 1.0 for all members of the Executive Board, taking into account individual performance as well as contributions to sustainability goals against the agreed criteria.

The Personnel Committee thereby acknowledges that, due to the contributions and commitment of the Executive Board members, the growth trajectory has continued despite a persistently challenging macroeconomic environment. Via thoughtful decisions and strategic foresight, the three business sectors Life Science, Healthcare and Electronics have set the course for the company's continued successful and resilient development in the future. In addition to economic successes, further achievements in relation to our three sustainability goals have been made under the leadership of the Executive Board.

The successes achieved are the result of close collaboration among the members of the Executive Board. Therefore, in the view of the Personnel Committee, a differentiation of the adjustment factor between the members of the Executive Board is not appropriate.

Considering the relevant three-year average of the profit after tax of the Group of E. Merck KG, Darmstadt, Germany, the individual sharing rates and the adjustment factor, the profit sharing and the shareholding obligation for fiscal 2025 are as follows:

Profit sharing 2025 summary

	Three-year average profit after tax (€ million)	Average individual profit-sharing rate 2025 (in per mille)[1]	Adjustment factor for individual performance	Profit-sharing amount (€ thousand)	thereof investment obligation (€ thousand)[2]
Belén Garijo	2,662	1.63	1.0	4,338	1,446
Kai Beckmann		1.22	1.0	3,251	1,084
Peter Guenter (until May 31, 2025)[3]		0.55	1.0	1,452	484
Matthias Heinzel (until May 31, 2025)		1.32	1.0	3,510	1,170
Helene von Roeder		1.11	1.0	2,956	985
Khadija Ben Hammada (since March 1, 2025)[3]		0.93	1.0	2,478	826
Jean-Charles Wirth (since June 1, 2025)[3]		0.77	1.0	2,058	686
Dan Pinhas Bar Zohar (since June 1, 2025)[3]		0.77	1.0	2,058	686

[1] Profit-sharing amount in relation to the three-year average after tax.

[2] Gross amount – investment obligation is based on payout amount.

[3] Pro rata temporis from the date of joining/until the date of leaving.

The profit sharing 2025 will be paid out in April 2026. One-third of the payout of the profit sharing must be invested in shares of Merck KGaA, Darmstadt, Germany, and held for at least four years (investment obligation). Further details of the investment obligation can be found under **Share Ownership Guideline**.

In fiscal 2025, the profit sharing for fiscal 2024, already explained in detail in the Compensation Report 2024, was paid out, which is thus reported as compensation awarded or due in fiscal 2025 in accordance with section 162 AktG. Further details can be found in the following table from the previous year:

Profit sharing 2024 summary

	Three-year average profit after tax (€ million)	Average individual profit-sharing rate 2024 (in per mille)[1]	Adjustment factor for individual performance	Profit-sharing amount (€ thousand)	thereof investment obligation (€ thousand)[2]
Belén Garijo	2,915	1.55	1.0	4,515	1,505
Kai Beckmann		1.13	1.0	3,282	1,094
Peter Guenter		1.25	1.0	3,654	1,218
Matthias Heinzel		1.25	1.0	3,654	1,218
Helene von Roeder		1.06	1.0	3,082	1,027

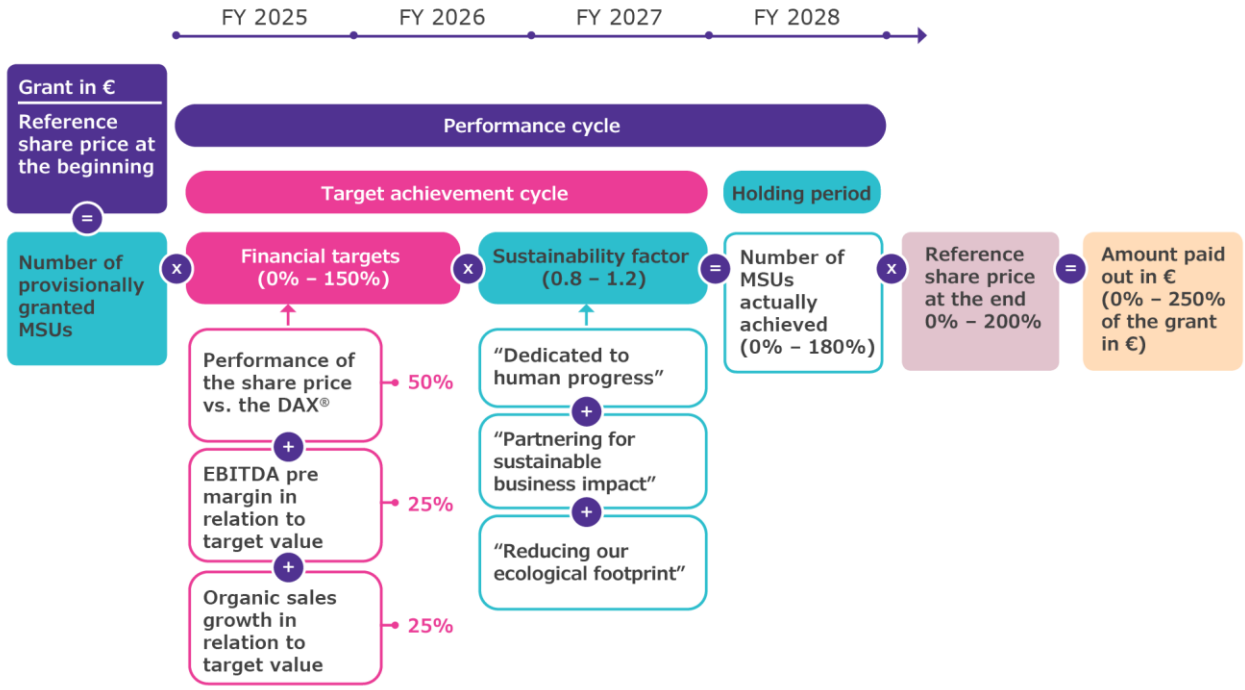
[1] Profit-sharing amount in relation to the three-year average after tax.

[2] Gross amount – investment obligation is based on payout amount.

Long-Term Incentive Plan (LTIP)

LTIP tranche for fiscal 2025

The LTIP is designed as a virtual performance share plan. It is based on a four-year future-oriented performance cycle that is composed of a three-year target achievement cycle and a subsequent one-year holding period. In addition to three financial performance indicators, the LTIP takes sustainability targets into account. These targets are linked to a sustainability factor. The sustainability factor has a range of 0.8 to 1.2 and can increase or reduce the target achievement resulting from the financial key performance indicators by up to 20%. The following graphic illustrates the calculation of the Share Units of Merck KGaA, Darmstadt, Germany (MSUs), as well as the functionality of the sustainability factor.



Calculation of the MSUs

Under the LTIP, members of the Executive Board are provisionally granted a certain number of virtual shares, so-called Share Units of Merck KGaA, Darmstadt, Germany (MSUs). The number of MSUs is calculated as follows: An individual grant in euros is set for each Executive Board member. Every year, this grant is divided by the definitive reference share price at the beginning of the performance cycle, resulting in the number of MSUs that the respective member is provisionally entitled to receive. The relevant reference share price is based on the average share price within the last 60 trading days prior to the start of the performance period.

In fiscal 2025, the LTIP tranche 2025 was allocated as follows:

LTIP Tranche 2025 allocation

	Grant amount (€ thousand)	Reference share price of Merck KGaA, Darmstadt, Germany, at the beginning (in €)	Number of provisionally granted MSUs	Maximum payout (€ thousand)
Belén Garijo	2,300		15,522	5,750
Kai Beckmann	1,765		11,909	4,412
Peter Guenter (until May 31, 2025)[1]	792		5,343	1,979
Matthias Heinzel (until May 31, 2025)	1,900		12,823	4,750
Helene von Roeder	1,400		9,448	3,500
Khadija Ben Hammada (since: March 1, 2025)[1]	1,167	148.18	7,874	2,917
Jean-Charles Wirth (since: June 1, 2025)[1]	1,108		7,480	2,771
Dan Pinhas Bar Zohar (since: June 1, 2025)[1]	1,108		7,480	2,771

[1] Pro rata temporis from the date of joining/until the date of leaving.

The number of MSUs actually allocated to the Executive Board members after the end of the target achievement cycle depends on the development of the financial performance indicators and the sustainability factor during the three-year target achievement cycle.

Based on the three financial performance indicators, the number of MSUs allocated may be between 0% and 150% of the provisionally granted MSUs. The resulting number of MSUs is then multiplied by the sustainability factor.

Sustainability factor target achievement can range between 0.8 and 1.2 and is determined by the predefined sustainability key indicators. Thus, the total number of MSUs actually allocated can amount to a maximum of 180% of the provisionally granted MSUs.

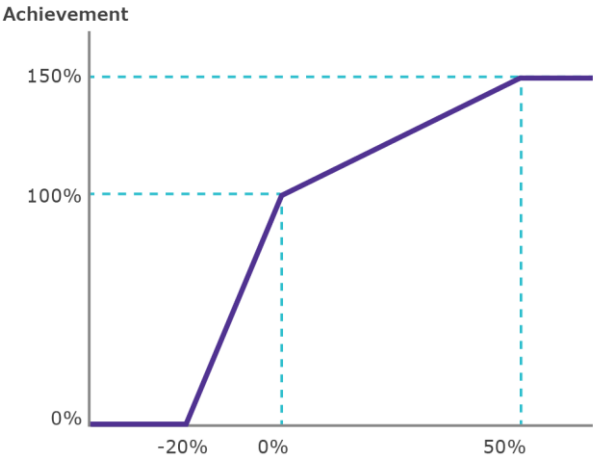
The target achievement cycle is followed by a one-year holding period. The final payout amount may be between 0% and a maximum of 250% of the amount initially granted and depends on the number of MSUs actually allocated and the reference share price at the end of the performance cycle.

Financial key performance indicators

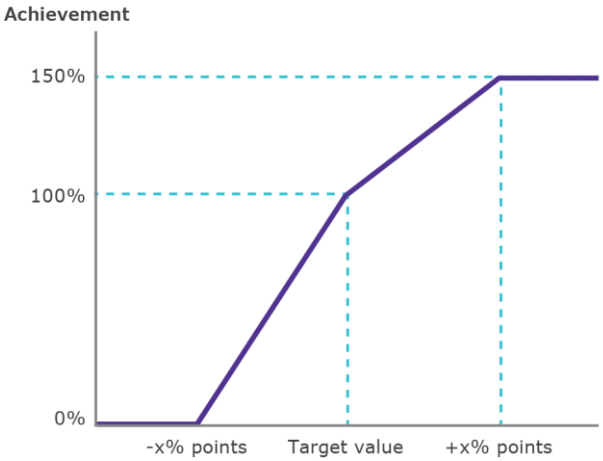
The relevant financial key performance indicators are:

- The performance of the share price of Merck KGaA, Darmstadt, Germany, compared with the performance of the DAX® with a weighting of 50%;
- The EBITDA pre margin as a proportion of a defined target value with a weighting of 25%; and
- The organic sales growth of the Group as a proportion of a predefined target value with a weighting of 25%.

The number of MSUs actually allocated after the end of the target achievement cycle is based on the following target achievement curves. The targets and thresholds for the key performance indicators of the EBITDA pre margin and organic sales growth are defined by the Personnel Committee at the beginning of the performance cycle and subsequently published in the Compensation Report.



Performance of share price of Merck KGaA, Darmstadt, Germany vs. the DAX®



Actual value of EBITDA pre margin or organic sales growth

Non-financial key indicators of the sustainability factor

With the introduction of the sustainability factor in fiscal 2022, our sustainability strategy is also incorporated into the LTIP. Based on the sustainability goals, the Personnel Committee defines corresponding specific and measurable sustainability key indicators as well as associated target and threshold values at the beginning of each tranche of the LTIP. These values are used to calculate target achievement at the end of the relevant target achievement cycle. The following sustainability criteria were defined for the selection of the sustainability key indicators:

- Relevance and influence of the sustainability key indicators on the three overarching sustainability goals of the sustainability strategy;
- Internal and external influence of the sustainability key indicators by management;
- Good measurability and operationalization; and
- Sustained impact to support long-term solutions.

In addition, the Personnel Committee determines the weighting of the individual sustainability goal for each tranche of the LTIP to emphasize priorities.

The Personnel Committee has defined the following sustainability key indicators and weightings for the 2025 tranche of the LTIP:

Sustainability Goal	Weighting	Sustainability Key Indicator
Dedicated to human progress[1]	30%	People treated with our Healthcare products (including schistosomiasis control program) and pharma products enabled by our Life Science business sector
Partnering for sustainable business impact	30%	Share of procurement spend attributable to suppliers with a valid sustainability assessment of "good" or better
Reducing our ecological footprint	40%	Greenhouse gas emissions Scope 1+2

[1] At the end of 2025, our goal "Dedicated to Human Progress" was revised to strengthen our commitment to provide more sustainable solutions through our portfolio. The goal was modified to "Advancing Innovation for Humanity". This change will only be reflected in the LTIP from 2026.

The following table shows the target corridors for the respective sustainability key indicators of the three overarching goals for the 2025 LTIP tranche ax ante.

Sustainability Goal/Key Indicator	Minimum	Target	Maximum
Dedicated to human progress[1]			
Number of people treated with our Healthcare products (in million)			
Number of people treated as part of the schistosomiasis control program (in million)	581	623	664
Number of people treated with pharma products enabled by our Life Science business sector (in million)			
Partnering for sustainable business impact			
Share of procurement spend attributable to suppliers with a valid sustainability assessment of "good" or better (percentage of procurement spend)	51%	61%	67%
Reducing our ecological footprint			
Greenhouse gas emissions in Scope 1+2 worldwide in kilotons (kt)	800	730	660

[1] At the end of 2025, our goal "Dedicated to Human Progress" was revised to strengthen our commitment to provide more sustainable solutions through our portfolio. The goal was modified to "Advancing Innovation for Humanity". This change will only be reflected in the LTIP from 2026.

The key indicators selected within the three overarching sustainability goals can be described as follows:

- "Dedicated to human progress"

We are convinced that with the help of science and technology, we can contribute to solving many global challenges. In this context, our Healthcare business sector measures how many people worldwide will be treated with our company's medicinal products. On the one hand, we look at the number of people treated with products from the Healthcare business sector, and on the other hand, we consider patients who are offered treatment with our praziquantel tablets as part of the schistosomiasis control program.

We also include the number of people who are treated with pharmaceuticals and medicinal products for the production of which technologies and products from our Life Science business sector have made an important contribution. We plan to continuously increase the number of patients treated and thus contribute to a significant improvement in medical care and the state of health of as many people as possible.

At the end of 2025, we revised our sustainability goal "Dedicated to human progress" and strengthened our commitment to provide more sustainable solutions through our portfolio. In the course of this, the goal was modified to "Advancing Innovation for Humanity". This change will be reflected in the LTIP from 2026.

- "Partnering for sustainable business impact"

We measure our progress in embedding sustainability in our supply chains. In recent years, the focus has been on increasing the transparency of our supply chains and obtaining a sustainability assessment for more suppliers. Since we now have appropriate sustainability assessments for the majority of the relevant suppliers, we will focus on selecting more suppliers with a good sustainability profile from fiscal 2025 onward. In this context, it is important for us to increase the share of procurement expenditure with suppliers whose sustainability rating is "good" or better.

- "Reducing our ecological footprint"

On our path to climate neutrality, we have already joined the Science Based Targets Initiative and aim to reduce both direct (Scope 1) and indirect emissions (Scope 2) by 50% by 2030 compared with fiscal 2020. This target is to be achieved by reducing process-related emissions, implementing energy efficiency measures and purchasing more electricity from renewable sources. Particularly in the case of process emissions (Scope 1), we aim to significantly reduce emissions by using new technologies.

The selected key indicators also reflect the topics that were classified as material in the CSRD materiality analysis and serve to achieve the goals of the sustainability strategy.

Target Achievement LTIP

When determining the target achievement for the tranche of the LTIP allocated in fiscal 2022, the sustainability factor introduced in fiscal 2022 was taken into account for the first time. The four-year performance period consisted of the target achievement cycle spanning three years (January 1, 2022 to December 31, 2024) and the subsequent one-year holding period (until December 31, 2025). At the end of the entire performance cycle of the LTIP 2022, the target achievement and the amounts were calculated based on the final share price. The relevant final share price is based on the average share price within 60 trading days prior to the end of the performance period. Subsequently, the amounts were multiplied by the sustainability factor and the final payout amounts were determined. The LTIP tranche 2022 will be paid out in April 2026.

The targets and thresholds, the actual amounts and the resulting target achievement for the LTIP tranche 2022 are as follows:

LTIP 2022 target achievement

Financial key performance indicator	Lower target corridor limit	Target	Upper target corridor limit	Actual achieved value	Target achievement
Share price performance relative to the DAX® (weighting: 50%)	-20.0%	0.0%	50.0%	-54.9%	0.0%
EBITDA pre margin (weighting: 25%)	27.2%	30.2%	33.2%	29.2%	66.7%
Organic sales growth (weighting: 25%)	4.9%	7.9%	10.9%	2.3%	0.0%
Target achievement					**16.7%**

Sustainability goal/key indicator	Lower target corridor limit	Target	Upper target corridor limit	Actual achieved value	Target achievement
Dedicated to human progress (weighting: 20%)					
People treated with our Healthcare products (millions)	93.5	97.0	100.5	103.3	120%
People treated as part of our schistosomiasis control program (millions)	72.0	92.0	100.0	81.2	89%
Partnering for sustainable business success (weighting: 40%)					
Share of relevant suppliers covered by a valid sustainability assessment (percentage of total)	60%	70%	80%	75%	110%
Share of relevant suppliers covered by a valid sustainability assessment (percentage of procurement spend)	80%	90%	100%	94%	108%
Reducing our ecological footprint (weighting: 40%)					
Scope 1 and 2 greenhouse gas emissions in metric kilotons (kt)	1,200	1,000	800	1,085	92%
Achievement of sustainability factor					**1.01**

The resulting final number of MSUs and the payout amounts of the LTIP tranche 2022 are shown in the following table.

LTIP 2022 summary

	Grant amount (€ thousand)	Reference share price of Merck KGaA, Darmstadt, Germany, at the beginning (in €)	Number of provisionally granted MSUs	Total target achievement	Sustainability factor	Final number of MSUs	Reference share price of Merck KGaA, Darmstadt, Germany, at the end (in €)	Payout amount (€ thousand)[1]
Belén Garijo	2,300		10,841			1,826		212
Kai Beckmann	1,715		8,084			1,361		158
Peter Guenter	1,900		8,956			1,508		175
Matthias Heinzel	1,900	212.16	8,956	16.7%	1.01	1,508	116.08	175
Marcus Kuhnert (until June 30, 2023)	1,400		6,599			1,111		129

The LTIP tranche 2021 that was allocated in fiscal 2021 was structured without the sustainability factor introduced in fiscal 2022. The four-year performance period consisted of the target achievement cycle of three years (January 1, 2021 to December 31, 2023) and the subsequent one-year holding period (until December 31, 2024). At the end of the entire performance cycle of the LTIP 2021, the target achievement and the payout amounts were calculated based on the final share price. The relevant final share price is based on the average share price within 60 trading days prior to the end of the performance period. The LTIP tranche 2021 was paid out in April 2025.

The targets and thresholds, the actual amounts and the resulting target achievement for the LTIP tranche 2021 are as follows:

LTIP 2021 target achievement

	Lower target corridor limit	Target	Upper target corridor limit	Actual achieved value	Target achievement
Share price performance relative to the DAX® (weighting: 50%)	-20.0%	0.0%	50.0%	-8.6%	57.0%
EBITDA pre margin (weighting: 25%)	24.9%	27.9%	30.9%	29.9%	133.4%
Organic sales growth (weighting: 25%)	5.7%	8.7%	11.7%	6.2%	16.8%
Total target achievement					**66.1%**

The resulting final number of MSUs and the payout amounts of the LTIP tranche 2021 are shown in the following table.

LTIP 2021 summary

	Grant amount (€ thousand)	Reference share price of Merck KGaA, Darmstadt, Germany, at the beginning (in €)	Number of provisionally granted MSUs	Total target achievement	Final number of MSUs	Reference share price of Merck KGaA, Darmstadt, Germany, at the end (in €)	Payout amount (€ thousand)[1]
Belén Garijo	2,190		16,538		10,932		1,619
Kai Beckmann	1,715		12,951		8,554		1,268
Peter Guenter	1,900		14,348		9,484		1,404
Matthias Heinzel (since April 1, 2021)	1,425	132.43	10,761	66.1%	7,108	148.18	1,053
Marcus Kuhnert (until June 30, 2023)	1,400		10,572		6,988		1,035
Stefan Oschmann (until April 30, 2021)	752		5,676		3,752		556

Share Ownership Guideline

Under the Share Ownership Guideline (SOG), the members of the Executive Board are obliged to invest one-third of the payout of the profit sharing in shares of Merck KGaA, Darmstadt, Germany, and to hold them for at least four years (investment obligation). The corresponding investments are made as part of an automated purchase via an external provider. Accordingly, 2,341 shares were purchased for Belén Garijo, 4,507 shares for Peter Guenter and Matthias Heinzel each, and 1,401 shares for Helene von Roeder in fiscal 2025, at a price of € 130.61 per share. In total, the number of shares to be held and blocked in the context of SOG in fiscal year 2025 amounts to 18,145 shares for Belén Garijo, 13,359 shares for Kai Beckmann, 14,155 shares for Matthias Heinzel, 14,859 shares for Peter Guenter, 5,481 shares for Helene von Roeder and 10,914 shares for Marcus Kuhnert. All members of the Executive Board fulfilled the investment and holding obligation in fiscal 2025.

The Share Ownership Guideline promotes an even stronger alignment of the interests of the members of the Executive Board with the sustainable interests of our shareholders and additionally increases the corporate responsibility of the members of the Executive Board in addition to their status as general partners.

Malus and clawback provisions

Through their status as personally liable general partners of Merck KGaA, Darmstadt, Germany, and E. Merck KG, Darmstadt, Germany, the Executive Board members bear a unique entrepreneurial responsibility. This is also reflected by the malus criteria set forth in the adjustment factor of the profit sharing and by the German statutory regulations on liability for damages stipulated in section 93 of the German Stock Corporation Act (AktG). In order to take even greater account of the prominent position of entrepreneurial responsibility in compensation, a clawback provision is implemented for the LTIP. Cases in which the clawback provision may be applied include violations of internal rules and regulations (Code of Conduct), legislation, other binding external requirements in responsibility, significant breaches of duty of care within the meaning of section 93 AktG, and other grossly non-compliant or unethical behavior or actions that are contradictory to our company values. In these cases, amounts that have already been allocated under the LTIP may be retained. The Personnel Committee is entitled to demand the repayment of profit sharing and LTIP payouts from a member of the Executive Board either in full or in part if it subsequently transpires that the payout was made wrongfully. For example, this is the case when targets are not actually met or are not met to the extent assumed when the payout was calculated due to incorrect information being applied. The extent of these claims for restitution is based on section 818 of the German Civil Code (BGB). The Personnel Committee may agree deadlines for the assertion of claims for restitution with the members of the Executive Board.

Neither the malus provision nor the clawback provision was exercised in fiscal 2025.

Compensation-related transactions

Contracts with the members of the Executive Board are usually entered into for a period of five years. If a contract begins during the year, the fixed compensation, profit sharing and individual LTIP tranches are paid on a pro rata basis.

Should members of the Executive Board be held liable for financial losses while executing their duties, this liability risk is covered by a directors and officers insurance policy under certain circumstances. This insurance policy has a deductible in accordance with the legal requirements.

Obligations in connection with the termination of Executive Board membership

The contracts of the Executive Board members do not provide for ordinary termination. The right to extraordinary termination for good cause in accordance with section 626 BGB is available to both parties without observing a notice period.

The contracts of the Executive Board members provide for the continued payment of fixed compensation to surviving dependents for a limited period in the event of death. Above and beyond existing pension obligations, no further obligations are provided for in the event of the termination of the contractual relationships of the Executive Board members.

The amounts payable to Executive Board members are capped in the event of the early termination of the contract without good cause justifying such termination. Pursuant to this, payments in connection with the termination of an Executive Board member's duties shall not exceed twice the annual total compensation or constitute compensation for more than the remaining term of the employment contract (severance cap). If an Executive Board member's membership terminates due to the termination of the contract either by the company or the Executive Board member before the four-year performance cycle of an open LTIP tranche expires, the obligations resulting from the LTIP shall continue if there are specific reasons for the termination, such as non-renewal of the contract after it expires, or if the Board of Partners determines this to be appropriate at its own discretion; otherwise, the obligations shall expire.

Should obligations resulting from the LTIP continue to apply, any early severance payout is excluded. Likewise, no early payout or severance for the profit-sharing payment is granted. If the compensation in the fiscal year in which the Executive Board member's duties cease is expected to be significantly higher or lower than in the previous fiscal year, the Board of Partners may decide to adjust the amount applied as the member's total compensation at its own discretion.

In fiscal 2025, a termination agreement was reached with Peter Guenter on his early exit from the Executive Board and the termination of the contractual relationship with E. Merck KG, Darmstadt, Germany, with effect from May 31, 2025. It was agreed that the profit sharing for the year 2025 will be paid on a pro rata temporis basis at the contractually agreed due date. According to the Share Ownership Guideline, one-third of the payout amount of the profit sharing will be invested in shares and held for a further four years. His claims under the LTIP tranches for the years 2022, 2023, 2024, and 2025 shall remain valid after his retirement, provided that the obligations under the agreed post-contractual non-competition clause for the period from June 1, 2025 to December 31, 2026 are complied with. In addition, Peter Guenter received a severance payment of € 3,939,755. With regard to pensions, it was agreed with Peter Guenter that the pension agreement concluded between the parties will be terminated with effect from May 31, 2025. The pension contribution for the year 2025 was paid on a pro rata temporis basis up to that date. The retirement capital of € 2,088,566 set out in the pension agreement was paid out to Peter Guenter in 2025.

It has been agreed with Matthias Heinzel to leave the Executive Board as of May 31, 2025 and to terminate the contractual relationship with E. Merck KG, Darmstadt, Germany, with effect from December 31, 2025. The contract was suspended until December 31, 2025. Until December 31, 2025, Matthias Heinzel received his fixed monthly remuneration of € 100,000. The profit sharing for 2025 will be paid out to Matthias Heinzel in April 2026, and the required investment will be made in accordance with the SOG. For the period between July 1, 2025 and December 31, 2025 the adjustment factor was set to 1.0 per contractual agreement. The claims for LTIP payments from the current tranches will be met in full, provided that Matthias Heinzel complies with the obligation under the post-contractual non-competition clause for the period from January 1, 2026 to December 31, 2027. Matthias Heinzel was credited a full pension contribution for the year 2025 with effect until December 31, 2025. Matthias Heinzel also received the contractually defined additional benefits up to December 31, 2025. As compensation for the premature termination of his membership of the Executive Board, Matthias Heinzel received a severance payment of € 1,688,467.

Post-contractual non-competition clause

Post-contractual non-competition clauses have been agreed with the members of the Executive Board. In general, the post-contractual non-competition clause involves the payment of a waiting allowance amounting to 50% of the member's average contractual benefits within the last twelve months and is paid for a period of two years. Other earnings and any severance payments are to be offset against this amount.

Peter Guenter is subject to a post-contractual non-competition clause for the period from June 1, 2025 to December 31, 2026. For the period from June 1, 2025 to December 31, 2025, the waiting allowance is not applicable because the severance payment has been credited. Peter Guenter will then receive a monthly waiting allowance of € 281,411 until December 31, 2026.

Matthias Heinzel is subject to a contractual non-competition clause until December 31, 2025, and a post-contractual non-competition clause for the period from January 1, 2026 to December 31, 2027. For the period from January 1, 2026 to March 31, 2026, the waiting allowance is not applicable, as a severance payment has been made for this period. From April 1, 2026 until December 31, 2027, Matthias Heinzel is entitled to a monthly waiting allowance of € 281,411.

Loans, advances, payments by affiliates of the Group

Neither loans nor advances were paid to members of the Executive Board during fiscal 2025, nor any payments by affiliated companies.

Individual Disclosure of the Compensation of the Executive Board

Compensation awarded or due to current members of the Executive Board in fiscal 2025

In accordance with section 162 (1) of the German Stock Corporation Act (AktG), the compensation awarded or due to each member of the Executive Board in fiscal 2025 and the respective relative share of total compensation are presented transparently in the tables below. This includes all compensation elements that were paid out or became legally due in fiscal 2025. Due to the introduction of the one-year holding period from the LTIP tranche 2021, there had been a payout gap for the LTIP in fiscal 2024.

To ensure a transparent presentation of the relation between business performance and the resulting compensation, variable compensation for fiscal 2025 is also disclosed on a voluntary basis, with the variable compensation components being allocated to the fiscal year in which the final performance was rendered, irrespective of the actual date of payment or the legal due date.

To provide a complete picture of the total compensation of the Executive Board members, service cost is also reported on a voluntary basis. For Khadija Ben Hammada, Jean-Charles Wirth and Dan Pinhas Bar Zohar, the compensation payment for the pension contribution for the year 2025 that was agreed in fiscal 2025 will be published instead. The payment will be made in January 2026 and is connected to the agreed change to the pension substitute from January 1, 2026, in line with the Executive Board compensation system 2026.

The compensation of the current members of the Executive Board is shown in the following tables:

In fiscal 2025 pursuant to section 162 AktG	For fiscal 2025 as voluntary disclosure
Base salary	
Additional benefits	
	Compensation for pension contribution 2025
Profit sharing for fiscal 2024, payout in fiscal 2025: • Payout in cash • Investment (in shares; 4-year holding period according to Share Ownership Guideline)	Profit sharing for fiscal 2025, payout in fiscal 2026: • Payout in cash • Investment (in shares; 4-year holding period according to Share Ownership Guideline)
LTIP tranche 2021 (Jan 1, 2021-Dec 31, 2024), payout in fiscal 2025	LTIP tranche 2022 (Jan 1, 2022-Dec 31, 2025), payout in fiscal 2026
Service cost as voluntary disclosure	

The figures presented in the tables have been rounded in accordance with standard commercial practice. As a result, the individual values may not add up to the totals presented:

Compensation awarded or due

	Belén Garijo Chair of the Executive Board (since May 1, 2021; previously member of the Executive Board)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,500	19.5%	1,500	1,500	1,500
Additional benefits	56	0.7%	58	56	58
Profit sharing					
Profit sharing 2023					
Payout in cash	–	–	3,058	–	–
Investment obligation (in shares; 4-year holding period)	–	–	1,529	–	–
Profit sharing 2024					
Payout in cash	3,010	39.1%	–	–	3,010
Investment obligation (in shares; 4-year holding period)	1,505	19.6%	–	–	1,505
Profit sharing 2025					
Payout in cash	–	–	–	2,892	–
Investment obligation (in shares; 4-year holding period)	–	–	–	1,446	–
LTIP					
LTIP 2021 (2021 to 2024)	1,619	21.1%	–	–	1,619
LTIP 2022 (2022 to 2025)	–		–	212	–
Compensation awarded or due pursuant to section 162 AktG	**7,690**	**100.0%**	**6,145**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**6,106**	**7,692**
Service cost	642	–	640	642	640
Total compensation incl. service cost	**8,332**	**–**	**6,785**	**6,748**	**8,332**

	Kai Beckmann Deputy Chair of the Executive Board (since September 25, 2025; previously Member of the Executive Board				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	20.8%	1,200	1,227	1,200
Additional benefits	16	0.3%	20	16	20
Profit sharing					
Profit sharing 2023					
Payout in cash	–	–	2,222	–	–
Investment obligation (in shares; 4-year holding period)	–	–	1,111	–	–
Profit sharing 2024					
Payout in cash	2,188	37.9%	–	–	2,188
Investment obligation (in shares; 4-year holding period)	1,094	19.0%	–	–	1,094
Profit sharing 2025					
Payout in cash	–	–	–	2,167	–
Investment obligation (in shares; 4-year holding period)	–	–	–	1,084	–
LTIP					
LTIP 2021 (2021 to 2024)	1,268	22.0%	–	–	1,268
LTIP 2022 (2022 to 2025)	–		–	158	–
Compensation awarded or due pursuant to section 162 AktG	**5,766**	**100.0%**	**4,553**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**4,652**	**5,770**
Service cost	435	–	435	435	435
Total compensation	**6,201**	**–**	**4,988**	**5,087**	**6,205**

[1] Due to the appointment of Kai Beckmann as Deputy Chair of the Executive Board effective September 25, 2025, his base salary for fiscal 2025 was increased on a pro rata basis. Due to administrative processes, the payment of the difference amount occurs in fiscal 2026.

	Peter Guenter Member of the Executive Board (until May 31, 2025)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	500	9.0%	1,200	500	1,200
Additional benefits[1]	8	0.1%	413	8	413
Profit sharing					
Profit sharing 2023					
Payout in cash	–	–	2,475	–	–
Investment obligation (in shares; 4-year holding period)	–	–	1,237	–	–
Profit sharing 2024					
Payout in cash	2,436	43.8%	–	–	2,436
Investment obligation (in shares; 4-year holding period)	1,218	21.9%	–	–	1,218
Profit sharing 2025					
Payout in cash	–	–	–	968	–
Investment obligation (in shares; 4-year holding period)	–	–	–	484	–
LTIP					
LTIP 2021 (2021 to 2024)	1,404	25.2%	–	–	1,404
LTIP 2022 (2022 to 2025)	–		–	175	–
Compensation awarded or due pursuant to section 162 AktG	**5,566**	**100.0%**	**5,325**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**2,135**	**6,671**
Service cost	182	–	436	182	436
Total compensation	**5,748**	**–**	**5,761**	**2,317**	**7,107**

[1] In 2024: includes payment of € 375 thousand to compensate for loss of variable compensation entitlement from former employment relationship.

	Matthias Heinzel Member of the Executive Board (until May 31, 2025)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	500	9.6%	1,200	500	1,200
Additional benefits	13	0.2%	12	13	12
Profit sharing					
Profit sharing 2023					
Payout in cash	–	–	2,475	–	–
Investment obligation (in shares; 4-year holding period)	–	–	1,237	–	–
Profit sharing 2024					
Payout in cash	2,436	46.7%	–	–	2,436
Investment obligation (in shares; 4-year holding period)	1,218	23.3%	–	–	1,218
Profit sharing 2025					
Payout in cash	–	–	–	2,340	–
Investment obligation (in shares; 4-year holding period)	–	–	–	1,170	–
LTIP					
LTIP 2021 (2021 to 2024)	1,053	20.2%	–	–	1,053
LTIP 2022 (2022 to 2025)	–		–	175	–
Compensation awarded or due pursuant to section 162 AktG	**5,220**	**100.0%**	**4,924**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**4,198**	**5,919**
Service cost	446	–	447	446	447
Total compensation	**5,666**	**–**	**5,371**	**4,644**	**6,366**

	Helene von Roeder Member of the Executive Board				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	27.9%	1,200	1,200	1,200
Additional benefits[1]	19	0.4%	276	19	19
Profit sharing					
Profit sharing 2023					
Payout in cash	–	–	1,044	–	–
Investment obligation (in shares; 4-year holding period)	–	–	522	–	–
Profit sharing 2024					
Payout in cash	2,055	47.8%	–	–	2,055
Investment obligation (in shares; 4-year holding period)	1,027	23.9%	–	–	1,027
Profit sharing 2025					
Payout in cash	–	–	–	1,971	–
Investment obligation (in shares; 4-year holding period)	–	–	–	985	–
LTIP					
LTIP 2021 (2021 to 2024)	–	–	–	–	–
LTIP 2022 (2022 to 2025)	–		–	–	–
Compensation awarded or due pursuant to section 162 AktG	**4,301**	**100.0%**	**3,043**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**4,175**	**4,301**
Service cost	464	–	479	464	479
Total compensation	**4,765**	**–**	**3,522**	**4,639**	**4,780**

[1] Additional benefits includes a payment of € 257 thousand which was reported in the fiscal year 2024 as compensation for the loss of short-term variable remuneration from previous employment for the fiscal year 2023. To enhance the clarity of the information, the adjustment of the provision that was created in 2023 to compensate for the loss of long-term variable remuneration for the fiscal year 2023 will be aligned in the compensation report 2027 to reflect the actual achievement of targets.

	Khadija Ben Hammada Member of the Executive Board (since March 1, 2025)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,000	99.0%	–	1,000	–
Additional benefits	10	1.0%	–	10	–
Compensation for pension contribution 2025	–	–	–	375	–
Profit sharing					
Profit sharing 2025					
Payout in cash	–	–	–	1,652	–
Investment obligation (in shares; 4-year holding period)	–	–	–	826	–
Compensation awarded or due pursuant to section 162 AktG	**1,010**	**100.0%**	**–**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**3,863**	**–**

	Jean-Charles Wirth Member of the Executive Board (since June 1, 2025)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	700	98.9%	–	700	–
Additional benefits	8	1.1%	–	8	–
Compensation for pension contribution 2025	–	–	–	263	–
Profit sharing					
Profit sharing 2025					
Payout in cash	–	–	–	1,372	–
Investment obligation (in shares; 4-year holding period)	–	–	–	686	–
Compensation awarded or due pursuant to section 162 AktG	**708**	**100.0%**	**–**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**3,029**	**–**

	Dan Pinhas Bar Zohar Member of the Executive Board (since June 1, 2025)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2025		2024	**2025**	2024
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	700	96.6%	–	700	–
Additional benefits	25	3.4%	–	25	–
Compensation for pension contribution 2025	–	–	–	263	–
Profit sharing					
Profit sharing 2025					
Payout in cash	–	–	–	1,372	–
Investment obligation (in shares; 4-year holding period)	–	–	–	686	–
Compensation awarded or due pursuant to section 162 AktG	**725**	**100.0%**	**–**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**3,046**	**–**

Compensation awarded or due to former members of the Executive Board in the fiscal year

The compensation awarded or due to former members of the Executive Board during the fiscal year is also presented below. Tranches of the LTIP already allocated before a member of the Executive Board left the company continue to run until the end of the originally contractually agreed term and are settled and paid out after the end of the performance period. In addition, some members who have already left the Executive Board receive fixed payments from pension plans.

The following tables show the compensation awarded or due to former members of the Executive Board in fiscal 2025 in accordance with section 162 (1) AktG and the respective relative share of total compensation. Compensation awarded or due includes all amounts received by the former members of the Executive Board in the fiscal year (compensation awarded) or all amounts legally due but not yet received (compensation due). For former members of the Executive Board who left the Executive Board in the last ten years, the information is indicated by name. In accordance with the provisions of section 162 (5) AktG, no personal information is provided on former members of the Executive Board who left the Executive Board more than ten years ago, i.e. before December 31, 2014.

Compensation awarded or due

	Peter Guenter Member of the Executive Board (until May 31, 2025)		
	2025		2024
	€ thousand	in %	€ thousand
Other (retirement capital and severence payment)	6,028	100.0%	–
Compensation awarded or due pursuant to section 162 AktG	**6,028**	**100.0%**	**–**

	Matthias Heinzel Member of the Executive Board (until May 31, 2025)		
	2025		2024
	€ thousand	in %	€ thousand
Base salary	700	29.3%	–
Other (severence payment)	1,688	70.7%	–
Compensation awarded or due pursuant to section 162 AktG	**2,388**	**100.0%**	**–**

	Marcus Kuhnert Member of the Executive Board (until June 30, 2023)		
	2025		2024
	€ thousand	in %	€ thousand
Profit Sharing 2023			
Payout in cash	–	–	1,044
Investment (in shares)	–	–	522
LTIP			
LTIP 2021 (2021 to 2024)	1,035	36.6%	–
Other (waiting allowance)	1,794	63.4%	2,266
Compensation awarded or due pursuant to section 162 AktG	**2,829**	**100.0%**	**3,832**

	Stefan Oschmann Member of the Executive Board (until April 30, 2021)		
	2025		2024
	€ thousand	in %	€ thousand
LTIP			
LTIP 2021 (2021 to 2024)	556	45.8%	–
Pensions	659	54.2%	642
Compensation awarded or due pursuant to section 162 AktG	**1,215**	**100.0%**	**–**

Former members of the Executive Board who only received pension payments in fiscal 2025 are shown in the following table. The compensation awarded or due in fiscal 2025 in accordance with section 162 (1) AktG consists entirely of non-performance-related compensation elements.

Pension payments

€ thousand	**2025**	2024
Karl-Ludwig Kley	768	768
Bernd Reckmann	521	521

Payments to former members of the Executive Board and their surviving dependents

Payments to former members of the Executive Board and their surviving dependents may be made in the form of pension payments, as a temporary continuation of the basic salary in the event of death, as part of the profit sharing and the LTIP, and as a waiting allowance for a post-contractual non-competition clause. In fiscal 2025, they amounted to € 13.0 million (previous year: € 18.3 million). Provisions for defined benefit pension commitments in accordance with IAS 19 amounted to € 108.7 million as of December 31, 2025 (December 31, 2024: € 121.5 million).

Compliance with the defined maximum compensation

The maximum compensation limits the compensation awarded or due in the fiscal year, i.e. the total of all non-performance-related and performance-related compensation elements awarded or due in a fiscal year. Pension payments are not included in the maximum compensation.

The maximum compensation for the fiscal year is € 11,500,000 for the Chair of the Executive Board and € 9,500,000 each for ordinary members of the Executive Board. The sum of the compensation awarded or due in accordance with section 162 AktG minus any pension and severance payments and plus service cost is below the defined maximum compensation in accordance with section 87a AktG for all members of the Executive Board.

In addition to the maximum compensation, there is a separate contractually agreed payment cap for each of the performance-related compensation elements. An individual maximum amount has been set for the amount of profit sharing for all members of the Executive Board. It amounts to € 4,810 thousand for Belén Garijo, € 3,900 thousand for Peter Guenter, Matthias Heinzel, Dan Pinhas Bar Zohar, and Jean-Charles Wirth, € 3,500 thousand for Kai Beckmann (effective September 25, 2025: € 3,900 thousand), and € 3,300 thousand for Helene von Roeder and Khadija Ben Hammada. The payout from the LTIP cannot exceed 2.5 times the individual award value, even in cases of exceptional performance.

In addition, there is a contractually agreed maximum limit on the direct compensation, i.e. the sum of base salary, profit-sharing and LTIP. In this context, it is stipulated that capping compensation, if necessary, shall be applied first to the LTIP and then to the profit sharing.

Compliance with the defined maximum compensation is ensured by the Personnel Committee setting the amounts of the variable compensation components by resolution. The defined maximum compensation and the maximum limit for the direct compensation of the members of the Executive Board are shown in the following table.

Overall compensation limit

€ thousand	Maximum limit for Direct Compensation	Maximum compensation pursuant to section 87a AktG
Belén Garijo	9,800	11,500
Kai Beckmann	8,000	9,500
Peter Guenter	8,000	9,500
Matthias Heinzel	8,000	9,500
Helene von Roeder	8,000	9,500
Khadija Ben Hammada	8,000	9,500
Jean-Charles Wirth	8,000	9,500
Dan Pinhas Bar Zohar	8,000	9,500

Compensation of the Supervisory Board members in fiscal 2025

The compensation of the members of the Supervisory Board is regulated in Article 20 of the Articles of Association of Merck KGaA, Darmstadt, Germany, and corresponds to the compensation system of the Supervisory Board, which was approved by the Annual General Meeting 2024 with a voting result of 99.06%.

Accordingly, the members of the Supervisory Board receive fixed annual compensation of € 75,000. The Chair receives two and a half times this amount, and the Vice Chair one and a half times this amount. For membership of the Audit Committee, the members of the Supervisory Board receive fixed annual compensation of € 50,000 in addition to their fixed compensation. The Chair of the Audit Committee also receives additional annual compensation of € 100,000. There is no additional compensation for membership of the Nomination Committee. In addition, the members of the Supervisory Board receive an attendance fee of € 1,000 for each meeting of the Supervisory Board in which they participate. If several meetings take place on one day, the attendance fee is only paid once. Participation in a meeting using electronic media is also considered to be participation. The members of the Supervisory Board are covered by the directors and officers insurance. Expenses are reimbursed to the respective members of the Supervisory Board. There are no variable pay components.

Compensation awarded or due to the members of the Supervisory Board in fiscal 2025

The following table illustrates the compensation awarded or due and the respective relative share of the total compensation of the current members of the Supervisory Board. The compensation components are allocated to the fiscal year in which the service was rendered, regardless of the actual time of payment or its legal due date. For the members of the Supervisory Board who joined or left the Supervisory Board in the financial year, the amounts are disclosed on a pro rata basis.

There were no payments to former members of the Supervisory Board in fiscal 2025.

Compensation awarded or due

	2025							2024						
	Fixed compensation		**Compensation for committee duties**		**Meeting fees**		**Total compensation**	Fixed compensation		Compensation for committee duties		Meeting fees		Total compensation
	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand
Michael Kleinemeier (Chair since February 13, 2024)	187.5	77%	50.0	21%	5.0	2%	242.5	150.6	79%	33.5	18%	7.3	4%	191.3
Sascha Held (Vice Chair until June 30, 2025)	56.3	67%	25.0	30%	3.0	4%	84.3	98.3	68%	38.3	27%	7.3	5%	143.8
Anne Lange (Vice Chair since July 1, 2025)	93.8	95%	–	–	5.0	5%	98.8	65.5	90%	–	–	7.3	10%	72.8
Birgit Biermann	75.0	94%	–	–	5.0	6%	80.0	65.5	90%	–	–	7.3	10%	72.8
Katja Garcia Vila (since April 26, 2024)	75.0	58%	50.0	39%	5.0	4%	130.0	50.6	56%	33.5	37%	5.8	6%	89.9
Carla Kriwet (since April 26, 2024)	75.0	94%	–	–	5.0	6%	80.0	50.6	90%	–	–	5.8	10%	56.4
Barbara Lambert	75.0	42%	100.0	56%	5.0	3%	180.0	65.5	44%	76.6	52%	6.3	4%	148.4
Dietmar Oeter	75.0	94%	–	–	5.0	6%	80.0	65.5	90%	–	–	7.3	10%	72.8
Stefan Palzer (since April 26, 2024)	75.0	95%	–	–	4.0	5%	79.0	50.6	90%	–	–	5.8	10%	56.4
Alexander Putz	75.0	94%	–	–	5.0	6%	80.0	65.5	93%	–	–	5.3	7%	70.8
Christian Raabe	75.0	58%	50.0	39%	5.0	4%	130.0	65.5	59%	38.3	35%	7.3	7%	111.1
Michael Reinhart (since April 26, 2024)	75.0	58%	50.0	39%	5.0	4%	130.0	50.6	57%	33.5	38%	4.8	5%	88.9
Susanne Schaffert (since April 26, 2024)	75.0	95%	–	–	4.0	5%	79.0	50.6	90%	–	–	5.8	10%	56.4
Sandra Schwebke (since April 26, 2024)	75.0	94%	–	–	5.0	6%	80.0	50.6	91%	–	–	4.8	9%	55.4
Daniel Thelen	75.0	94%	–	–	5.0	6%	80.0	65.5	86%	4.8	6%	6.3	8%	76.6
Simon Thelen	75.0	94%	–	–	5.0	6%	80.0	65.5	90%	–	–	7.3	10%	72.8
Sven Vollrath (since July 1, 2025)	37.5	58%	25.0	39%	2.0	3%	64.5	–	–	–	–	–	–	–
Total	**1,350.0**		**350.0**		**78.0**		**1,778.0**	**1,076.9**		**258.5**		**101.0**		**1,436.5**

Comparative presentation of compensation and earnings development

The comparative presentation in accordance with section 162 (1) no. 2 AktG shows the annual change in the compensation of current and former members of the Executive Board as well as members of the Supervisory Board, the development of earnings of the Group and the development of the average compensation of a full-time employee of the Group over the last five years.

For employee compensation, the average personnel expenses excluding company pension costs are used. This reflects the total compensation of employees worldwide.

For members of the Executive Board, the compensation awarded or due in the fiscals 2021, 2022, 2023, 2024, and 2025 is used in accordance with section 162 AktG.

Comparative presentation

in € thousand/change in %	**2025**	2024	**Change 2025/2024**	Change 2024/2023	Change 2023/2022	Change 2022/2021
Member of the Executive Board						
Belén Garijo (Chair since May 1, 2021)	7,690	6,145	25.1%	-37.9%	–	22.2%
Kai Beckmann (since April 1, 2011)	5,766	4,553	26.6%	-41.8%	-0.9%	25.0%
Peter Guenter (since January 1, 2021)	11,594	5,325	117.7%	3.5%	8.0%	185.1%
Matthias Heinzel (since April 1, 2021)	7,608	4,924	54.5%	3.3%	32.6%	288.9%
Helene von Roeder (since July 1, 2023)	4,301	3,043	41.4%	399.6%	–	–
Khadija Ben Hammada (since March 1, 2025)	1,010	–	–	–	–	–
Jean-Charles Wirth (since June 1, 2025)	708	–	–	–	–	–
Dan Pinhas Bar Zohar (since June 1, 2025)	725	–	–	–	–	–
Former Member of the Executive Board						
Marcus Kuhnert (until June 30, 2023)	2,829	3,832	-26.2%	-46.5%	-5.6%	23.5%
Stefan Oschmann (until April 30, 2021)	1,215	642	89.3%	-84.0%	-60.6%	-11.8%
Karl-Ludwig Kley (until August 31, 2016)	768	768	–	1.5%	8.8%	10.3%
Bernd Reckmann (until April 29, 2016)	521	521	–	17.5%	–	-3.5%
Further former members	5,482	7,328	-25.2%	-1.1%	5.9%	-66.0%
Member of the Supervisory Board						
Michael Kleinemeier (Chair since February 13, 2024)	242.5	191.3	26.7%	277.0%	1.5%	–
Sascha Held (Vice Chair until June 30, 2025)	84.3	143.8	-41.4%	61.2%	0.8%	2.7%
Anne Lange (Vice Chair since July 1, 2025)	98.8	72.8	35.7%	43.4%	1.5%	–
Birgit Biermann (since July 14, 2022)	80.0	72.8	9.9%	43.4%	116.0%	–
Katja Garcia Vila (since April 26, 2024)	130.0	89.9	44.6%	–	–	–
Carla Kriwet (since April 26, 2024)	80.0	56.4	41.9%	–	–	–
Barbara Lambert (since August 11, 2023)	180.0	148.4	21.3%	387.2%	–	–
Dietmar Oeter	80.0	72.8	9.9%	43.4%	1.5%	–
Stefan Palzer (since April 26, 2024)	79.0	56.4	40.1%	–	–	–
Alexander Putz	80.0	70.8	13.0%	39.5%	1.5%	–
Christian Raabe	130.0	111.1	17.0%	68.9%	1.2%	3.7%
Michael Reinhart (since April 26, 2024)	130.0	111.1	17.0%	–	–	–
Susanne Schaffert (since April 26, 2024)	79.0	56.4	40.1%	–	–	–
Sandra Schwebke (since April 26, 2024)	80.0	55.4	44.4%	–	–	–
Daniel Thelen	80.0	76.6	4.5%	16.5%	1.2%	3.7%
Simon Thelen	80.0	72.8	9.9%	43.4%	1.5%	–
Sven Vollrath (since July 1, 2025)	64.5	–	–	–	–	–
Personnel expenses without pension expenses	6,671,000	6,320,000	5.6%	2.7%	-0.5%	11.0%
Average number of employees	62,636	62,329	0.5%	-2.1%	1.7%	6.6%
Average compensation of an employee	106.5	101.4	5.0%	4.9%	-2.2%	4.2%
Earnings development						
Profit after tax of the Merck KGaA, Darmstadt, Germany (HGB)	284,333	284,333	–	-0.20%	17.70%	-16.20%
Profit after tax of the Group of E. Merck KG, Darmstadt, Germany (IFRS)	2,529,709	2,659,863	-4.9%	-3.60%	-16.10%	9.50%

Report of the Auditor

To MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany

We have audited the accompanying compensation report of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, ("the Company") for the financial year from January 1 to December 31, 2025, including the related disclosures, which has been prepared to comply with section 162 German Stock Corporation Act (AktG).

Responsibilities of the Executive Directors and of the Supervisory Board

The executive directors and the supervisory board of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, are responsible for the preparation of the compensation report, including the related disclosures, that complies with the requirements of section 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they consider necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this compensation report, including the related disclosures, based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These Standards require that we fulfill the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the compensation report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the compensation report, including the related disclosures. The choice of the audit procedures is subject to the auditor's professional judgment. This includes assessing the risk of material misstatements, whether due to fraud or error, in the compensation report, including the related disclosures. In assessing these risks, the auditor considers the system of internal control, which is relevant to preparing the compensation report, including the related disclosures. Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, of the reasonableness of accounting estimates made by the executive directors and the supervisory board as well as an evaluation of the overall presentation of the compensation report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the compensation report for the financial year from January 1 to December 31, 2025, including the related disclosures, complies, in all material respects, with the accounting principles of section 162 AktG.

Other Matter – Formal Audit of the Compensation Report

The audit of the content of the compensation report described in this report comprises the formal audit required under section 162 (3) AktG including the issuance of a report on this audit. Since our audit opinion on the content audit is unmodified, this audit opinion includes that the disclosures required under section 162 (1) and (2) AktG are contained, in all material respects, in the compensation report.

Intended Use of the Report

We issue this report as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report is solely intended to inform the Company about the result of the audit.

Liability

This report is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, and our liability is also governed by the engagement letter dated November 8 and November 20, 2025, agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungs-gesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated January 1, 2024 (IDW-AAB). However, we do not accept or assume liability to third parties.

Frankfurt am Main, Germany, February 18, 2026

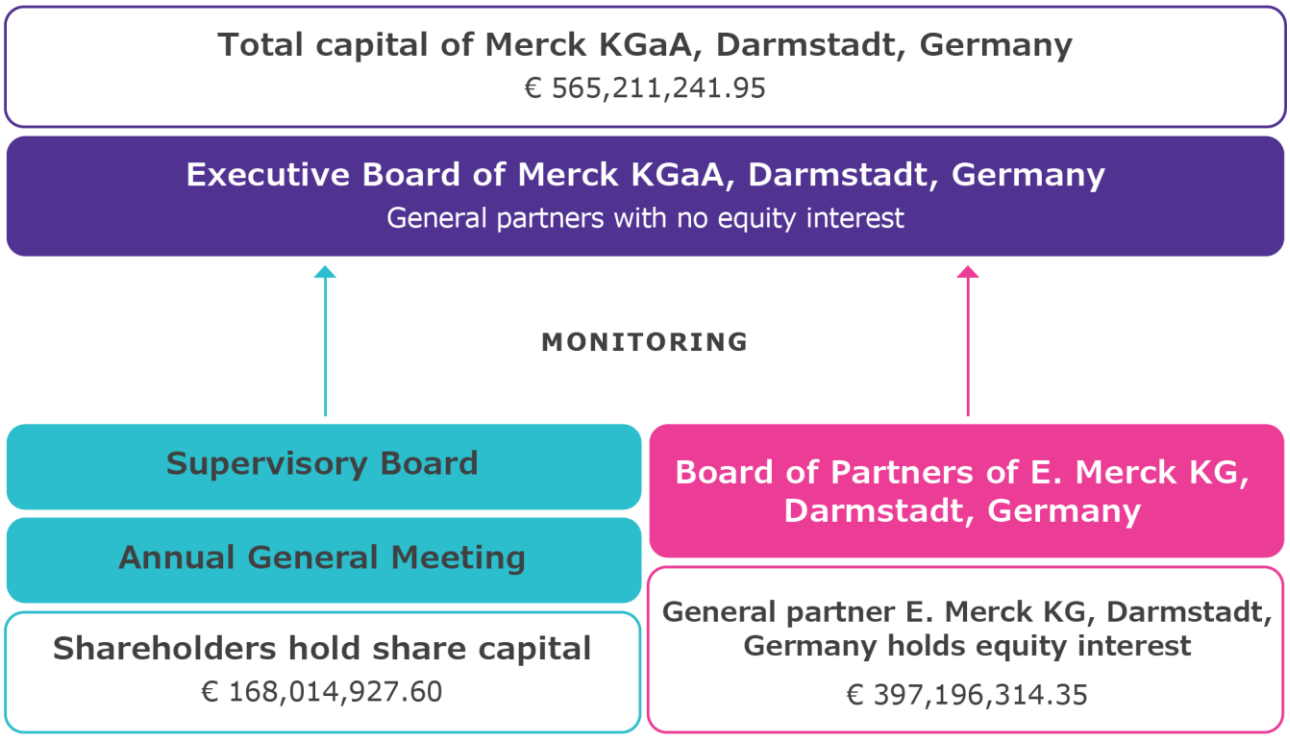
Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:
Christoph Schenk
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Daniel Weise
Wirtschaftsprüfer
(German Public Auditor)

capital structure and corporate bodies



Further information can be found under **Merck KGaA, Darmstadt, Germany**, in the **Statement on Corporate Governance**.

statement on corporate governance

The Statement on Corporate Governance contains the Declaration of Conformity, relevant information on practices within the company, and a description of the procedures of the corporate bodies, as well as targets for the percentage of positions held by women and the Diversity Policy.

Joint report of the Executive Board and the Supervisory Board including Declaration of Conformity

The German Corporate Governance Code is geared toward the conditions found in a German stock corporation ("Aktiengesellschaft" or "AG") and does not take into consideration the special characteristics of a corporation with general partners ("Kommanditgesellschaft auf Aktien" or "KGaA") such as Merck KGaA, Darmstadt, Germany. Given the structural differences between an AG and a KGaA, several recommendations of the German Corporate Governance Code are to be applied to a KGaA only in a modified form. Major differences between the two legal forms exist in terms of liability and management. In the case of an AG, only the AG is liable as a legal entity, whereas the general partners of a KGaA also have unlimited personal liability for the company's obligations (section 278 (1) of the German Stock Corporation Act (AktG)). At Merck KGaA, Darmstadt, Germany, this pertains to both E. Merck KG, Darmstadt, Germany – which is excluded from management and representation pursuant to Article 8 (5) of the Articles of Association of Merck KGaA, Darmstadt, Germany – as well as to the managing general partners who collectively make up the Executive Board of Merck KGaA, Darmstadt, Germany. The members of the Executive Board of Merck KGaA, Darmstadt, Germany, are therefore subject to unlimited personal liability. Unlike an AG, their executive authority does not derive from the appointment by the Supervisory Board, but rather by their status as general partners. Consequently, in addition to other responsibilities typical of the supervisory board of an AG (see description of the **procedures of the Supervisory Board**), the supervisory board of a KGaA does not have the authority to appoint the executive board, draw up executive board contracts or specify the compensation of the executive board. This legal form also involves special features with regard to the Annual General Meeting. For example, in a KGaA, many of the resolutions made require the consent of the general partners (section 285 (2) AktG), including in particular the adoption of the Annual Financial Statements (section 286 (1) AktG).

Merck KGaA, Darmstadt, Germany, applies the German Corporate Governance Code analogously where these regulations are compatible with the legal form of a KGaA. In order to enable shareholders to compare the situation at other companies more easily, we base corporate governance on the conduct recommendations made by the Government Commission of the German Corporate Governance Code to a broad extent and refrain from adopting our own, equally permissible code. All of the recommendations of the German Corporate Governance Code in the version dated April 28, 2022, the intent and meaning of which are applied, have been complied with since the last Declaration of Conformity was submitted in February 2025.

For a clearer understanding, the following gives a general explanation of the application of German company law at Merck KGaA, Darmstadt, Germany, with additional references to the Annual General Meeting and shareholder rights.

Merck KGaA, Darmstadt, Germany

The general partner E. Merck KG, Darmstadt, Germany, holds around 70% of the total capital of Merck KGaA, Darmstadt, Germany (equity interest); the shareholders hold the remainder, which is divided into shares (share capital). E. Merck KG, Darmstadt, Germany, is excluded from the management of business activities. The general partners with no equity interest (Executive Board) manage the business activities. Nevertheless, due to its substantial capital investment and unlimited personal liability, E. Merck KG, Darmstadt, Germany, has a strong interest in ensuring that the businesses of Merck KGaA, Darmstadt, Germany, operate efficiently and in compliance with procedures. The participation of Merck KGaA, Darmstadt, Germany, in the profit/loss of E. Merck KG, Darmstadt, Germany, in accordance with Articles 26 et seq. of the Articles of Association of Merck KGaA, Darmstadt, Germany, further harmonizes the interests of the shareholders and of E. Merck KG, Darmstadt, Germany. E. Merck KG, Darmstadt, Germany, appoints and dismisses the Executive Board. In addition, E. Merck KG, Darmstadt, Germany, has created bodies – complementing the expertise and activities of the Supervisory Board – to monitor and advise the Executive Board. This applies primarily to the Board of Partners of E. Merck KG, Darmstadt, Germany.

Based on the provisions of the AktG, the Articles of Association of Merck KGaA, Darmstadt, Germany, and the rules of procedure of the various corporate bodies, Merck KGaA, Darmstadt, Germany, has adopted a set of rules for the Executive Board and its supervision that meet the requirements of the German Corporate Governance Code. The investors, who bear the entrepreneurial risk, are protected as provided for by the German Corporate Governance Code. We take suggestions from the capital market on corporate governance seriously and hold discussions with investors and shareholder representatives.

The Annual General Meeting of Merck KGaA, Darmstadt, Germany

The 30th Annual General Meeting of Merck KGaA, Darmstadt, Germany, was held in Darmstadt, Germany, on April 25, 2025. In 2025, the Executive Board again decided, with the approval of the Supervisory Board, to hold the 2025 Annual General Meeting in virtual form, i.e. without the shareholders and their proxies attending in person. In doing so, it made use of the option provided by the legislation in relation to virtual annual general meetings in accordance with section 118a AktG. Shareholders and shareholder representatives participated in the Annual General Meeting virtually. The entire meeting was live streamed with audio and video. At 68.38%, the proportion of share capital represented at the meeting (including postal votes) was slightly lower than in 2024. In 2024, the proportion of share capital represented was 71.78%. The Annual General Meeting service provider does not forward voting instructions to the Group in advance of the Annual General Meeting but keeps them in the system until the votes are counted.

In particular, the Annual General Meeting passes resolutions concerning the approval of the Annual Financial Statements, the appropriation of net retained profit, the approval of the actions of the Executive Board members and the Supervisory Board members, the election of the auditor, amendments to the Articles of Association, the compensation system for the Executive Board, and the control and profit and loss transfer agreements of Merck KGaA, Darmstadt, Germany. The shareholders of Merck KGaA, Darmstadt, Germany, exercised their shareholder rights fully at the virtual Annual General Meeting using the Internet-based General Meeting system and via video communication. In addition, the shareholders were again given the opportunity to submit statements on the agenda to the company prior to the 2025 Annual General Meeting. Shareholders were also able to exercise their right to speak at the Annual General Meeting, with their questions being answered in detail by the company. They were able to exercise their voting rights in person, through an authorized representative or a proxy appointed by the company, or by postal vote. The proxies appointed by the company were in attendance throughout the duration of the Annual General Meeting. All the documents and information concerning upcoming General Meetings (including a summary explanation of shareholder rights) are also posted on our website. The introductory speech by the Chair of the Executive Board was published in advance on the Internet on April 17, 2025, and updated on April 25, 2025, in order to make it available to interested shareholders and members of the public and thus satisfy the high transparency requirements of the Group.

Declaration of Conformity

In accordance with section 161 AktG, applying the provisions of the German Corporate Governance Code correspondingly, the Executive Board and the Supervisory Board issued the following Declaration of Conformity with the recommendations of the Government Commission of the German Corporate Governance Code:

“Declaration of the Executive Board and the Supervisory Board of Merck KGaA, Darmstadt, Germany, on the recommendations of the Government Commission of the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG). Since the last Declaration of Conformity in February 2025, we have complied with all of the recommendations of the Government Commission of the German Corporate Governance Code in the version dated April 28, 2022, as published in the official section of the German Federal Gazette.

With regard to future compliance with the current recommendations of the Government Commission of the German Corporate Governance Code, the Executive Board and the Supervisory Board declare the following: The company will comply with the recommendations of the Code in the version dated April 28, 2022.”

Darmstadt, February 2026

For the Executive Board
Belén Garijo

For the Supervisory Board
Michael Kleinemeier

Information on corporate governance practices

Reporting

It is the objective of Merck KGaA, Darmstadt, Germany, to provide the latest information to all shareholders, media, financial analysts, and interested members of the public while creating the greatest possible transparency. For this reason, the Group uses a wide range of communication platforms to engage in a timely dialogue with all interested parties about the company's situation and business changes. Our principles include providing factually correct, comprehensive and fair information.

Information subject to disclosure requirements, as well as information that is not, can be accessed worldwide on the Merck KGaA, Darmstadt, Germany, website (**www.emdgroup.com**), which is the company's most important publication platform. In addition to a comprehensive financial calendar, annual reports and quarterly statements and/or quarterly and half-yearly financial reports covering at least the past five years are available there in German and English. In line with the legal requirements, ad hoc announcements are also published on the website. These contain information on circumstances and facts that could impact our share price.

Regular press conferences, investor meetings on the occasion of investor conferences and roadshows offer another platform for dialogue. The company presentations prepared for this purpose are also available on the website of Merck KGaA, Darmstadt, Germany. In addition, the Investor Relations team is available to private and institutional investors who wish to receive further information. To ensure the greatest possible transparency, all documents concerning the Annual General Meeting are available on the company website. Additionally, the Annual General Meeting is live streamed. The Annual General Meeting on April 25, 2025, was again held virtually and hence was live streamed in full.

Dealing with insider information

Dealing properly with insider information is very important to us. Our Insider Committee examines the existence of insider information, ensures compliance with legal obligations and prepares any necessary actions. The members of the Insider Committee are appointed by the Executive Board; at least two members work in Group Legal & Compliance. The Insider Committee meets at regular intervals or when circumstances require. The Chief Financial Officer is vested with the authority to make the final decision on handling potential insider information.

In order to ensure a high level of protection for insider information, the Executive Board issued internal insider guidelines that are applicable throughout the Group worldwide. The guidelines inform employees about their responsibilities under insider trading laws and give clear instructions for compliant behavior. In addition, they describe the function of the Insider Committee in detail. Moreover, our Code of Conduct, which is binding for all employees, also contains an explicit, detailed reference to the ban on using insider information. All employees are instructed on the stipulations of insider trading within the scope of obligatory training courses on the Code of Conduct as well as specific training courses on insider law.

Accounting and audits of financial statements

Merck KGaA, Darmstadt, Germany, prepares its Consolidated Financial Statements and Combined Management Report in accordance with the International Financial Reporting Standards (IFRS) effective and adopted by the European Union at the end of the reporting period and the additional provisions of section 315e (1) of the German Commercial Code (HGB). The Consolidated Financial Statements and the Combined Management Report are prepared by the Executive Board and examined by an auditor, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW).

The Supervisory Board commissioned Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, to audit the Consolidated Financial Statements and the Combined Management Report for fiscal 2025. A corresponding proposal was approved by the Annual General Meeting on April 25, 2025. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, is obliged to inform the Supervisory Board without delay of any grounds for disqualification or bias occurring during the audit if these cannot be immediately rectified. Additionally, the auditor shall immediately report to the Supervisory Board any findings and issues that emerge during the audit that have a direct bearing upon the tasks of the Supervisory Board. The auditor shall inform the Supervisory Board or note in the audit report any circumstances determined during the audit that would render inaccurate the Declaration of Conformity made by the Executive Board and the Supervisory Board. It has also been agreed with the auditor that, in order to assess whether the Executive Board has fulfilled its obligations in accordance with section 91 (2) AktG, the audit will also cover the company's early warning risk identification system. Moreover, the auditor is required to examine and evaluate the internal control system relevant to accounting as part of its audit insofar as this is necessary and appropriate for assessing the accuracy of financial reporting.

Since 2023, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has been the auditing firm responsible for the statutory audit of the Annual Financial Statements and Consolidated Financial Statements of Merck KGaA, Darmstadt, Germany. The auditor responsible for auditing the Consolidated Financial Statements changes regularly as required by law. Daniel Weise is currently leading the audit engagement. Mr. Weise has been the German Public Auditor responsible for the engagement since fiscal 2023. The Sustainability Statement contained in the Combined Management Report is also audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. Daniel Oehlmann has been the German Public Auditor responsible for the engagement since fiscal 2023. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has assured the company that it is independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and that it has fulfilled its other German professional responsibilities in accordance with these requirements. The Supervisory Board has found no grounds to doubt the independence of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. Neither party has identified any conflicts of interest. The Audit Committee reviews the quality of the audit annually, including the performance of the German Public Auditor responsible for the engagement, on the basis of objective indicators.

Further reports

The Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group for fiscal 2025 includes a Combined **Sustainability Statement**. The Combined Sustainability Statement was prepared in order to meet the requirements set forth in Directive (EU) 2022/2464 of the European Parliament and of the Council dated December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD), in Article 8 of Regulation (EU) 2020/852 and in sections 289b to 289e, 315b and 315c of the German Commercial Code (HGB) regarding a Combined Non-financial Statement. The Combined Sustainability Statement comprises the Group Sustainability Statement and the Non-financial Statement of the parent company. Deloitte GmbH Wirtschaftsprüfungsgesellschaft conducted a limited assurance engagement of the Combined Sustainability Statement. The (Group) Sustainability Statement has been prepared in full compliance with the first set of European Sustainability Reporting Standards (ESRS). The (Group) Sustainability Statement is included as a separate chapter of the Combined Management Report. An overview of the contents of the Sustainability Statement can be found in a separate index. In the chapter Other Information, we also make disclosures referring to the Global Reporting Initiative (GRI) Standards 2021. In addition, we present the indices, which meet the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). In addition, the Compensation Report is included as a separate item of the disclosures on corporate governance. The Compensation Report for the fiscal year 2025 and the auditor's report, including details of the compensation system currently in force, and the most recent compensation resolutions are publicly available at our **website**.

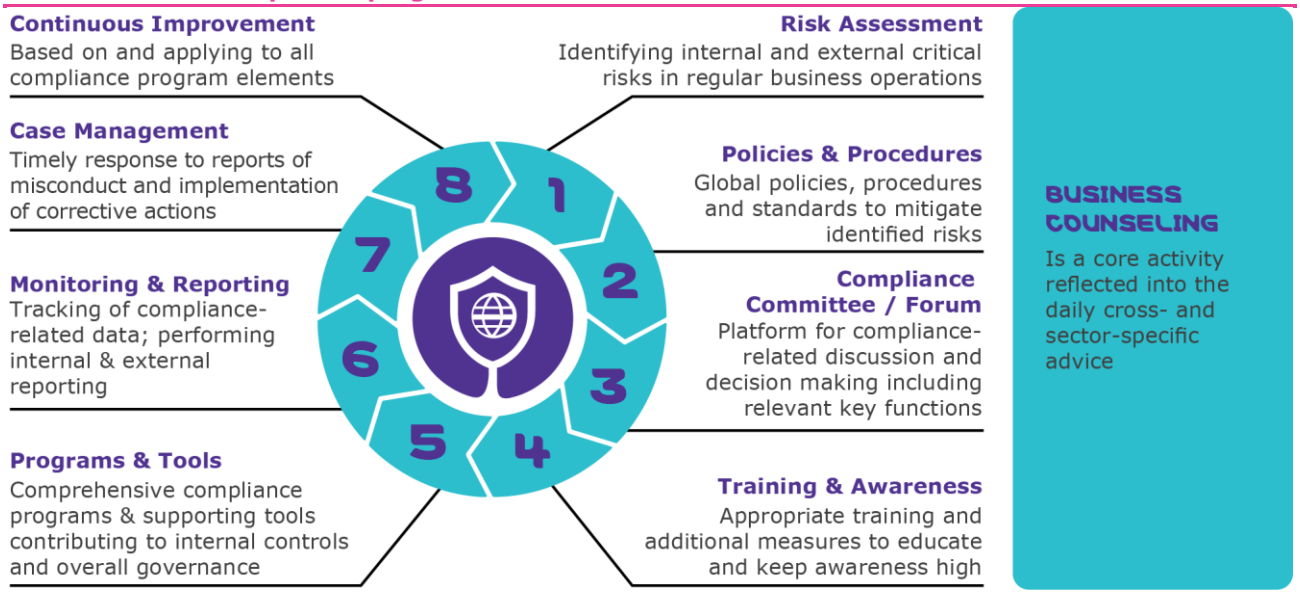
Values and compliance

Responsible entrepreneurship starts with compliance. We aim to ensure that all our activities adhere to relevant laws, regulations and ethical standards around the world. Compliance violations would not only result in possible legal action but could also seriously compromise our reputation as an employer and business partner.

Our Group Compliance function is responsible for the following core topics: our Code of Conduct, anti-corruption and anti-bribery (including healthcare compliance, business partner due diligence, transparency reporting), anti-money laundering, and conflicts of interest. Group-wide and local policies, procedures and processes are in place for these important compliance topics in order to ensure that our business activities are consistent with the relevant laws, regulations and international ethical standards.

As a global company, we have set very strict requirements for effective compliance management. Our Compliance Management System comprises eight core elements and ongoing consultation with the business fields that make up our compliance program:

Elements of our compliance program



The Group Compliance Officer is responsible for establishing, maintaining and further developing our global Compliance Management System. The Group Compliance Officer and their team, consisting of a global Compliance Center of Expertise and compliance officers, take appropriate measures to help lower the risk of serious compliance violations and ensure the implementation of the compliance program throughout the Group. Our Group Compliance Officer, together with the Group Data Privacy Officer, reports to the Executive Board and the Audit Committee twice a year, at a minimum, on the status of our compliance and data privacy activities, potential risks and key figures on compliance and data privacy violations.

The importance of compliance is reflected in the subsidiaries, which ensure via country representatives that compliance measures are implemented effectively. Regular global and regional compliance meetings are held to promote the exchange of information within the Compliance organization. This is supplemented by a global concept for global compliance committees and local compliance forums at which relevant compliance topics are discussed with senior management. These compliance forums and committees constitute important elements of risk assessment and quality assurance.

To ensure the effectiveness of our compliance program, we review it regularly and update our initiatives and programs as required to take account of new requirements and internal and external risks. We engage in a dialogue on current compliance issues, trends and targets with the stakeholder groups within our Compliance organization and with external parties.

Values and Code of Conduct

Our corporate culture places our fundamental values – courage, achievement, responsibility, respect, integrity, and transparency – at the heart of our business activities. Our **Code of Conduct** plays a central role in implementing these values in our daily interactions. It guides our employees in conducting business ethically and responsibly – in compliance with our values and the law. The Code of Conduct applies to all employees of the Group, in every country and all levels of our organization, and is available in 19 languages.

With the Code of Conduct and the various unit-specific compliance rules, our values are integrated into our daily work and business practice. We also expect our business partners (including customers, suppliers and distributors) to comply with these principles or to have their own comparable principles. Our Supplier Code of Conduct describes our expectations and requirements regarding ethics, general business integrity, business integrity in the pharmaceutical sector, environmental protection, human and labor rights, occupational health and safety, security, cybersecurity, protection of assets, continuous improvement for implementing these principles, and management systems. Our Human Rights Charter supplements the Supplier Code of Conduct with globally recognized human rights principles.

The Compliance department monitors compliance with the Code of Conduct with support from corresponding monitoring and training programs throughout the Group. All employees are called upon to report possible compliance violations so that the Group can take the necessary and appropriate action. In cooperation with Group Internal Auditing, the Compliance department regularly reviews the implementation of Group-wide compliance measures at the subsidiaries.

Risk management

Adequate compliance risk management is also essential in order to identify potential compliance risks and requirements and protect our company for the long term. To this end, we have established a process for evaluating compliance risks in all of our business sectors. This risk-based evaluation uses a comprehensive risk matrix and focuses on bribery and corruption risks. We regularly implement and monitor key performance indicators that allow us to assess risks and the effectiveness of controls. A global framework for ethical and legally compliant business processes serves to minimize risk. This is supplemented by suitable policies and effective controls for reducing risk.

Antitrust and competition law

In addition, we perform regular antitrust risk assessments in a separate process. Our Group-wide Antitrust Standard stipulates that all business activities throughout the Group must always be conducted in accordance with applicable antitrust regulations and standards. We ensure that all employees receive regular training on this matter. We recognize the importance of fair competition and expect the contractual parties acting on our behalf to do the same.

Supplier management

While supplier management ensures that suppliers act in compliance with regulations, third-party risk management encompasses relations with sales-related business partners such as commercial agents, distributors and wholesalers as well as suppliers we consider to be high risk (“high-risk vendors”). We expect our third parties worldwide to adhere to our compliance principles. We only enter into business relationships with third parties that pledge – according to the **Supplier Code of Conduct** – to act in accordance with the law, reject all forms of bribery, comply with environmental, health and safety guidelines, and uphold human and labor rights requirements. We apply a risk-based approach to selecting our external business partners, including high-risk vendors. The higher the estimated risk in connection with a particular country, region or service, the more carefully we examine the third party before entering into or prolonging a business relationship. Depending on the outcome, we may decide to reject the potential third party, impose conditions to mitigate identified risks or terminate an existing business relationship.

Anti-money laundering

We also have a global program for combating money laundering. This is supported by our Anti-Money Laundering Group Standard, which describes specific processes and assurance measures aimed at ensuring that warning signs and high-risk transactions are identified, reported and investigated. The implementation of these measures is supported by corresponding training.

Conflicts of interest

Our Conflict of Interest Policy defines conflicts of interest and the associated risks. It sets out clear guidelines for avoiding such situations and contains specific rules for identifying, disclosing, mitigating, and managing the risks that could arise.

Dealing with medical professionals and transparency reporting

We support healthcare systems by collaborating with expert groups, including professional medical associations, patient and carer organizations, university hospitals and other healthcare institutions.

Our Anti-Corruption Standard stipulates that all business activities must be conducted in line with applicable anti-corruption regulations and standards. All forms of bribery are strictly prohibited. We enforce strict limits on the value of gifts and invitations. These limits are stored in the company's internal tool we use to reimburse travel costs and expenses. Additionally, we have specific rules and procedures for dealing with healthcare professionals.

To ensure legally and ethically correct dealings with medical professionals and compliance with transparency requirements, the Compliance organization, together with the affected business units, has taken extensive measures to establish an internal regulatory framework as well as the corresponding processes for approving and documenting interactions with experts that ensure correct publication in line with the applicable data privacy regulations.

We publish the financial and non-financial contributions we make to healthcare experts, such as medical professionals and health organizations, in accordance with local laws and regulations. In addition to disclosing individual non-cash contributions, we publish information on our overall Research and Development expenditure as required.

Compliance training

Within the scope of the global compliance program, a high degree of importance is attached to regular compliance training, which is conducted both as e-learning and in person courses. The aim of this training, in particular, is to sensitize employees and management to the Code of Conduct, corruption and bribery, conflicts of interest, money laundering, antitrust and competition law, and healthcare compliance, as well as the consequences of compliance violations, and to show them ways of avoiding them. By providing employees with targeted training and information about the applicable compliance rules and ethical standards and giving them the responsibility for complying with these requirements, we strengthen their sense of responsibility and accountability. Further information can be found in the Compliance awareness and training chapter.

Compliance Hotline

As described in various compliance training courses and the Code of Conduct, whistleblowers may choose from various reporting channels. The choice of reporting channel may depend on the reason for the report and the whistleblower's preferences in the respective circumstances.

Our Whistleblowing and Investigations Standard reinforces our commitment to maintaining and strengthening a corporate culture in which employees are encouraged and empowered to report potential incidents and compliance violations. The standard provides guidance on the available reporting channels and our procedures for investigating reports of misconduct while ensuring confidentiality and protecting whistleblowers.

Reports to the central reporting channels, including the Compliance Hotline, are received directly by an independent and qualified team at Group Compliance and are examined. The report may be forwarded to a different responsible function for further processing depending on the nature and content of the report. Employees and individuals from outside the company can report potential compliance violations to the Compliance Hotline by telephone or via a web-based application in their respective language. The Compliance Hotline is available 24 hours a day, free of charge. The system enables two-way communication, including anonymous communication. If there are indications of a potential compliance violation, corresponding corrective measures are taken based on concrete action plans. If necessary, disciplinary measures are taken. These can range from a simple warning up to the dismissal of the employee who violated a compliance rule. The Group has set up a Compliance Case Committee to guide these processes. The Compliance Case Committee consists of senior representatives of various Group governance functions; they are involved in reviewing certain compliance violations and initiating appropriate and necessary measures.

In 2025, 132 compliance-relevant cases were reported via the Compliance Hotline and other channels. In 47 closed cases, it was confirmed that the principles of the Code of Conduct or other internal or external guidelines had been violated.

Internal Auditing

Compliance is ensured by the Group Compliance and Group Internal Auditing functions as the second and third lines of defense, respectively. As part of its audits, Group Internal Auditing regularly reviews functions, processes and legal entities worldwide. They also assess the effectiveness of the respective Compliance guidelines, processes and structures. The units also check for violations of our Code of Conduct, Anti-Corruption Standard, Anti-Money Laundering Group Standard, and Antitrust Standard. Our audit planning aims to provide comprehensive risk assurance through the best possible audit coverage of our processes, countries and projects. If an internal audit gives rise to recommendations for corrective actions, Group Internal Auditing performs a systematic follow-up and monitors the implementation of the recommendations. In 2025, Group Internal Auditing conducted 35 internal audits. This included 29 operational risk audits and 6 IT risk audits. A total of 30 internal audits involved risks related to bribery and corruption.

External Certification of the Compliance Management System

Since November 2022 our Compliance Management System is externally audited in accordance with the principles of proper auditing of Compliance Management Systems (IDW AsS 980 as amended September 2022). The focus is on combating bribery, corruption, and money laundering. The audit identifies potential areas for improvement and assesses whether the measures we have implemented comply with applicable regulations, guidelines, and processes. The audit consists of three phases:

The first two phases, preliminary assessment and adequacy review, were completed in 2023 without significant findings. The adequacy review indicates that the procedures and measures related to our Compliance Management System are appropriately designed and implemented to manage our compliance risks. The third phase, the assessment of effectiveness, is not yet completed.

Stakeholder engagement

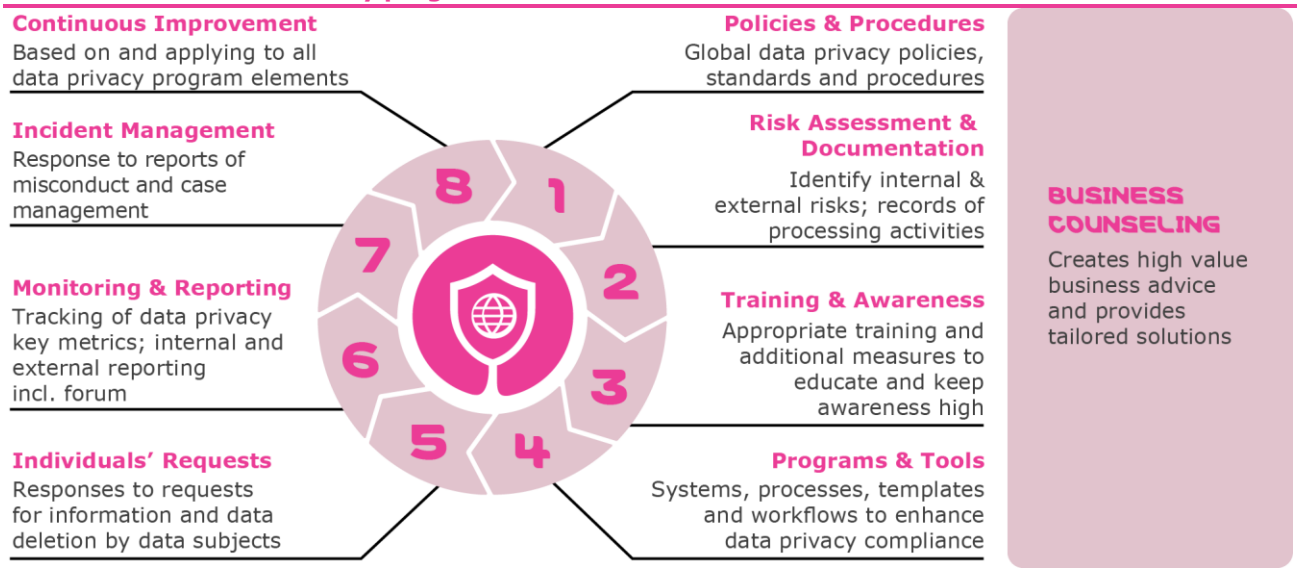
We take care to ensure that our activities comply with the codes of conduct of the associations of which we are a member. We are members of various organizations, including the German Chemical Industry Association (VCI), the German Institute for Compliance (DICO), the European Federation of Pharmaceutical Industries and Associations (EFPIA), Pharmaceutical Research and Manufacturers of America (PhRMA), the German Association of Voluntary Self-Regulation for the Pharmaceutical Industry (FSA), the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), the Alliance for Integrity, the capital market association Deutsches Aktieninstitut (DAI), and the International Association of Privacy Professionals (IAPP).

Data privacy

Group data privacy is integrated into the Group's Compliance organization. As required by law, this department operates independently and without being required to follow instructions. As part of our broader compliance reporting efforts, the department prepares regular data privacy updates and a comprehensive Data Privacy Report, which is submitted to the Executive Board and the Audit Committee of the Supervisory Board at least twice a year. The Group Data Privacy Officer has a team of dedicated local data privacy officers working in countries where data privacy is a particularly sensitive issue for Merck KGaA, Darmstadt, Germany. Other individuals around the world also perform a local data privacy function alongside their core activity for the Group. The tasks of these two groups of local data privacy officers include implementing and applying the Global Data Privacy Portfolio in the countries, performing regular efficiency tests and promoting awareness of data privacy. They also advise the company on relevant and critical matters relating to data privacy. A Center of Expertise provides support in the form of structures and tools.

Our Data Privacy Management System encompasses various elements of our portfolio alongside the pillars of people and communication. The portfolio is composed as follows:

Elements of our Data Privacy program



The Data Privacy organization has put specific guidelines in place in order to ensure regulatory compliant processes for data protection compliance. The Group Data Privacy Policy defines the standards according to which data is processed, stored, used, and transmitted within the Group. This enables us to provide a high level of protection when it comes to processing the data of our employees, contract partners, customers, suppliers, patients, physicians, and participants in clinical trials. The statutory documentation requirements are realized in a central IT tool that also serves as the basis for other key data privacy processes: documenting processing activities, performing a general risk audit and – if required by law – a specific data privacy impact assessment, reporting and evaluating potential data privacy violations, and processing requests from data subjects. Our understanding of data privacy throughout the Group is based on European legislation in particular, including the data privacy principles of the EU's General Data Protection Regulation (EU GDPR), which has been in force since May 2018. However, we also comply with and implement local data protection regulations in individual countries.

Corresponding training and awareness measures are a core element of any data privacy management system. The effective communication of relevant standards, procedures and other guidelines in the form of regular training is important, as are regular awareness measures in order to establish an appropriate culture of data privacy within our company. Our data privacy services comprise general awareness measures, such as e-learning on data privacy that is mandatory for all Group employees, and broad-based communication using various channels including e-mail and the company intranet, as well as targeted training, for example, interactive training for certain subsets of employees and standardized training sets focusing on specific topics and tailored to corresponding groups of companies.

Management of opportunities and risks

For detailed information, including a description of the main characteristics of the entire internal control system and risk management system and the statement on the appropriateness and effectiveness of these systems, please refer to the Internal control system section of the **Report on Risks and Opportunities** in the Combined Management Report.

Avoidance of conflicts of interest

Within the framework of their work, all Executive Board and Supervisory Board members of Merck KGaA, Darmstadt, Germany, are exclusively committed to the interests of the company and neither pursue personal interests nor grant unjustified advantages to third parties.

Before an Executive Board member takes on honorary offices, board positions or other sideline activities, this must be approved by the Personnel Committee of the Board of Partners of E. Merck KG, Darmstadt, Germany. The Chair of the Executive Board, Belén Garijo, and the Chief Financial Officer, Helene von Roeder, are both members of the Executive Board of E. Merck KG, Darmstadt, Germany. This does not, however, create conflicts of interest.

In its report to the Annual General Meeting, the Supervisory Board discloses any conflicts of interest involving its members and how they were dealt with. Consultancy agreements, as well as other service and work contracts of a Supervisory Board member with the Group, require the approval of the Supervisory Board. In fiscal 2025, there were neither conflicts of interest nor consultancy agreements or other service or work contracts with Merck KGaA, Darmstadt, Germany, or another Group company involving Supervisory Board members.

Adherence to environmental and safety standards

Our thinking and actions with regard to environmental protection and safety are based on the principle of sustainability and the guidelines for responsible action as set out by the International Council of Chemical Associations (ICCA) in its Responsible Care Global Charter, which emphasizes overall responsibility for products, supply chains and society. We have signed on to this charter and declared its principles to be binding throughout the Group in our Environment, Health and Safety (EHS) Policy.

We also adopt environmental safety and protection targets with the aim of permanently improving our environmental protection and safety:

- We have set ourselves the goal of climate-neutral business operations along our entire value chain by 2040. By 2030, we aim to reduce our direct (Scope 1) and indirect (Scope 2) emissions by 50% compared with 2020. Our goal is to achieve this primarily by reducing process-related emissions and implementing energy efficiency measures. In terms of our Scope 3 emissions, we want to reduce emissions along the entire value chain by 52% (defined as the rate of tons of CO_2 equivalent per euro million of gross profit) by 2030. These short-term targets for 2030 were approved by the Science-Based Targets initiative (SBTi) in May 2022. The independent initiative assesses and approves companies' targets based on its strict climate science criteria. This confirms that we are helping to limit global warming to 1.5°C, thus meeting the requirements of the Paris Agreement.
- In addition, we are aiming to source 80% of our purchased electricity across our own operations with renewable energies by 2030.
- We also intend to reduce the environmental impact of our waste, reduce water intensity and improve the quality of our wastewater by 2030. Having achieved our short-term targets for waste and water consumption to 2025 ahead of schedule in 2023, we have adopted new ambitions for the period to 2030. By the end of the decade, we want to achieve a circularity rate of 70% in our waste flows and improve our water intensity (per euro value added) by 50%.
- To improve occupational safety, we lowered the lost time injury rate (LTIR) to below 1.0 by the end of 2025.

We have also rolled out BeHealthy, a global program aimed at maintaining and promoting employee health. The objective of the program is to strengthen the physical, mental, social, and workplace-related health of all employees for the long term. The focal points of the content are healthy leadership, mindfulness and delivering a diverse healthcare offering that is accessible globally.

Based on our Environment, Health and Safety (EHS) Policy, a number of guidelines specify how the sites and employees of the Group are to observe the principles in their daily work. The Group function Corporate Sustainability, Quality and Trade Compliance steers these global activities and ensures compliance with statutory requirements, internal standards and business needs throughout the entire Group. In this way, Group-wide risks are minimized and continuous improvement is promoted in the areas of environment, health, safety, security, and quality.

We report on our ecological, environmental and social performance transparently in accordance with the internationally recognized principles of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Procedures of the Executive Board, Supervisory Board, Board of Partners and its Committees

Members of the Executive Board of Merck KGaA, Darmstadt, Germany

Information on memberships in statutory supervisory boards and comparable German and foreign control bodies (section 285 no. 10 HGB in conjunction with section 125 (1) sentence 5 AktG).

Member	Memberships as of December 31, 2025 of (a) statutory supervisory boards and (b) comparable German and foreign control bodies of corporations
Belén Garijo Frankfurt am Main, Germany, Chair	(b) • Banco Bilbao Vizcaya Argentaria S. A., Bilbao, Spain (listed)
Kai Beckmann Darmstadt, Germany, Vice Chair (since September 25, 2025), CEO Electronics	(a) • Bundesdruckerei GmbH, Berlin, Germany (not listed) • Bundesdruckerei Gruppe GmbH, Berlin, Germany (not listed)
Dan Pinhas Bar Zohar (since June 1, 2025) Darmstadt, Germany, CEO Healthcare	No mandates
Khadija Ben Hammada (since March 1, 2025) Darmstadt, Germany, Chief People Officer	No mandates
Peter Guenter (until May 31, 2025) Berlin, Germany, CEO Healthcare	(b) • Galapagos N.V., Mechelen, Belgium (listed) • Zentiva Group a.s., Prague, Czech Republic (not listed)
Matthias Heinzel (until May 31, 2025) Weinheim, Germany, CEO Life Science	No mandates
Helene von Roeder Frankfurt am Main, Germany, Chief Financial Officer	No mandates
Jean-Charles Wirth (since June 1, 2025) Darmstadt, Germany, CEO Life Science	No mandates

The general partners with no equity interest (Executive Board) manage the business activities in accordance with the laws, the Articles of Association of Merck KGaA, Darmstadt, Germany, and their rules of procedure. They are appointed by E. Merck KG, Darmstadt, Germany, with the approval of a simple majority of the other general partners. The members of the Executive Board are jointly responsible for the entire management of the company. Certain tasks are assigned to individual Executive Board members based on a responsibility distribution plan. Each Executive Board member promptly informs the other members of any important actions or operations in their respective business area. Among other things, the Executive Board is responsible for preparing the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, and of the Group as well as for approving the quarterly and half-yearly financial statements of the Group. In addition, the Executive Board ensures that all legal provisions, official regulations and the company's internal policies are observed, and works to achieve compliance with them by all the companies of the Group. A Group-wide guideline defines in detail which transactions require prior approval by the Executive Board.

The Executive Board provides the Supervisory Board and its Audit Committee with regular, up-to-date and comprehensive reports about all company-relevant issues concerning strategy, planning, business development, the risk situation, risk management, and compliance. The rules of procedure of the Executive Board and of the Supervisory Board govern the further details and ensure that the Supervisory Board is kept adequately informed by the Executive Board.

The Executive Board informs the Board of Partners of E. Merck KG, Darmstadt, Germany, and the Supervisory Board at least quarterly of the progress of business and the situation of the company. In addition, the Executive Board informs the aforementioned boards at least annually of the company's annual plans and strategic considerations.

The Executive Board passes its resolutions in meetings that are normally held once a month.

Supervisory Board

The Supervisory Board has 16 members. In fiscal 2025, the Supervisory Board was composed as follows:

Member	Memberships as of December 31, 2025 of (a) other statutory supervisory boards and (b) comparable German and foreign control bodies of corporations	Member of the Supervisory Board since	Attendance of meeting of the Supervisory Board
Michael Kleinemeier (Chair of the Supervisory Board) Heidelberg, Germany, Managing Director of e-mobiligence GmbH, Heidelberg, Germany (Independent Shareholder Representative)	(a) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany[1] (Chair) (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany[1] (not listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed) • SRH Holding (SdbR), Heidelberg, Germany (not listed)	Apr. 26, 2019	5/5
Sascha Held (Vice Chair of the Supervisory Board until June 30, 2025) As of June 30, 2025, Riedstadt, Germany, Application Consultant (full-time member and Chair of the Joint Works Council of Merck KGaA, Darmstadt, Germany)	No board positions	Apr. 26, 2019	3/3
Anne Lange (Vice Chair of the Supervisory Board since July 1, 2025) Riedstadt, Germany, Application Engineer (currently full-time member and Chair of the Joint Works Council of Merck KGaA, Darmstadt, Germany)	No board positions	Apr. 26, 2019	5/5
Birgit Biermann Bochum, Germany, Vice Chair of the German Mining, Chemical and Energy Industrial Union (IG BCE), Hanover, Germany	(a) • Adidas AG, Herzogenaurach, Germany (listed) • Lanxess Aktiengesellschaft, Cologne, Germany (listed) • Lanxess Deutschland GmbH, Cologne, Germany (not listed) (b) • DGB Rechtsschutz GmbH, Düsseldorf, Germany (not listed) • Technische Hochschule Georg Agricola, Bochum, Germany (not listed)	Jul. 14, 2022	5/5
Katja Garcia Vila Hanover, Germany, Chief Financial Officer of MTU Aero Engines AG, Munich, Germany (Independent Shareholder Representative)	No board positions	Apr. 26, 2024	5/5[3]
Carla Kriwet Munich, Germany, Chair of Managing Directors of CeramTec GmbH, Polchingen, Germany (Independent Shareholder Representative)	(a) • Save the Children e.V., Berlin, Germany (not listed)	Apr. 26, 2024	5/5
Barbara Lambert Givrins, Switzerland, Supervisory and Administrative Board member (Independent Shareholder Representative)	(a) • Deutsche Börse AG, Eschborn, Germany (listed) (b) • Implenia AG, Glattpark (Opfikon), Switzerland (listed) • UBS Switzerland AG, Zurich, Switzerland (not listed)	Aug. 11, 2023	5/5
Dietmar Oeter Seeheim-Jugenheim, Germany, Director Corporate Quality Assurance	No board positions	May 09, 2014	5/5
Stefan Palzer Lausanne, Switzerland, Member of the Executive Board for Innovation, Technology, R&D and Chief Technology Officer at Nestlé S.A., Vevey, Switzerland (Independent Shareholder Representative)	No board positions	Apr. 26, 2024	4/5[3, 4]

Member	Memberships as of December 31, 2025 of (a) other statutory supervisory boards and (b) comparable German and foreign control bodies of corporations	Member of the Supervisory Board since	Attendance of meeting of the Supervisory Board
Alexander Putz Michelstadt, Germany, Chemical Laboratory Assistant (currently full-time member of the Joint Works Council of Merck KGaA, Darmstadt, Germany)	(a) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany[1] (not listed)	May 28, 2020	5/5
Christian Raabe Höchst, Germany, IT Business Partner	No board positions	Apr. 26, 2019	5/5
Michael Reinhart Kleinostheim, Germany, District Manager of the German Mining, Chemical and Energy Industrial Union (IGBCE) Darmstadt, Germany	(a) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany [1] (not listed)	Apr. 26, 2024	5/5
Susanne Schaffert Neumarkt, Germany, Supervisory Board member and Independent Consultant (Independent Shareholder Representative)	(a) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany [1] (Chair) (not listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany [1] (not listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed) • ARTBio Inc., Cambridge, MA/USA (not listed) • Incyte Corporation, Wilmington, DE/USA (listed) • Novo Holdings A/S, Hellerup, Denmark (not listed) • Vetter Holding GmbH & Co. KG, Ravensburg, Germany (not listed)	Apr. 26, 2024	4/5
Sandra Schwebke Griesheim, Germany, Biologist (currently full-time member of the Joint Works Council of Merck KGaA, Darmstadt, Germany)	No board positions	Apr. 26, 2024	5/5
Daniel Thelen[2] Cologne, Germany, Head of commercial project management general reconstruction west at DB InfraGO AG, Frankfurt am Main, Germany	(b) • E. Merck KG, Darmstadt, Germany[1] (not listed)	Apr. 26, 2019	5/5
Simon Thelen[2] Cologne, Germany, Member of the Executive Board of E. Merck KG, Darmstadt, Germany, adjunct Medical Professor and Physician	(a) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany [1] (not listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany [1] (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany [1] (not listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed)	Apr. 26, 2019	5/5
Sven Vollrath (since July 1, 2025) Biblis, Germany, Chemical Technician, Technical Business Economist (currently full-time member and Vice Chair of the Joint Works Council of Merck KGaA, Darmstadt, Germany)	(a) • Administrative Board member BKK of Merck KGaA, Darmstadt, Germany[1] (not listed)	July 1, 2025	2/2

[1] Internal board position.

[2] Members delegated according to Article 6 (5) of the Articles of Association of Merck KGaA, Darmstadt, Germany.

[3] Participation in one meeting was held virtually.

[4] The supervisory board member participated partially in one meeting.

The Supervisory Board performs a monitoring function. It supervises the Executive Board's management of the company. In comparison with the supervisory board of a German stock corporation, the role of the supervisory board of a corporation with general partners (KGaA) is limited. This is due to the fact that the members of the Executive Board are personally liable partners and therefore are responsible for the management of the company. In particular, the Supervisory Board is not responsible for appointing and dismissing general partners or for regulating the terms and conditions of their contracts. This is the responsibility of E. Merck KG,

Darmstadt, Germany. Similarly, the Supervisory Board does not have the authority to issue rules of procedure for the Executive Board or a catalog of business transactions requiring approval. This is also the responsibility of E. Merck KG, Darmstadt, Germany (Article 13 (3) sentence 1 and (4) sentence 1 of the Articles of Association of Merck KGaA, Darmstadt, Germany).

However, the fact that the Supervisory Board has no possibility of directly influencing the Executive Board restricts neither its information rights nor its audit duties. The Supervisory Board must monitor the legality, regularity, usefulness, and economic efficiency of the Executive Board. In particular, the Supervisory Board has the duty to examine the reports provided by the Executive Board. This includes regular reports on the intended business policy, as well as other fundamental issues pertaining to corporate planning, especially financial, investment and HR planning, the profitability of the Group, and the course of business. In particular, this also includes IT security and sustainability issues, which fall within the responsibility of the Audit Committee. The regular reports pertaining to Group Internal Auditing, risk management, the internal control system, and compliance are received by the Audit Committee of the Supervisory Board. In addition, by means of consultation with the Executive Board, it creates the basis for supervision of the management of the company by the Supervisory Board in accordance with section 111 (1) AktG. The Supervisory Board and the Audit Committee examine the Annual Financial Statements as well as the Consolidated Financial Statements and the Combined Management Report including the (Group) Sustainability Statement, taking into account the auditor's reports in each case. Moreover, the Audit Committee discusses the quarterly statements and the half-yearly financial report, taking into account in the latter case the report of the auditor on the audit review of the abridged financial statements and the interim management report of the Group, and reports to the Supervisory Board. The adoption of the Annual Financial Statements is not the responsibility of the Supervisory Board but of the Annual General Meeting. The Supervisory Board and the Audit Committee normally meet four times per year. Further meetings may be convened if requested by a member of either the Supervisory Board or the Executive Board. As a rule, resolutions of the Supervisory Board are passed at meetings. At the instruction of the Chair, a resolution may be passed by other means in exceptional cases, details thereof can be found in the rules of procedure of the Supervisory Board.

The members of the Board of Partners of E. Merck KG, Darmstadt, Germany, and of the Supervisory Board may be convened to a joint meeting if so agreed by the Chairs of the two boards.

The Supervisory Board has adopted rules of procedure for its activities. The rules of procedure are published on the **company website**.

The rules of procedure prescribe that the Supervisory Board may form committees. The Supervisory Board has formed a Nomination Committee and an Audit Committee.

Nomination Committee

The Nomination Committee comprises three shareholder representatives. Its members are Michael Kleinemeier (Chair), Susanne Schaffert and Simon Thelen. The Nomination Committee is responsible for proposing to the Supervisory Board suitable candidates for its proposal to the Annual General Meeting. In addition to the legal requirements and the recommendations of the German Corporate Governance Code on topics such as independence and overboarding, the objectives of the Supervisory Board with respect to its composition, the qualification matrix and the Diversity Policy must be taken into consideration.

Audit Committee

The Audit Committee comprises three shareholder representatives and three employee representatives. Its members are Barbara Lambert (Chair), Katja Garcia Vila, Michael Kleinemeier, Christian Raabe, Michael Reinhart and Sven Vollrath (since July 1, 2025, as successor of Sascha Held).

The AktG and the German Corporate Governance Code in the versions currently applicable to the company state that at least one member of the Audit Committee shall have professional expertise in accounting and at least one additional member of the Audit Committee shall have professional expertise in auditing. Accounting and auditing also include sustainability reporting and the auditing thereof. The Chair of the Audit Committee should have professional expertise in at least one of the two areas. As a financial expert, Barbara Lambert has particular knowledge and experience in the application of accounting principles and internal control and risk management systems. She is also familiar with auditing and, in this context, with sustainability reporting. Barbara Lambert's aforementioned knowledge is based, among other things, on her education and many years of professional experience as an auditor and as a member of the Board of Directors of Banque Pictet & Cie SA until 2022. She is also a member of the Supervisory Board and Chair of the Audit Committee of Deutsche Börse AG and a member of the Board of Directors of UBS Switzerland AG. In these roles, she regularly participates in the training offered by the respective companies. Barbara Lambert thus qualifies as a financial expert within the meaning of section 100 (5) AktG and Recommendation D.3 of the German Corporate Governance Code. Furthermore, Katja Garcia Vila qualifies as a financial expert within the meaning of section 100 (5) AktG and recommendation D.3 of the German Corporate Governance Code. In particular, due to her degree in Business Studies from a university of applied sciences and her many years of experience in management positions in the financial sector, including as CFO of MTU Aero Engines AG since April 1, 2025, she has particular knowledge and experience in the application of reporting principles (including sustainability reporting), internal control and risk management systems. Finally, Michael Kleinemeier also has expertise in the area of accounting. In addition to his degree in business administration, his expertise results from his role as Managing Director of e-mobiligence GmbH as well as his many years of experience in management positions at SAP SE and other companies and his membership in other control bodies. Michael Kleinemeier thus also qualifies as a financial expert within the meaning of section 100 (5) AktG and Recommendation D.3 of the German Corporate Governance Code.

Defining the required knowledge in more detail, a further provision of the AktG states that the members of the Supervisory Board must be collectively familiar with the sector in which their company operates. This requirement is addressed in the Supervisory Board's qualification matrix, which stipulates that the Supervisory Board should have at least four members who possess such knowledge of the sector. We currently meet this requirement (see also Objectives of the Supervisory Board with Respect to Its Composition, Profile of Skills and Expertise, and Qualification Matrix). Information on the independence of the shareholder representatives can be found under Objectives of the Supervisory Board with Respect to Its Composition, Profile of Skills and Expertise, and Qualification Matrix.

The Supervisory Board and the Audit Committee conduct regular self-assessments every two years. These take the form of internal efficiency reviews based on an extensive questionnaire. The self-assessment resulted in a positive opinion on all topics. The topics covered by the questionnaire included the organization and meetings of the bodies and their composition, cooperation within the bodies and with the Executive Board, dialogue with the other bodies, corporate governance, accounting, and risk management. Potential improvements to further optimize the work of the bodies in individual areas were identified and discussed based on the feedback provided, and corresponding measures were initiated.

Board of Partners of E. Merck KG, Darmstadt, Germany

Some of the responsibilities that lie with the supervisory board of a German stock corporation are fulfilled at the company by E. Merck KG, Darmstadt, Germany. This applies primarily to the Board of Partners of E. Merck KG, Darmstadt, Germany. Accordingly, the Board of Partners, as well as the composition and procedures of its committees, are described below.

The Board of Partners has nine members. In fiscal 2025, the Board of Partners was composed as follows:

Member	Memberships as of December 31, 2025 of (a) statutory supervisory boards and (b) comparable German and foreign control bodies of corporations
Wolfgang Büchele (Chair of the Board of Partners) (external member) Römerberg, Germany, Chair of Exyte GmbH, Stuttgart, Germany	(a) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (Chair) (not listed) • Gelita AG, Eberbach, Germany (Chair) (not listed) (b) • KNDS NV, Amsterdam, Netherlands (not listed)
Simon Thelen (Vice Chair of the Board of Partners) Cologne, Germany, Member of the Executive Board of E. Merck KG, Darmstadt, Germany, adjunct Medical Professor and Physician	(a) • Merck KGaA, Darmstadt, Germany (listed) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed)
Johannes Baillou Vienna, Austria, Chair of the Executive Board and General Partner of E. Merck KG, Darmstadt, Germany	(a) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed)
Michael Kleinemeier (external member) Heidelberg, Germany, Managing Director of e-mobiligence GmbH, Heidelberg, Germany	(a) • Merck KGaA, Darmstadt, Germany (Chair) (listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (Chair) (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) (b) • SRH Holding (SdbR), Heidelberg, Germany (not listed)
Katharina Kraft Mannheim, Germany, Senior Product Manager at BASF SE, Ludwigshafen, Germany	No board positions
Susanne Schaffert (external member) Neumarkt, Germany, Board Director and Independent Consultant	(a) • Merck KGaA, Darmstadt, Germany (listed) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (Chair) (not listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) (b) • ARTBio Inc., Cambridge, MA/USA (not listed) • Incyte Corporation, Wilmington, DE/USA (listed) • Novo Holdings A/S, Hellerup, Denmark (not listed) • Vetter Holding GmbH & Co. KG, Ravensburg, Germany (not listed)
Carl Christoph Schweickert Stuttgart, Germany, Managing Partner of Eureka Beteiligungs GmbH, Stuttgart, Germany; Managing Partner of DIH Beteiligungen GmbH, Königstein im Taunus, Germany	No board positions
Daniel Thelen Cologne, Germany, Head of commercial project management general reconstruction west at DB InfraGO AG, Frankfurt am Main, Germany	(a) • Merck KGaA, Darmstadt, Germany (listed)
André Wyss (external member) Bottmingen, Switzerland, Administrative Board Member	(a) • Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (not listed) (b) • Schweizerische Bundesbahn AG, Bern, Switzerland (listed)

The Board of Partners supervises the Executive Board in its management of the company. It informs itself about the business matters of Merck KGaA, Darmstadt, Germany, and may inspect and examine the company's accounts, other business documents and assets for this purpose. According to Article 13 (4) of the Articles of Association of Merck KGaA, Darmstadt, Germany, the Executive Board requires the approval of E. Merck KG, Darmstadt, Germany, for transactions that are beyond the scope of the Group's ordinary business activities. For such transactions, approval must first be obtained from the Board of Partners of E. Merck KG, Darmstadt, Germany. The Board of Partners convenes as and when necessary; however, it normally meets four times per year. The members of the Executive Board of Merck KGaA, Darmstadt, Germany, are invited to all meetings of the Board of Partners, unless the Board of Partners decides otherwise in individual cases. The members of the Board of Partners may convene a joint meeting with the Supervisory Board of Merck KGaA, Darmstadt, Germany, if so agreed by the Chairs of the two boards.

The Board of Partners may delegate the performance of individual duties to committees. Currently, the Board of Partners has three committees in place: the Personnel Committee, the Finance Committee and the Research and Development Committee.

Personnel Committee

The Personnel Committee has four members. These are Johannes Baillou (Chair), Wolfgang Büchele, Michael Kleinemeier, and Simon Thelen. The Personnel Committee meets at least twice a year. Further meetings are convened as and when necessary. Meetings of the Personnel Committee are attended by the Chair of the Executive Board of Merck KGaA, Darmstadt, Germany, unless the committee decides otherwise. Among other things, the Personnel Committee is responsible for the following decisions concerning members and former members of the Executive Board: contents and conclusion of employment contracts and pension contracts; granting of loans and salary advances; changes to the compensation structure and adaptation of compensation; approval for taking on honorary offices, board positions and other sideline activities; and division of responsibilities within the Executive Board of Merck KGaA, Darmstadt, Germany. The Personnel Committee passes its resolutions by simple majority; in matters concerning the Chair of the Executive Board, unanimity is required. The Chair of the Committee regularly informs the Board of Partners of its activities.

Finance Committee

The Finance Committee has four members. These are André Wyss (Chair), Carl Christoph Schweickert, Daniel Thelen, and Simon Thelen. The Finance Committee holds at least four meetings per year, some of which are joint meetings with the Audit Committee of the Supervisory Board. At least one meeting is a joint meeting with the auditor of Merck KGaA, Darmstadt, Germany. Further meetings are convened as and when necessary. Meetings of the Finance Committee are attended by the Chief Financial Officer of Merck KGaA, Darmstadt, Germany. Other members of the Executive Board of Merck KGaA, Darmstadt, Germany, may attend the meetings upon request of the Finance Committee. These meetings regularly include the Chair of the Executive Board. Among other things, the Finance Committee is responsible for analyzing and discussing the Annual Financial Statements, the Consolidated Financial Statements, and the respective reports of the auditor for E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, as well as the half-yearly financial report and the quarterly statements for Merck KGaA, Darmstadt, Germany. In addition, the Finance Committee addresses the Group's net assets, financial position, results of operations and liquidity, as well as accounting issues. Upon request of the Board of Partners, the Finance Committee examines investment projects that must be approved by the Board of Partners and provides recommendations pertaining thereto. It passes its resolutions with simple majority. The Chair of the Committee regularly informs the Board of Partners of the activities of the Finance Committee.

Research and Development Committee

The Research and Development Committee has three members. These are Susanne Schaffert (Chair), Katharina Kraft and Simon Thelen. The Research and Development Committee is convened as and when necessary but holds at least two meetings per year. Meetings of the Research and Development Committee are attended by members of the Executive Board of Merck KGaA, Darmstadt, Germany, upon request of the committee. These meetings regularly include the Chair of the Executive Board as well as the CEO Life Science, the CEO Healthcare and the CEO Electronics. Among other things, the Research and Development Committee is responsible for reviewing and discussing the research activities of the Healthcare, Life Science and Electronics business sectors. It passes its resolutions with simple majority. The Chair of the Committee reports to the Board of Partners on the insights gained from the meetings.

Stipulations to promote the participation of women in management positions pursuant to section 76 (4) and section 111 (5) AktG

Stipulations pursuant to section 76 (4) AktG (target for the percentage of positions held by women on the two upper management levels below the Executive Board)

We are committed to ensuring that all employees feel a sense of belonging. This commitment is firmly anchored in our company values and principles and reflects our drive to do the right thing for our employees, patients and customers. We offer everyone – regardless of background – equal opportunities to join the Group and succeed on the basis of performance and potential. All our actions and initiatives are consistent with the applicable legal requirements of the respective countries.

In countries where it is permitted by law, we promote a balanced gender distribution in management and strive to continuously increase the proportion of management positions held by women (managers, experts and project managers in roles 4 and above). We monitor and manage the gender balance of our workforce on an ongoing basis to ensure that progress is transparent, targeted and sustainable.

We work continuously to further develop our actions and create a corporate culture in which all employees can develop their potential in the long-term.

In addition, Merck KGaA, Darmstadt, Germany, is subject to the statutory obligations under section 76 (4) AktG.

On December 11, 2024, the Executive Board of Merck KGaA, Darmstadt, Germany, set the new targets to be achieved by December 31, 2027, in order to implement the obligations under section 76 (4) AktG as follows:

- First management level of Merck KGaA, Darmstadt, Germany, below the Executive Board: 48.1% of positions held by women, corresponding to full headcounts at the date on which the targets were defined.
- Second management level of Merck KGaA, Darmstadt, Germany, below the Executive Board: 35.8% of positions held by women, also corresponding to full headcounts at the date on which the targets were defined.

The first management level comprises all managers of Merck KGaA, Darmstadt, Germany, with a direct reporting line to the Executive Board of Merck KGaA, Darmstadt, Germany, or who belong to the Global Executive Group. The second management level comprises all managers of Merck KGaA, Darmstadt, Germany, who report to managers with a direct reporting line to the Executive Board of Merck KGaA, Darmstadt, Germany, or the Global Executive Group.

Stipulations pursuant to section 111 (5) AktG (target for the percentage of positions on the Supervisory Board held by women)

Pursuant to section 111 (5) AktG, the supervisory boards of companies that are listed or subject to co-determination must stipulate binding targets for the percentage of positions on the supervisory board and on the management board held by women. Merck KGaA, Darmstadt, Germany, is not required to stipulate targets pursuant to section 111 (5) AktG for the following reasons:

The statutory target of 30% pursuant to section 96 (2) AktG is already applied to the Supervisory Board of Merck KGaA, Darmstadt, Germany; this eliminates the obligation to stipulate a further target for the percentage of positions held by women on the Supervisory Board (see section 111 (5) sentence 8 AktG).

In turn, the obligation to stipulate a target for the percentage of positions held by women on the management board pursuant to section 111 (5) AktG and the minimum composition requirement for the management board pursuant to section 76 (3a) AktG are not applicable to the legal form of a corporation with general partners (Kommanditgesellschaft auf Aktien), as a corporation with general partners neither has a management board comparable to that of a stock corporation, nor does the supervisory board have personnel authority over the executive board. Instead, the Executive Board of Merck KGaA, Darmstadt, Germany, consists of personally liable general partners (see also the **description of Supervisory Board procedures**). In line with its Diversity Policy, however, the Group also continues to pursue representation of both genders as an objective for the Executive Board.

Diversity Policy pursuant to section 289f (2) no. 6 HGB

We advocate a culture of mutual esteem and respect. As an expression of this open and dynamic company culture, belonging and inclusion are important to us throughout the Group – at all levels, including the Executive Board and Supervisory Board.

We believe that a diverse workforce boosts the innovative strength of the Group and contributes materially to our business success. That is why we are fostering a culture of belonging and inclusion independent of factors such as age, gender, disability, ethnic or cultural background, religion, industry experience, and educational background. As part of our efforts, we have developed a policy to strategically steer the topics of belonging and inclusion in our corporate bodies (see S1 Own Workforce of the Sustainability Statement); this focuses on the following key criteria:

In this context, it should be noted that, with respect to the Executive Board of Merck KGaA, Darmstadt, Germany, many rules can only be applied correspondingly. This is because the Executive Board comprises personally liable general partners of Merck KGaA, Darmstadt, Germany, and is not a management board with employed members of a corporate body (for details, please also see the **Joint Report of the Executive Board and the Supervisory Board**).

In addition to the aspects presented below, reference is made to the objectives of the Supervisory Board with respect to its composition and the profile of skills and expertise and the qualification matrix for the Supervisory Board (see the information on the Objectives of the Supervisory Board with Respect to Its Composition, Profile of Skills and Expertise, and Qualification Matrix). The statements made therein form part of the Diversity Policy for the Supervisory Board presented here.

Age

Our boards are to have a balanced age structure. This permits future-oriented and consistent succession planning and is a key element of sustainable company management and monitoring. There are upper age limits for the Executive Board and Supervisory Board. There is an age limit of 70 years for members of the Executive Board and a standard age limit of 75 years for members of the Supervisory Board. Our Diversity Policy aims for an age range of at least ten years between the youngest and the oldest member of the respective board.

The current composition of both bodies satisfies this objective. The age range of the Supervisory Board spans 27 years, while the age range of the Executive Board currently spans 20 years.

Gender

Gender balance also plays a crucial role, since it enables us to benefit from a larger talent pool and allows us to develop a better understanding of important customer groups as a company.

Our company continues to pursue representation of both genders as an objective for the Executive Board. The Board of Partners of E. Merck KG, Darmstadt, Germany, appointed Belén Garijo as the new Chair of the Executive Board effective May 1, 2021, making it the first time a woman had been appointed to this position. Helene von Roeder has been a member of the Executive Board and the Chief Financial Officer of Merck KGaA, Darmstadt, Germany, since July 1, 2023. Khadija Ben Hammada has also been a member of the Executive Board and Chief People Officer since March 1, 2025. This means that women currently account for 50% of the members of the Executive Board. The statutory target of 30% pursuant to section 96 (2) AktG already applies to the Supervisory Board of Merck KGaA, Darmstadt, Germany, and is currently met at 44%.

Internationality and global mindset

As a global science and technology company with operations and major markets on five continents and more than 62,000 employees[1] at locations in 65[2] countries, internationality and the associated global mindset are one of our key success factors. Our Diversity Policy stipulates that the Executive Board should demonstrate internationality through leadership experience or background, relative to our key sales markets or those locations that are organizationally and culturally relevant to our employee development efforts. For both criteria, Europe, North America and Asia-Pacific are currently the key regions.

The Executive Board and the Supervisory Board meet this objective with management experience in these regions, and especially in the following countries: Belgium, China, France, the United Kingdom, India, Israel, Italy, Japan, Malaysia, Switzerland, Singapore, Spain, and the United States. In addition, 67% of the Executive Board members are of non-German origin.

[1] Our company also employs people at sites of subsidiaries that are not fully consolidated. This number refers to people employed in fully consolidated subsidiaries.
[2] Each country with at least one active employee is included as a separate country.

Management experience

The key prerequisites for high-performance leadership teams are the diversity of the individual profile of skills and expertise and a balance between an internal and external management perspective. Therefore, the Executive Board as a whole must have in-depth knowledge and experience in the following key areas of importance to the company: strategy and planning, finance and accounting, sales and operations, human resources, legal and compliance, and information technology, as well as ecological, environmental and social sustainability. In addition, it is important for the composition of the Executive Board to ensure a good balance of members from within and outside the company. Our Diversity Policy seeks to derive inspiration and innovation from outside the company and to identify the latest trends of relevance to the core businesses of the company while ensuring sustainability and continuity in line with our corporate culture.

The current Executive Board fulfills both of the aforementioned objectives: All required aspects of the profile of skills and expertise are covered by at least one member of the Executive Board. Likewise, several members of the Executive Board possess multiple years of corporate experience both within and outside the Group prior to their appointment to the Executive Board. This is also true for the Supervisory Board.

Industry knowledge

To efficiently lead and manage the Group, the Executive Board must have in-depth knowledge of the key industries and business sectors in which the company operates. In accordance with the Diversity Policy, there should be at least one member of the Executive Board with in-depth expertise in the Healthcare, Life Science or Electronics business sectors.

Our Boards cover the full range of the necessary industry experience.

Educational background

In order to translate the tremendous innovative potential of a science and technology company into sustainable business success, interdisciplinary educational backgrounds are a key element of our Diversity Policy both for the Executive Board and for the Supervisory Board. The current composition of both boards illustrates this interdisciplinary aspect to a very high degree.

Furthermore, half of the members of the Executive Board and seven Supervisory Board members are university graduates and hold doctorates.

Report of the Supervisory Board

The Supervisory Board again properly executed its duties in fiscal 2025 in accordance with the law, the Articles of Association of Merck KGaA, Darmstadt, Germany, and its rules of procedure. The rules of procedure are published on the **company website**. In particular, the Supervisory Board monitored the work of the Executive Board diligently and regularly.

Cooperation with the Executive Board

The cooperation with the Executive Board was characterized by an intensive dialogue on the basis of mutual trust. During fiscal 2025, the Executive Board provided the Supervisory Board with regular written and verbal reports on the business development of Merck KGaA, Darmstadt, Germany, and the Group. In particular, the Executive Board also informed the Supervisory Board about the market and sales situation of the Group in the context of macroeconomic developments, and the financial position of Merck KGaA, Darmstadt, Germany, and the Group, along with their earnings development and corporate planning. Within the scope of quarterly reporting, the sales and operating results were presented by the Executive Board for the Group as a whole and broken down by business sector. The Chair of the Supervisory Board also maintained a regular exchange of information with the Chair of the Executive Board outside the Supervisory Board meetings.

Key topics of the Supervisory Board meetings

A total of five Supervisory Board meetings were held in fiscal 2025. These comprised four regular meetings in person and one virtual ad hoc meeting on a planned acquisition. At four of these five meetings, the Supervisory Board intensely discussed the reports of the Executive Board, as well as talking about corporate development and strategic issues together with the Executive Board. The Chair of the Audit Committee reported comprehensively on the previous meetings of the Audit Committee at these meetings of the Supervisory Board and the insights of its audit. Furthermore, in fiscal 2025, there were two informational events (held virtually) for the Supervisory Board regarding personnel decisions within the Executive Board of Merck KGaA, Darmstadt, Germany.

At the meeting in February 2025, which was held in person, the Supervisory Board intensively addressed the Annual Financial Statements and Consolidated Financial Statements for fiscal 2024, the Combined Management Report, the reports of the auditor (Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, “Deloitte”), including the audit report on the non-financial statement for fiscal 2024, and the proposal for the appropriation of net retained profit. The Executive Board reported on the Annual Financial Statements and the Consolidated Financial Statements. The auditor (Deloitte) explained the audit reports including the focus areas of the audit. Deloitte addressed the audit of the Combined Sustainability Statement, which was prepared for the first time under the full application of the European Sustainability Reporting Standards (ESRS). The Supervisory Board has approved, upon the recommendation of the Audit Committee, the Annual Financial Statements prepared by the Executive Board, the Consolidated Financial Statements of the Group, the Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group, as well as the report submitted by the auditor in accordance with Article 27 (2) of the Articles of Association of Merck KGaA, Darmstadt, Germany. Furthermore, the Supervisory Board approved the report of the Supervisory Board, confirmed the objectives of the Supervisory Board with respect to its composition and the profile of skills and expertise. The Supervisory Board also resolved upon the Declaration of Conformity with the German Corporate Governance Code, and the Statement on Corporate Governance. The Supervisory Board also approved the proposals to be made to the Annual General Meeting. These included the approval of the new compensation system for the Members of the Executive Board. The Executive Board reported on business performance in the fourth quarter of 2024, and the full year 2024, outlined the plans and objectives for fiscal 2025 and discussed these with the Supervisory Board.

In an extraordinary meeting in April 2025, the Executive Board informed the Supervisory Board and engaged in a detailed discussion with them regarding the planned acquisition of SpringWorks Therapeutics, Inc.

The meeting in May 2025, which was held in person, focused on the report of the Executive Board on business performance in the first quarter of 2025 and the forecast for fiscal 2025. The Executive Board discussed developments in the first quarter of 2025 and provided an outlook concerning expected business performance in 2025 as a whole. The Supervisory Board extensively discussed the contributions of the individual business sectors to the company's financial performance, as well as the impact of geopolitical developments. An additional topic was the Group Data, Digital & IT strategy. Furthermore, due to Sascha Held's resignation as of June 30, 2025, Anne Lange was elected as the new Vice Chair of the Supervisory Board, and Sven Vollrath, who succeeded Sascha Held in the Supervisory Board as substitute member, was appointed as a new member of the Audit Committee, each effective as of July 1, 2025.

At the meeting in August 2025, which was held in person, the Executive Board reported on business performance in the second quarter of 2025 and discussed this in detail with the Supervisory Board. Another topic was the engagement of the auditor (Deloitte), who was commissioned to conduct the formal and material audit of the Compensation Report for fiscal 2025. In addition, the auditor (Deloitte) was also commissioned to audit the (Group) Sustainability Statement for fiscal 2025.

At the Supervisory Board meeting in November 2025, which was held in person, the Executive Board provided an overview of business performance in the third quarter of 2025. The background to this business performance was then discussed in detail by the Supervisory Board. Another key topic was the report on the Global Leadership Summit (GLS). The Head of Group Reporting then reported on the transactions of Merck KGaA, Darmstadt, Germany, with related parties within the meaning of section 111a et seq. of the German Stock Corporation Act (AktG). There were no transactions requiring the approval of the Supervisory Board in accordance with section 111b (1) AktG. In addition, the auditor (Deloitte) was mandated to audit the EU country-by-country income tax report. The Group's cyber risk landscape and significant regulatory developments in the field of cybersecurity were examined. In addition, the climate transition plan was presented, which was developed as part of the Group's sustainability strategy to meet the evolving EU regulations and due diligence requirements, as well as the expectations of investors and customers.

The Supervisory Board regularly concludes its meetings without the members of the Executive Board being present. Additionally, the employee representatives gather for a preparatory meeting ahead of each Supervisory Board meeting. The employee representatives also gather immediately after each Supervisory Board meeting to discuss the topics addressed at the meeting. Among other things, this includes a discussion of which topics should be put on the agenda for the next Supervisory Board meeting.

Committees

The Supervisory Board of Merck KGaA, Darmstadt, Germany, had an Audit Committee and a Nomination Committee in fiscal 2025.

Audit Committee

The Audit Committee meets four times a year. Further meetings are convened as and when necessary. The Audit Committee is generally responsible for accounting and auditing matters. This includes sustainability reporting and auditing the sustainability reports. In particular, its responsibilities include auditing the Annual Financial Statements, the Consolidated Financial Statements, and the respective reports of the auditor, as well as the half-year financial report and the quarterly statements. The Audit Committee discusses the assessment of audit risk, the audit strategy and audit planning and the results of the audit with the auditor. The Chair of the Audit Committee, Barbara Lambert, regularly discusses the progress of the audit with the auditor and reports back to the Audit Committee. The other responsibilities of the Audit Committee include assessing the performance of the auditor, and especially the auditor in charge of the engagement. The Audit Committee is also tasked with sustainability. This topic was assigned to it by the Supervisory Board in April 2023. The Chair of the Audit Committee, Barbara Lambert, has particular expertise in the area of sustainability and hence can be considered an expert.

The Audit Committee prepares the negotiations and resolutions of the Supervisory Board on the approval of the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, Consolidated Financial Statements of the Group, and the proposal to the Annual General Meeting on the election of the auditor. The adoption of the Annual Financial Statements is not the responsibility of the Audit Committee or the Supervisory Board but of the Annual General Meeting. The Audit Committee also ascertains the independence of the auditor, determines the focus areas of the audit and concludes the fee agreement. Furthermore, the Audit Committee monitors the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system as well as compliance. The Chair of the Audit Committee and the auditor also engage in a regular dialogue outside of the meetings of the Audit Committee.

At the meeting in February 2025, which was held in person, a report was presented on the Consolidated Financial Statements for fiscal 2024 as well as on the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, for fiscal 2024. The Audit Committee subsequently engaged in an intensive review of the Consolidated Financial Statements and Annual Financial Statements for fiscal 2024. This included a discussion of the (Group) Sustainability Statement which was prepared under the full application of the first set of European Sustainability Reporting Standards (ESRS). The auditor (Deloitte) reported on the audit of the financial statements and discussed the focus areas of the audit. The meeting reviewed and resolved on the proposal on the appropriation of net retained profit to be submitted to the Supervisory Board, including the dividend payment by Merck KGaA, Darmstadt, Germany, for fiscal 2024. In addition, the written Report on Risks and Opportunities was presented to the Audit Committee, which then examined and discussed it. The Head of Group Internal Auditing then presented the report from Group Internal Auditing for 2024 and discussed this with the Audit Committee. The compliance and data protection report was presented, explained and discussed. The declaration of auditor independence was acknowledged and evaluated. The details of the non-audit services approved in fiscal 2024 were discussed.

At the meeting in May 2025, which was held in person, the report on the net assets, financial position, and results of operations of the Group for the first quarter of 2025 was presented. The Audit Committee then discussed the report in detail. The Audit Committee also discussed the start date of the audit period with the auditor (Deloitte). The auditor provided an overview of the planning for the audit of the financial statements 2025, the contractual terms and the non-audit services.

The meeting of the Audit Committee in August 2025, which was held in person, included a detailed discussion by members of the Audit Committee of the report on the net assets, financial position and results of operations of the Group for the second quarter of 2025. The auditor (Deloitte) presented the results of the audit review of the half-year financial report. The auditor also provided an update on process planning for the audit of the Annual Financial Statements and the planned focal points. Subsequently, the approval process for non-prohibited non-audit services and audit services was approved. Moreover, an update was provided on the transformation program aimed at strengthening the Group’s financial reporting. Further focal points included the update on the implementation of the IFRS 18 reporting standard, the Report on Risks and Opportunities for the first half of 2025 and the status report on the internal control system, which the Audit Committee discussed in detail.

At the meeting that was held in person in November 2025, a report was presented on the net assets, financial position and results of operations of the Group in the third quarter of 2025. The Audit Committee discussed the report on the third quarter of 2025 in detail. It then reviewed the contractual terms for the annual audit of the financial statements and evaluated the audit of the financial statements as well as non-audit services following an extensive presentation by the Head of Group Reporting. The preliminary focus areas for the audit of the Annual Financial Statements and the corresponding schedule were then discussed with the auditor (Deloitte). Finally, the report on Group Internal Auditing for the third quarter of 2025 and the status report on compliance and data protection were presented. An overview of the status of cybersecurity and important regulatory developments was also provided.

Nomination Committee

The Nomination Committee, whose task is to propose suitable candidates to the Supervisory Board for its election recommendations to the Annual General Meeting, did not convene in fiscal 2025.

Annual Financial Statements and Consolidated Financial Statements

The Annual Financial Statements of Merck KGaA, Darmstadt, Germany, prepared in accordance with German commercial law, the Consolidated Financial Statements of the Group, and the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group for fiscal 2025, including the accounts, were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich.

The auditor issued an unqualified audit opinion on the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, in accordance with German Auditing Standards.

For the Consolidated Financial Statements of the Group prepared in accordance with IFRS Accounting Standards and for the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, the auditor issued the unqualified auditor's report that is reproduced in the Annual Report of the Group.

In addition, the auditor audited the calculation of the participation Merck KGaA, Darmstadt, Germany, in the profit of E. Merck KG, Darmstadt, Germany, in accordance with Article 27 (2) of the Articles of Association of Merck KGaA, Darmstadt, Germany. The Annual Financial Statements of Merck KGaA, Darmstadt, Germany, the Consolidated Financial Statements of the Group, the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, and the proposal of the Executive Board for the appropriation of net retained profit were submitted first to the Audit Committee and then to the Supervisory Board together with the auditor's reports.

The Audit Committee examined the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, the proposal for the appropriation of net retained profit and the auditor's report. It also examined the Consolidated Financial Statements of the Group and the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, and acknowledged the auditor's reports of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. In particular, the Audit Committee focused on the key audit matters of particular importance in the audit opinion, the resulting risks for the financial statements, the approach adopted during the audit as described, and the conclusions drawn by the auditor (Deloitte). Following the final assessment, the Audit Committee raised no objections and recommended that the Supervisory Board approves the Annual Financial Statements for Merck KGaA, Darmstadt, Germany, the Consolidated Financial Statements of the Group, the Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group prepared by the Executive Board, and the report presented by the auditor in accordance with Article 27 (2) of the Articles of Association of Merck KGaA, Darmstadt, Germany.

In accordance with Article 14 (2) of the Articles of Association of Merck KGaA, Darmstadt, Germany, the Supervisory Board examined the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, for fiscal 2025, the proposal for the appropriation of net retained profit, and the auditor's report presented in accordance with Article 27 (2) of the Articles of Association of Merck KGaA, Darmstadt, Germany, at its meeting in February 2026 to approve the financial statements. It also examined the Consolidated Financial Statements of the Group as well as the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, and acknowledged the auditor's reports of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. The discussion of the relevant agenda item at this meeting, which was held in person, was also attended by the auditors who sign the audit opinion on the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, and the Consolidated Financial Statements of the Group. The auditors reported on their audit at this meeting. This was the case for the meeting of the Audit Committee. Based on the recommendation of the Audit Committee and its own review, the Supervisory Board approved the Annual Financial Statements for Merck KGaA, Darmstadt, Germany, for fiscal 2025, the Consolidated Financial Statements of the Group, the Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group prepared by the Executive Board, and the report presented by the auditor in accordance with Article 27 (2) of the Articles of Association of Merck KGaA, Darmstadt, Germany. The Supervisory Board gave its consent to the proposal of the Executive Board for the appropriation of net retained profit after conducting its own more detailed review. In view of the alignment of dividend policy with capital allocation and strategic measures, the Supervisory Board decided to support the proposal on the appropriation of net retained profit for reasons of financial stability, future investments, and shareholder interests.

Corporate governance and Declaration of Conformity

Corporate governance is a high-priority topic for the Supervisory Board. In its own estimation, the Supervisory Board has an adequate number of independent members. No conflicts of interest as defined by the German Corporate Governance Code involving Supervisory Board members occurred during the year under review. Dialogue with the stakeholder groups set out in the German Corporate Governance Code is an important aspect of opinion-forming within the company. Among other things, this takes the form of surveys in connection with the materiality analysis as well as direct discussions. The Supervisory Board takes the related suggestions extremely seriously, for example those of the investors. In fiscal 2025, the Chair of the Supervisory Board held two discussions with investors. He spoke with representatives of DEKA about the format of the Annual General Meeting, the new compensation system for the Executive Board presented at the 2025 Annual General Meeting, and the Group's communication strategy. In discussions with JO Hambro, the new compensation system for the Executive Board was explained in the context of alternative metrics related to profitability and efficiency. In addition, eight discussions between Investor Relations and investors (AGI, Amundi, BlackRock, DEKA, DWS, State Street, Union Invest) regarding the planned agenda items for the 2026 Annual General Meeting were held in preparation for the Annual General Meeting.

The Supervisory Board has an onboarding process aimed at enabling the quick and efficient induction of new members. Lastly, Sven Vollrath received appropriate training when taking up his position as of July 1, 2025.

After discussing corporate governance issues in detail, the Executive Board and the Supervisory Board adopted the updated Declaration of Conformity in accordance with section 161 AktG and issued it jointly in February 2026. The statement is permanently available on the **website** of Merck KGaA, Darmstadt, Germany. More information about corporate governance at Merck KGaA, Darmstadt, Germany, including the compensation of the Executive Board and Supervisory Board, can be found in the Statement on Corporate Governance.

Personnel matters and training

With the exception of the extraordinary meeting in April 2025 that was held virtually, and the in-person meeting in May 2025, the Supervisory Board attended all of the meetings in full during the fiscal year, with Sascha Held attending the meetings in February, April and May 2025 until his departure, and Sven Vollrath attending the meetings in August and November 2025 following his appointment. At the in-person meeting in November 2025, one member dialed in virtually to parts of the session. The members of the Audit Committee attended all meetings of the Audit Committee. Sascha Held again took part in the meetings in February and May 2025, while his successor, Sven Vollrath, took part in the meetings in August and November 2025.

To support further targeted training, the Supervisory Board is offered a training event with internal and external speakers at least once a year. In fiscal 2025, one training event took place on artificial intelligence ("AI") on November 11, 2025. Key topics included an overview of relevant regulatory provisions and the responsibilities of company boards regarding AI, the Group's data & AI strategy, and the Group's planned actions as well as cybersecurity. The session also explored practical applications of AI across the various business sectors. The company generally covers the cost of training measures for the Supervisory Board.

The Supervisory Board member appointed in fiscal 2025 received the planned onboarding, which was prepared and conducted by employees of the Legal department. The onboarding process conducted in fiscal 2025 included not only legal aspects, but also training on the corporate management tool for the Supervisory Board and the Audit Committee.

Darmstadt, February 2026

The Supervisory Board of Merck KGaA, Darmstadt, Germany

Michael Kleinemeier
Chair

Objectives of the Supervisory Board with respect to its Composition, Profile of Skills and Expertise, and Qualification Matrix

Initial situation

According to recommendation C.1 of the German Corporate Governance Code in the version dated April 28, 2022, the Supervisory Board shall specify concrete objectives regarding its composition and develop a qualification matrix for the entire board. In its composition, the Supervisory Board shall take into account the number of independent members, consider diversity, set an age limit, and disclose the length of membership of its members on the Supervisory Board. The Supervisory Board's qualification matrix shall also include expertise on sustainability issues that are relevant to the company.

General notes on the composition of the Supervisory Board

The Supervisory Board of Merck KGaA, Darmstadt, Germany, currently comprises 16 members, eight of whom represent the shareholders and eight of whom represent the employees. The eight employee representative members are elected by employee delegates pursuant to the provisions of the German Co-determination Act (MitbestG). These consist of six company employees, including a senior executive, as well as two union representatives. The Supervisory Board has no statutory right of proposal with respect to the election of delegates or employee representatives to the Supervisory Board. Two of the eight shareholder representatives are appointed under a delegation right of E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany. The Supervisory Board also has no statutory right of proposal with respect to the exercise of this delegation right. The other six shareholder representatives are elected by the Annual General Meeting. In accordance with section 124 (3) sentence 1 of the German Stock Corporation Act (AktG), the Supervisory Board shall propose Supervisory Board members to the Annual General Meeting for election. These proposals require a majority of the votes of the shareholder representative members of the Supervisory Board. The next scheduled election to the Supervisory Board will take place at the 2028 Annual General Meeting. The Annual General Meeting is not required to follow the election proposals. Accordingly, the appointment objectives and competency requirements set out by the Supervisory Board below do not constitute requirements to be met by those eligible to elect or delegate members. Instead, they are intended to express the objectives pursued by the Supervisory Board in office with regard to its advisory and monitoring functions.

For the Supervisory Board of Merck KGaA, Darmstadt, Germany, professional qualifications and personal expertise are the two most important prerequisites for appointments to positions on the Supervisory Board. In accordance with the AktG, at least one member of the Supervisory Board must have knowledge and expertise in the area of accounting, and at least one additional member of the Supervisory Board must have knowledge and expertise in the auditing of financial statements. The expertise in the field of accounting shall consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing shall consist of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit. The Chair of the Audit Committee shall have appropriate expertise in at least one of the two areas and shall be independent. When proposing Supervisory Board candidates for election or delegation, the Supervisory Board will always give top priority to these prerequisites, which are essential for fulfilling its legal duties. Overall, the Supervisory Board's policy is to optimally meet its monitoring and advisory duties by ensuring diversity among its members. In particular, diversity includes internationality as well as different experience backgrounds and career paths. The proportion of women on the Supervisory Board is also considered to be an aspect of diversity. When preparing proposals for election or delegation to the Supervisory Board, the Supervisory Board shall consider in each case to what extent different, complementary specialist skills, professional and life experience, and an appropriate representation of both genders benefit the work of the Supervisory Board. Additionally, the Supervisory Board shall support the Executive Board in its efforts to increase diversity within the company.

Objectives of the Supervisory Board with respect to its composition

In accordance with recommendation C.1 of the German Corporate Governance Code in the version dated April 28, 2022, the Supervisory Board has specified the following objectives regarding its composition and reports below on the status of implementation.

Internationality

The Supervisory Board shall have at least three members with business experience in the main sales markets of Merck KGaA, Darmstadt, Germany. Currently, the main sales markets of Merck KGaA, Darmstadt, Germany, are Europe, America and Asia-Pacific. The present composition of the Supervisory Board satisfies this objective. More than three Supervisory Board members have entrepreneurial experience in a wide range of European countries. More than three Supervisory Board members have experience in management positions in companies that operate globally.

Women on the Supervisory Board

Seven women are currently members of the Supervisory Board of Merck KGaA, Darmstadt, Germany. This corresponds to a share of women of 44%. The Supervisory Board has undertaken to comply with the minimum quotas set out in section 96 (2) sentence 2 AktG separately for the shareholder and employee representatives. When nominating candidates for election to the Supervisory Board or making proposals for delegations, the Supervisory Board shall examine whether the percentage of women can be increased by suitable candidates. The Supervisory Board considers the 44% share of female members to be satisfactory at the present time. This is due to the percentage of women in leadership positions at our company and in consideration of the composition of the supervisory boards of other companies of comparable size.

Independence

The Supervisory Board shall have an appropriate number of independent shareholder representatives as members. At least five of the shareholder representatives on the Supervisory Board shall be independent. According to the Articles of Association of Merck KGaA, Darmstadt, Germany, six members representing the shareholders are to be elected by the Annual General Meeting and two members are to be delegated. Taking this and the special ownership structure of Merck KGaA, Darmstadt, Germany, into account, the shareholder representatives consider five shareholder representatives to be an appropriate number of independent members. In the opinion of the shareholder representatives, the objectives concerning independent members are met at the present time. The shareholder representatives' side considers all members of the Supervisory Board elected by the Annual General Meeting to be independent in any case.

The shareholder representatives do not believe that membership of the Board of Partners of E. Merck KG, Darmstadt, Germany, conflicts with independence. The Board of Partners exists to supplement the skills and expertise of the Supervisory Board and its activities. Like the Supervisory Board, it supports the Executive Board in an independent advisory and control function. This is not expected to lead to any conflicts of interest that are material and not merely temporary. It should also be taken into account that, due to its substantial capital investment and unlimited personal liability, E. Merck KG, Darmstadt, Germany, has a mutual interest in the proper conduct and efficiency of the business operations of Merck KGaA, Darmstadt, Germany, thus counteracting from the outset any conflicts of interest between E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, and hence any corresponding conflicts of interest between the members of the respective corporate boards.

No material conflicts of interest

In addition, no one shall be proposed for election to the Supervisory Board who simultaneously serves on a board of or advises a major competitor of the company, or who, owing to another function, such as advisor to major contractual partners of the company, could potentially become involved in a conflict of interest. No Supervisory Board member serves on a board of or advises a major competitor. Moreover, no Supervisory Board member performs a function that could lead to a lasting conflict of interest that is not merely temporary.

Age limit

As a rule, the members of the Supervisory Board shall not exceed the age of 75. This objective is met at the present time.

Regular limit on the length of Supervisory Board membership

The objective of the Supervisory Board regarding its composition is that, as a rule, all members shall belong to the board for an uninterrupted period of no more than twelve years. This objective is also met at the present time. The length of membership of the Supervisory Board members is set out in the **Procedures of the Executive Board, Supervisory Board, Board of Partners, and its Committees** section of the Statement on Corporate Governance.

Qualification matrix

Additionally, in accordance with recommendation C.1 of the German Corporate Governance Code in the version dated April 28, 2022, the Supervisory Board has prepared a qualification matrix and reports on the status of implementation below.

	Sector Knowledge (HC, LS, EL)	Management Experience	Accounting incl. Sustainability Reporting[1, 2]	Auditing[2]	External Supervisory or Control Bodies[3]	Sustainability	Business Adminis-tration	Digitalization and AI
Michael Kleinemeier (Chair)	●	●	●	●	●	◐	●	●
Sascha Held (Vice Chair) (until June 30, 2025)	●	●	◐	◐	○	◐	●	●
Anne Lange (Vice Chair) (since July 1, 2025)	●	●	◐	○	○	○	◐	◐
Birgit Biermann	◐	●	○	○	●	◐	◐	◐
Katja Garcia Vila	◐	●	●	●	●	◐	●	●
Carla Kriwet	◐	●	◐	○	●	●	●	◐
Barbara Lambert	◐	●	●	●	●	●	●	●
Dietmar Oeter	●	●	◐	○	○	◐	●	◐
Stefan Palzer	●	●	◐	◐	◐	●	●	●
Alexander Putz	●	◐	◐	◐	◐	◐	◐	◐
Christian Raabe	◐	◐	●	◐	○	●	●	◐
Michael Reinhart	●	●	◐	◐	◐	●	●	●
Susanne Schaffert	●	●	◐	○	●	◐	●	◐
Sandra Schwebke	●	●	◐	○	○	◐	●	●
Daniel Thelen	●	●	●	◐	◐	◐	●	◐
Simon Thelen	●	●	●	◐	○	◐	●	◐
Sven Vollrath (since July 1, 2025)	◐	◐	○	○	○	○	●	◐

[1] Including internal control system & risk management system.

[2] According to the German Corporate Governance Code, experience in the fields of accounting and auditing requires own activity in these areas.

[3] Not Supervisory Board or Board of Partners in the Group.

● good to very good knowledge;
◐ average knowledge;
○ no/little knowledge, based upon a self-assessment by the Supervisory Board.

● means in each case the ability to understand the relevant issues well and make informed decisions on the basis of existing qualifications, the knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the Audit Committee) or the training measures regularly attended by all members of the Supervisory Board.

In-depth knowledge of the fields relevant to the company

The Supervisory Board shall have at least four members with in-depth knowledge of and experience in fields that are important to the company, including at least one expert for the fields of Life Science, Healthcare and Electronics. This requirement is currently met. At present, more than four members of the Supervisory Board have in-depth knowledge and experience in the fields of Life Science, Healthcare and Electronics. In addition, more than four Supervisory Board members have executive experience in companies that also or exclusively operate in the fields of Life Science, Healthcare, and/or Electronics.

Management experience

The Supervisory Board shall have at least three members who have experience in managing or supervising a medium or large-sized company. The Supervisory Board has more than three members who have the corresponding experience. They include Supervisory Board members who were or still are members of the management or executive board at relevant companies, as well as Supervisory Board members who have gained experience in control bodies of German or foreign companies of this size.

Knowledge of business administration

The Supervisory Board must have at least four members who have in-depth knowledge of business administration and at least one member who has professional expertise in accounting or auditing. This requirement is currently met.

Experience in other supervisory or control bodies

In addition, the Supervisory Board shall have at least four members who have experience as members of other supervisory or control bodies (not including membership of the Board of Partners of E. Merck KG, Darmstadt, Germany). This requirement is also met at the present time.

Sustainability expertise

Finally, the qualification matrix for the Supervisory Board shall also include expertise regarding sustainability issues relevant to the company. 14 Supervisory Board members have such expertise with average or good to very good knowledge in the area of sustainability. This expertise is based primarily on training, membership in relevant associations and extensive practical experience in committees dealing with sustainability issues. In particular, the Supervisory Board has specialist expertise in the sub-topics of climate change and social issues and corporate governance.

consolidated financial statements

Consolidated Income Statement

€ million	Note	2025	2024
Net sales	9	**21,102**	**21,156**
Cost of sales	10	-8,756	-8,671
Gross profit		**12,346**	**12,485**
Marketing and selling expenses	11	-4,562	-4,536
Administration expenses		-1,437	-1,370
Research and development costs	12	-2,415	-2,279
Impairment losses and reversals of impairment losses on financial assets (net)	42	15	-8
Other operating income	13	734	269
Other operating expenses	14	-1,081	-915
Operating result (EBIT)[1]		**3,601**	**3,645**
Financial income	40	111	200
Financial expenses	40	-404	-309
Profit before income tax		**3,308**	**3,536**
Income tax	15	-693	-751
Profit after tax		**2,615**	**2,786**
thereof: attributable to shareholders of Merck KGaA, Darmstadt, Germany (net income)		2,608	2,777
thereof: attributable to non-controlling interests	34	7	9
Earnings per share (in €)	17		
Basic		6.00	6.39
Diluted		6.00	6.39

[1] Not defined by IFRS® Accounting Standards.

Consolidated Statement of Comprehensive Income

€ million	Note	2025	2024
Profit after tax		**2,615**	**2,786**
Items of other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Net defined benefit liability	33		
Changes in remeasurement		486	179
Tax effect		-57	-89
Changes recognized in equity		**429**	**90**
Equity instruments	34		
Fair value adjustments		-48	37
Tax effect		1	-6
Changes recognized in equity		**-47**	**30**
		381	**121**
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Cash flow hedge reserve	39		
Fair value adjustments		320	92
Reclassification to profit or loss		-243	-149
Reclassification to assets		–	–
Tax effect		-22	5
Changes recognized in equity		**55**	**-52**
Cost of cash flow hedge reserve	39		
Fair value adjustments		-16	–
Reclassification to profit or loss		13	-2
Reclassification to assets		–	–
Tax effect		2	–
Changes recognized in equity		**-2**	**-2**
Currency translation difference			
Changes taken directly to equity		-3,093	1,444
Reclassification to profit or loss		-238	-15
Changes recognized in equity		**-3,331**	**1,429**
		-3,277	**1,375**
Other comprehensive income		**-2,896**	**1,496**
Comprehensive income		**-281**	**4,282**
thereof: attributable to shareholders of Merck KGaA, Darmstadt, Germany		-283	4,272
thereof: attributable to non-controlling interests	34	3	9

Consolidated Balance Sheet

€ million	Note	Dec. 31, 2025	Dec. 31, 2024[1]
Non-current assets			
Goodwill	18	17,934	19,107
Other intangible assets	19	7,662	6,351
Property, plant and equipment	20	9,940	10,025
Investments accounted for using the equity method		3	3
Non-current receivables	25	32	27
Other non-current financial assets	36	992	1,172
Other non-current non-financial assets	22	114	134
Non-current income tax receivables	15	3	9
Deferred tax assets	15	1,618	1,318
		38,298	**38,146**
Current assets			
Inventories	24	4,562	4,484
Trade and other current receivables	25	3,947	3,947
Contract assets	26	103	132
Other current financial assets	36	688	642
Other current non-financial assets	22	716	621
Current income tax receivables	15	356	512
Cash and cash equivalents	35	2,740	2,517
Assets held for sale	6	118	597
		13,230	**13,450**
Total assets		**51,527**	**51,596**
Total equity	34		
Equity capital		565	565
Capital reserves		3,814	3,814
Retained earnings		24,039	22,087
Gains/losses recognized in equity		174	3,448
Equity attributable to shareholders of Merck KGaA, Darmstadt, Germany		**28,592**	**29,914**
Non-controlling interests		68	75
		28,660	**29,989**
Non-current liabilities			
Non-current provisions for employee benefits	33	1,553	1,956
Other non-current provisions	27	259	257
Non-current financial debt	37	10,730	6,997
Other non-current financial liabilities	38	104	144
Other non-current non-financial liabilities	29	9	12
Non-current income tax liabilities	15	36	36
Deferred tax liabilities	15	1,134	909
		13,826	**10,312**
Current liabilities			
Current provisions for employee benefits	33	63	66
Current provisions	27	481	505
Current financial debt	37	1,238	3,304
Other current financial liabilities	38	998	1,031
Trade and other current payables	30	2,110	2,275
Refund liabilities	9	985	869
Current income tax liabilities	15	1,579	1,527
Other current non-financial liabilities	29	1,588	1,562
Liabilities directly related to assets held for sale	6	–	157
		9,042	**11,295**
Total equity and liabilities		**51,527**	**51,596**

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

Consolidated Cash Flow Statement

€ million	Note	2025	2024
Profit after tax		**2,615**	**2,786**
Depreciation/amortization/impairment losses/reversals of impairment losses		2,298	2,134
Changes in inventories		-257	36
Changes in trade accounts receivable		-166	79
Changes in trade accounts payable/refund liabilities		73	-178
Changes in provisions		124	62
Changes in other assets and liabilities		-588	-309
Neutralization of gains/losses on disposal of fixed assets and other disposals		-164	-2
Other non-cash income and expenses		-4	-22
Operating Cash Flow	16	**3,932**	**4,586**
Payments for investments in intangible assets		-373	-482
Proceeds from the disposal of intangible assets		171	18
Payments for investments in property, plant and equipment		-1,585	-1,702
Proceeds from the disposal of property, plant and equipment		25	27
Payments for investments in other assets		-1,608	-2,251
Proceeds from the disposal of other assets		1,608	2,107
Payments for acquisitions less acquired cash and cash equivalents (net)		-2,915	-774
Proceeds from divestments		415	7
Investing Cash Flow	23	**-4,261**	**-3,050**
Dividend payments to shareholders of Merck KGaA, Darmstadt, Germany		-284	-284
Dividend payments to non-controlling interests		-10	-9
Profit withdrawal by E. Merck KG, Darmstadt, Germany		-755	-747
Proceeds from new borrowings of financial debt from E. Merck KG, Darmstadt, Germany		809	683
Repayment of financial debt to E. Merck KG, Darmstadt, Germany, and E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany		-247	-453
Proceeds from new borrowings of other current and non-current financial debt		9,052	2,113
Repayment of other current and non-current financial debt		-7,937	-2,290
Financing Cash Flow	41	**628**	**-985**
Changes in cash and cash equivalents		**299**	**551**
Changes in cash and cash equivalents due to currency translation		-77	-16
Cash and cash equivalents as of January 1		2,517	1,982
Cash and cash equivalents as of December 31 (Consolidated Balance Sheet)	35	**2,740**	**2,517**

Consolidated Statement of Changes in Net Equity

For details see Note (34) **Equity**.

€ million	Equity capital	Capital reserves	Retained earnings	Gains/losses recognized in equity	**Equity attributable to share-holders of Merck KGaA, Darmstadt, Germany**	Non-controlling interests	**Total equity**
Jan. 1, 2024	**565**	**3,814**	**20,228**	**2,073**	**26,680**	**75**	**26,754**
Profit after tax	–	–	2,777	–	2,777	9	2,786
Gains/losses recognized in equity	–	–	121	1,375	1,496	–	1,496
Comprehensive income	**–**	**–**	**2,897**	**1,375**	**4,272**	**9**	**4,282**
Dividend payments	–	–	-284	–	-284	-9	-293
Capital increases	–	–	–	–	–	1	1
Profit transfer to/from E. Merck KG, Darmstadt, Germany, including changes in reserves	–	–	-755	–	-755	–	-755
Transactions with no change of control	–	–	–	–	–	–	–
Change in scope of consolidation/Other[1]	–	–	2	–	2	–	2
Dec. 31, 2024[1]	**565**	**3,814**	**22,087**	**3,448**	**29,914**	**75**	**29,989**

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

€ million	Equity capital	Capital reserves	Retained earnings	Gains/losses recognized in equity	**Equity attributable to share-holders of Merck KGaA, Darmstadt, Germany**	Non-controlling interests	**Total equity**
Jan. 1, 2025	**565**	**3,814**	**22,087**	**3,448**	**29,914**	**75**	**29,989**
Profit after tax	–	–	2,608	–	2,608	7	2,615
Gains/losses recognized in equity	–	–	382	-3,273	-2,892	-4	-2,896
Comprehensive income	**–**	**–**	**2,990**	**-3,273**	**-283**	**3**	**-281**
Dividend payments	–	–	-284	–	-284	-10	-294
Capital increases	–	–	–	–	–	–	–
Profit transfer to/from E. Merck KG, Darmstadt, Germany, including changes in reserves	–	–	-754	–	-754	–	-754
Transactions with no change of control	–	–	–	–	–	–	–
Change in scope of consolidation/Other	–	–	–	–	–	–	–
Dec. 31, 2025	**565**	**3,814**	**24,039**	**174**	**28,592**	**68**	**28,660**

Notes to the consolidated financial statements

General Disclosures

(1) Company information

These Consolidated Financial Statements for the year ended December 31, 2025, were prepared for Merck Kommanditgesellschaft auf Aktien, Darmstadt, Germany (Merck KGaA, Darmstadt, Germany), Frankfurter Strasse 250, 64293 Darmstadt, Germany, entered in the commercial register of the Darmstadt Local Court under HRB 6164. The ultimate parent company of the Group is the parent company of Merck KGaA, Darmstadt, Germany, E. Merck Kommanditgesellschaft, Darmstadt, Germany (E. Merck KG, Darmstadt, Germany). The Consolidated Financial Statements of E. Merck KG, Darmstadt, Germany, can be accessed at **https://www.unternehmensregister.de**. Shares in Merck KGaA, Darmstadt, Germany, are traded on the regulated market of the Frankfurt Stock Exchange and on other exchanges.

The German Corporate Governance Code declaration (declaration of conformity) in accordance with section 161 of the German Stock Corporation Act (AktG) was issued and can be viewed at **https://www.emdgroup.com/en/investors/corporate-governance/reports.html**.

(2) Reporting principles

These Consolidated Financial Statements have been prepared in accordance with the international accounting rules based on the IFRS® Accounting Standards (IFRS Accounting Standards) effective at the end of the reporting period and adopted by the European Union and the additional provisions of section 315e (1) of the German Commercial Code (HGB). The fiscal year is the calendar year. These Consolidated Financial Statements have been prepared in euro, the reporting currency. The values presented in the Consolidated Financial Statements have been rounded. This may lead to individual values not adding up to the totals presented.

The Executive Board of Merck KGaA, Darmstadt, Germany, prepared these Consolidated Financial Statements on February 17, 2026, and forwarded them to the Supervisory Board for approval. The Supervisory Board is responsible for examining the Consolidated Financial Statements and declaring whether it approves them.

The accounting and measurement policies used in the Consolidated Financial Statements are presented in the respective Notes and are indicated there.

Amendments to standards effective for the first time in fiscal 2025

Standard/Interpretation	Title	Date of publication	Date of endorsement by EU law	Impact on the Consolidated Financial Statements
Amendments to IAS 21	Lack of Exchangeability	August 15, 2023	November 12, 2024	No material impact

Amendments to standards effective for the first time from fiscal 2026

Standard/Interpretation	Title	Date of publication	Date of endorsement by EU law	Required date of first-time application[1]	Expected impact on the Consolidated Financial Statements
Amendments to IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	May 30, 2024	May 27, 2025	January 1, 2026	No material impact
Amendments to IFRS 7	Contracts Referencing Nature-dependent Electricity	December 18, 2024	June 30, 2025	January 1, 2026	No material impact
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	May 30, 2024	May 27, 2025	January 1, 2026	No material impact
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity	December 18, 2024	June 30, 2025	January 1, 2026	No material impact
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11	July 18, 2024	July 9, 2025	January 1, 2026	No material impact

[1] These regulations were not applied early.

Standards and amendments to standards published but not yet endorsed by the European Union

Standard/Interpretation	Title	Date of publication	Expected to be effective for the first time for financial years beginning on or after	Expected impact on the Consolidated Financial Statements
IFRS 18	Presentation and Disclosure in Financial Statements	April 9, 2024	January 1, 2027	See below
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 9, 2024	January 1, 2027	No impact
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures	August 21, 2025	January 1, 2027	No impact
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	November 13, 2025	January 1, 2027	No impact

Expected impact of the first-time application of IFRS 18 on the Consolidated Financial Statements from fiscal 2027 onwards

The Group expects the introduction of IFRS 18 to have a significant impact on the Consolidated Financial Statements. The exact quantitative effects of IFRS 18 are still being analyzed and cannot yet be conclusively assessed as of the balance sheet date.

Consolidated Income Statement

IFRS 18 is introducing a new mandatory structure with five categories: operating, investing, financing, income taxes, and discontinued operations. In addition, two new mandatory subtotals will be introduced: “operating result” and “profit before financing and income tax”. The new requirements lead to a change in the structure of the Consolidated Income Statement due to the introduction of mandatory subtotals and categories. In addition, significant issues that are currently recognized under other operating expenses will be presented under functional costs in the future.

Consolidated Cash Flow Statement

The abolition of disclosure options, particularly with regard to interest payments received and paid, is expected to have a significant impact on the Group's Consolidated Cash Flow Statement. The Group currently reports these under operating cash flow (see Note (16) **Operating cash flow**). The starting point for determining the operating cash flow will be the operating result.

Management-defined performance measures (MPMs)

IFRS 18 prescribes mandatory disclosures on performance measures that are publicly communicated by management and are not specified by the IFRS Accounting Standards. Currently, an investigation is underway to determine which MPMs in accordance with IFRS 18 are to be reported in the Notes to the Consolidated Financial Statements.

Accounting and measurement policies

Currency translation

Functional currency

The subsidiaries of Merck KGaA, Darmstadt, Germany, conduct their business largely in the respective local currency, which they use as their functional currency.

Some subsidiaries, particularly in the Healthcare and Electronics business sectors, use the euro or the U.S. dollar as their functional currency rather than the local currency.

Transactions in non-functional currency

When the financial statements of consolidated companies are prepared, business transactions that are conducted in currencies other than the functional currency are translated using the exchange rate on the date of the transaction.

Translation of financial statements into the reporting currency (euro)

The financial statements of consolidated companies not using the euro as their functional currency are translated into the reporting currency, the euro. Assets and liabilities are measured at the closing rate while income and expenses are translated at average monthly rates. Any currency translation differences arising during consolidation of Group companies are recognized in equity.

Hyperinflation

Argentina (since 2018) and Türkiye (since 2022) are classified as hyperinflationary economies in accordance with the guidelines of IAS 29 "Financial Reporting in Hyperinflationary Economies". Accordingly, non-monetary assets and liabilities and the corresponding expenses and income in these countries are not reported at historical cost but are presented adjusted for inflation. In Argentina, the Group uses a combination of the wholesale index IPIM (Índice de precios internos al por mayor) and the consumer price index IPC (Índice de precios al consumidor). The index applied stood at 129,613.4 as of the balance sheet date (December 31, 2024: 98,664.2/January 1, 2024: 37,078.3). In Turkey, the Consumer Price Index (CPI) published by the Turkish Statistical Institute is applied. The index applied stood at 3,513.87 as of the balance sheet date (December 31, 2024: 2,684.55/January 1, 2024: 1,859.4). In accordance with the provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates" for financial statements in non-hyperinflationary reporting currencies, the previous-year amounts have not been restated.

The respective loss from the net position of the monetary items is recognized within other operating expenses and reported separately as a loss from hyperinflation accounting (see Note (14) **Other operating expenses**).

After adjusting the amounts for inflation, the balance sheet items and income and expenses are translated into the reporting currency, the euro, at the closing rate.

Exchange rates of most significant currencies

The exchange rates of the most significant currencies in these Consolidated Financial Statements were as follows:

	Average rate		Closing rate	
€ 1 =	**2025**	2024	**Dec. 31, 2025**	Dec. 31, 2024
Chinese renminbi (CNY)	8.121	7.798	8.205	7.622
Japanese yen (JPY)	168.947	163.746	183.762	162.599
Swiss franc (CHF)	0.937	0.952	0.931	0.941
South Korean won (KRW)	1,605.595	1,474.959	1,699.044	1,533.769
Taiwan dollar (TWD)	35.171	34.740	36.866	34.141
U.S. dollar (USD)	1.130	1.082	1.174	1.041

(3) Discretionary decisions and sources of estimation uncertainty

Dealing with discretionary decisions and sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires the Group to make discretionary decisions on the applicable accounting and measurement policies as well as estimates to a certain extent. Discretion describes the need to make assumptions concerning recognition or measurement when applying accounting policies. Sources of estimation uncertainty affecting the selection of the valuation techniques to be applied relate in particular to the parameters used therein. The discretionary scope and estimation uncertainty are assessed on a company-specific basis. In particular, the uncertainties described below are taken into account for each specific case. The degree of estimation uncertainty may vary considerably depending on the availability and reliability of the input factors.

Increased uncertainty due to the current macroeconomic and geopolitical environment

Due to the weak macroeconomic development in many European nations and in China compared with previous growth rates, as well as political changes and the resulting potential macroeconomic and trade policy decisions, there is a significant degree of uncertainty in the preparation of the Consolidated Financial Statements. Despite interest rate cuts by central banks, price and interest rate levels remained significantly higher than previous levels. This led to uncertainty regarding consumer behavior. The changing political conditions in key economies, the ongoing war in Ukraine as well as the conflict in the Middle East further increased the level of uncertainty. Existing and potential trade restrictions and conflicts also played a significant role in this assessment.

This could have an impact on the recoverability of non-financial assets in particular. Based on the information currently available, however, no significant impairment losses have been identified to date. Above and beyond this, as in previous years, there are no material effects on the Group’s net assets, financial position or results of operations and no grounds to suggest that the going concern assumption should not have been applied in preparing the Consolidated Financial Statements. The potential impact of changing conditions is continuously analyzed.

Impact of prices and interest rates

Inflation continued to slow in fiscal 2025 but remained at a high level. Additionally, wage and salary demands and settlements were higher in spite of the weak macroeconomic performance. Combined with weak economic development, this also impacted the financial scope available to key countries.

Current interest rates also meant the discount rates applied in performing impairment testing and determining the fair values of financial and non-financial assets remained higher than in previous years (see Note (18) **Goodwill** and Note (43) **Information on fair value measurement**, in particular).

Direct impact of armed conflicts

The war in Ukraine has not had any material effects on the Group's net assets, financial position or results of operations owing to its limited business volume in Russia, Ukraine, Belarus, and the Republic of Moldova. In fiscal 2025 and 2024 alike, the total share of Group net sales generated in the aforementioned countries amounted to less than 1.5%. Furthermore, the conflict in the Middle East did not have a material impact on the Group's net assets, financial position and results of operations in the reporting period. In fiscal 2025 and 2024 alike, the share of Group net sales generated with customers in Israel and Lebanon was less than 1%.

Impact of trade restrictions, conflicts and sanctions

In the past, inventories were increased in order to limit the impact of supply chain disruption. This fundamentally entails a heightened risk of subsequent write-downs if it is not possible to process or sell these inventories. There remains considerable uncertainty with regard to future developments, including potential conflict-related sanctions and the future trade policy of countries such as the United States in particular.

Trade policy developments could impact goods movements and the Group's competitiveness in the short term and affect investment decisions in the medium term. The tension between Western countries and China remains a significant risk, particularly for specific technologies such as semiconductors and biotech. The impact of the trade restrictions between the United States and China – in the area of semiconductor materials, in particular – has been examined since fiscal 2022. No impairment losses have been recognized to date. Unexpected political decisions are having a greater impact on general conditions than in the past, resulting in considerable uncertainty with regard to further developments.

Increased uncertainty due to climate risks

As a global science and technology company, the Group is subject to transition-related and physical climate risks that could have a potentially negative impact on its net assets, financial position, and results of operations and lead to increased estimation uncertainty in its accounting. To determine the potential impact of climate risks, a structured climate risk analysis was conducted in the past as part of a project aimed at implementing the recommendations of the Task Force on Climate-Related Financial Disclosures with the support of an external consulting firm and an insurance company. This analysis was expanded in the fiscal year to include an assessment of climate risks and opportunities, in which three scenarios based on the Representative Concentration Pathways of the United Nations Intergovernmental Panel on Climate Change were analyzed.

Reduction targets for greenhouse gas emissions

The Group has set itself the goal of reducing both its direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions by 50% in the period from the 2020 base year to 2030. By 2030, 80% of its purchased electricity will come from renewable sources. The Group also plans to reduce the indirect emissions along the entire value chain (Scope 3) in terms of metric kilotons of CO_2 equivalents per euro of gross profit by 52% by 2030 and to achieve climate-neutral business operations along the entire value chain (Scope 1-3) by 2040. These goals are aimed at ensuring that the Group's activities are aligned with the global efforts to limit global warming to 1.5°C as set out in the Paris Agreement.

The goals described above are to be achieved through measures including:

- Reduction in process emissions,
- Increased purchase of electricity from renewable sources,
- Energy and material efficiency measures,
- Reduced emissions in the supply chain, and
- Recognition of a shadow price for the CO_2 emissions of major projects.

Transition-related climate risks

Transition-related climate risks describe the consequences for companies as a result of the transition to a sustainable economic system.

The most significant transition-related climate risks to the net assets, financial position and results of operations are in the Electronics business sector, which is responsible for well in excess of half of the Group's direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions. The majority of these greenhouse gas emissions take the form of process-related emissions resulting from the production of specialty gases for the semiconductor and electronics industries. In order to achieve the climate goals it has adopted, the Group intends to reduce the emissions in its business with these specialty gases by making technological improvements to the production process in particular. The recoverability of the assets recognized in connection with these products depends on the successful implementation of the technological improvements in production, as they could largely prevent the risk of long-term price increases due to the increased pricing of greenhouse gas emissions. Based on the information currently available, the implementation of the reduction targets described above is not expected to result in any significant decline in net sales in this business. There have been no indications of impairment of the assets concerned to date, nor has it been necessary to adjust their remaining useful lives. There is significant estimation uncertainty due to the long-term nature of the underlying analyses and the high degree of uncertainty concerning future development.

The Group has concluded several virtual purchase agreements for the purchase of electricity from renewable energy sources as an additional measure to reduce climate risks, and it also intends to increasingly purchase such electricity physically. With the signing of two virtual power purchase agreements for the United States and three virtual power purchase agreements in Spain, significant contributions were made to the achievement of the climate targets (see the disclosures in Note (42) **Management of financial risks** on the existing virtual power purchase agreements with wind and solar farm project developers in the United States and Spain).

The Group participates in EU emissions trading and purchases emission certificates where the certificates allocated free of charge by the public authorities are not sufficient to cover the Group's greenhouse gas emissions. The impact of this EU emissions trading is currently immaterial to the Group's net assets, financial position and results of operations.

Physical climate risks

Physical climate risks describe the risks that could result from longer-term changes in the general climatic conditions. For example, physical climate risks can have an accounting impact in the form of the necessary shortening of the economic life of items of property, plant and equipment ("stranded assets"), the risk of operational disruption or increased future expenses due to necessary adaptations to safeguard sites. In determining physical climate risks, the long-term impact of climate change on the Group was simulated using global warming scenarios that took account of risks due to flooding, wind, extreme heat, precipitation, and drought. All in all, the identified physical climate risks have not led to any material direct accounting impact to date. However, there is significant estimation uncertainty due to the long-term nature of the underlying analyses and the high degree of uncertainty concerning future development.

Overview of significant discretionary decisions and sources of estimation uncertainty

The accounting matters involving the most significant discretionary decisions as well as the most comprehensive assumptions relating to the future and sources of estimation uncertainty in accordance with IAS 1.125 are described below:

Accounting matter	**Carrying amount as of Dec. 31, 2025, in € million**	IFRS	Discretionary scope/ estimation uncertainty	Sensitivity analysis	Note
Goodwill	17,934			yes	18
Determination of recoverable amount		IAS 36	high		
Other intangible assets	7,662			yes	6,19
Identification and measurement of intangible assets within the scope of business combinations		IFRS 3	high		
In-licensing of intangible assets		IAS 38	medium		
Determination of amortization		IAS 38	medium		
Identification of impairments or reversal of impairments		IAS 36	high		
Property, plant and equipment	9,940			no	20
Determination of depreciation		IAS 16	medium		
Identification of impairments or reversal of impairments		IAS 36	medium		
Leases	563			yes	21
Recognition and measurement of lease arrangements		IFRS 16	medium		
Inventories	4,562			no	24
Identification of impairments or reversal of impairments		IAS 2	medium		
Trade and other receivables	3,979			no	25,42
Determination of loss allowance		IFRS 9	medium		
Other financial assets				yes	36,42,43
Determination of fair values of contingent consideration	162	IFRS 13	medium		
Determination of fair values of equity instruments	622	IFRS 9, IFRS 13	medium		
Provisions for employee benefits				yes	33
Determination of present value of defined-benefit obligations	4,240	IAS 19	medium		
Other provisions and contingent liabilities	740			no	27,28
Recognition and measurement of other provisions and contingent liabilities		IAS 37	high		
Revenue recognition				yes	9
Measurement of sales deductions and refund liabilities	985	IFRS 15	high		
Income tax				no	15
Recognition and measurement of income tax liabilities	1,614	IAS 12	high		
Recognition and measurement of deferred taxes from temporary differences		IAS 12	medium		
Recognition of deferred tax assets from tax loss carryforwards	214	IAS 12	high		

(4) Subsequent events

Following the previous announcement in October 2025, in February 2026 Merck KGaA, Darmstadt, Germany, committed to the U.S. government to provide certain prescription drug products at Most Favored Nation pricing for the government healthcare program Medicaid, offer fertility medications to patients at substantially discounted prices through direct-to-patient access, onshore for U.S. production the products sold in the United States by its Fertility and Rare Diseases business units by the end of 2028, and invest US$ 300 million in new or expanded manufacturing facilities in the United States by the end of 2028. In return, the Group receives tariff exemptions for its existing marketed and investigational product portfolio in the Healthcare business sector as well as associated pharmaceutical ingredients until January 1, 2029.

The Group does not expect any material impact on its financial position, cash flows or results of operations, with the exception of the investment-related cash outflows. The expected effects are included in the current forecast.

Subsequent to the balance sheet date, no other events of special importance occurred that are expected to have a material impact on the net assets, financial position or results of operations.

Group Structure

(5) Scope of Consolidation

Accounting and measurement policies

Scope of Consolidation

Subsidiaries that are immaterial to the assessment of the net assets, financial position and results of operations of the Group are not included in consolidation but are instead reported in non-current financial assets (see Note (36) **Other financial assets**).

The scope of consolidation changed as follows in the reporting period:

Fully consolidated companies as of Dec. 31, 2024		**312**
Additions	Companies established	–
	Acquisitions	11
	Materiality	8
Retirements	Liquidations/mergers	-4
	Divestments	-5
	Immateriality	-1
Fully consolidated companies as of Dec. 31, 2025		**321**
Companies rated at-equity as of Dec. 31, 2024		2
Companies rated at-equity as of Dec. 31, 2025		2
Non-consolidated subsidiaries as of Dec. 31, 2024		40
Non-consolidated subsidiaries as of Dec. 31, 2025		22

The two companies accounted for using the equity method are Syntropy Technologies LLC, United States, and MM Domain Holdco Limited, United Kingdom. As in 2024, there is also one joint operation within the meaning of IFRS 11 (Resonac Versum Materials Co. LTD, Japan). This joint operation is immaterial to the presentation of the net assets, financial position and results of operations. The effects of the existing contractual arrangements also have no potentially significant effect in these contexts.

The list of non-consolidated subsidiaries mainly comprises non-operating shelf companies as well as entities subject to liquidation procedures, which were subsequently measured at fair value through other comprehensive income. Overall, the impact of subsidiaries not consolidated due to immateriality on net sales, profit after tax, assets, and equity was less than 1% relative to the entire Group.

The list of shareholdings presents all of the companies included in the Consolidated Financial Statements as well as all of the shareholdings of Merck KGaA, Darmstadt, Germany (see Note (48) **List of shareholdings**).

(6) Acquisitions and divestments

Accounting and measurement policies

Business combinations

The balance sheet items goodwill, other intangible assets and deferred tax liabilities are significantly influenced by purchase price allocations conducted within the scope of business combinations. As observable market prices are mostly not available for the acquired other intangible assets, the Group regularly relies on the expertise of external professionals when it comes to business combinations. The following overview shows the methods typically used to measure intangible assets within the scope of purchase price allocations:

	Measurement method for determining fair value
Customer relationships	Multi-period excess earnings method
Technology	Relief from royalty method
Trademark	Relief from royalty method

With the exception of the tax effect, results from foreign currency hedging of expected business combinations that meet the requirements for hedge accounting are offset against the carrying amount of the net assets acquired.

Where management considers it to be appropriate, the optional concentration test set out in IFRS 3.B7B is applied in individual transactions in order to determine the accounting presentation of the transaction in the Consolidated Financial Statements.

Significant discretionary decisions and sources of estimation uncertainty

Business combinations

In particular, estimation uncertainty and discretionary decisions in conjunction with purchase price allocation relate to:

- The planning of future cash flows
- The customer churn rate, which indicates how existing customer relationships will change in the future
- The license rate for technologies, which estimates royalty savings on the basis of comparable transactions of similar technologies
- The discount factor, which is applied for maturity and risk-based discounting of expected cash inflows
- The useful life and the degree of technical obsolescence, which depend on assumptions about technological developments, among other things

Divestments

The assessment as to when a non-current asset, disposal group or discontinued operation meets the prerequisites of IFRS 5 for classification as “held for sale” is subject to discretionary judgment. Even in the case of an existing management decision to review a disposal, an uncertain assessment has to be made as to the probability of whether and at what time a corresponding disposal will occur.

Acquisitions in the fiscal year

Acquisition of SpringWorks Therapeutics, Inc., United States

On July 1, 2025, the Group successfully completed the acquisition of SpringWorks Therapeutics, Inc., United States (SpringWorks), after obtaining the necessary regulatory clearances and satisfying the closing conditions; the agreement had been announced on April 28, 2025. SpringWorks specializes in developing and commercializing therapies for rare tumors. The acquisition strengthens the activities of the Healthcare business sector in this field. SpringWorks' portfolio features two approved products: Ogsiveo® (nirogacestat), the first systemic therapy for desmoid tumors in adults, and Gomekli®/Ezmekly® (mirdametinib), the first and only medicine for both adults and children aged two years and older with NF1-associated plexiform neurofibromas (NF1-PN). Moreover, the acquisition strengthens our presence in the U.S. market and supports the growth of the Healthcare business sector.

The total purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to US$ 3,778 million (€ 3,207 million) in cash. No contingent consideration was agreed. In the Consolidated Cash Flow Statement, € 2,898 million has been reported as net cash outflows from acquisitions for this acquisition. The difference in relation to the total purchase price resulted from the deduction of acquired cash and cash equivalents as well as from exchange rate effects, since part of the purchase price was paid after July 1, 2025, and translated at the transaction-day exchange rate.

Transactions relating to the acquisition, but not part of the IFRS 3 purchase price, arose from former share-based compensation and former stock options of SpringWorks employees, which were converted at the acquisition date into the right to receive a fixed amount in cash. In addition, for certain employees, there were individual loyalty bonus arrangements and severance agreements. With the exception of the severance agreements, all the payments are contingent upon contractually agreed continued employment. The resulting obligations are accrued over the remaining employment period and recognized in profit or loss in the Consolidated Income Statement. The allocation in the Consolidated Income Statement is based on the functional assignment of the respective employees. In the balance sheet, they are recognized within the items for other non-financial liabilities. From the transactions described above, the Group recognized an expense of € 78 million through profit or loss in the Consolidated Income Statement for fiscal 2025, which was allocated to functional areas as follows:

€ million	2025
Marketing and selling expenses	-26
Administration expenses	-19
Research and development costs	-33

In addition, consulting services related to the acquisition of SpringWorks amounting to € 41 million were recorded under other operating expenses.

The accounting for the business combination was not yet complete as of the balance sheet date. This related to the valuation of acquired intangible assets for therapies involving the ingredients nirogacestat and mirdametinib that have been approved or are undergoing approval, and the development activities that have been taken over, due to the fact that the analysis of the parameters influencing the valuation had not yet been completed, as well as the tax loss carried forward in the USA with regard to usability and valuation due to the transfer of control.

The preliminary difference of € 580 million was recognized as goodwill. It includes expected synergies resulting from the integration of SpringWorks into the Group and unrecognized intangible assets such as the expertise of the workforce.

The goodwill is denominated in U.S. dollars and was allocated to the Healthcare business sector in full. As a result of foreign exchange developments, it increased from € 580 million on first-time recognition to € 582 million as of December 31, 2025. As expected, it is not tax deductible.

Material contingent liabilities were not identified as part of purchase price allocation.

For the period between the acquisition and December 31, 2025, the legacy SpringWorks business contributed € 188 million to Group net sales as well as € -148 million to net income after taxes. This result also includes higher cost of sales due to the step-up of the acquired inventories to fair values as well as the amortization of assets identified and remeasured during purchase price allocation.

Assuming the first-time consolidation of SpringWorks as of January 1, 2025, sales of the Group for the period would have been € 21,222 million (compared with reported net sales of € 21,102 million), and net income after taxes would have been € 2,246 million (compared with reported net income after taxes of € 2,615 million). The amounts stated take into account additional expenses that would have been recognized if the adjustments to inventories and intangible assets had been made as of January 1, 2025.

Preliminary fair values and carrying amounts acquired in the acquisition

€ million	SpringWorks
Non-current assets	
Other intangible assets	2,696
Property, plant and equipment	13
Other non-current assets	1
Deferred tax assets	282
	2,992
Current assets	
Inventories	65
Trade and other current receivables	48
Cash and cash equivalents	308
Other current assets	11
	432
Total assets	**3,423**
Non-current liabilities	
Other non-current provisions and liabilities	6
Deferred tax liabilities	613
	619
Current liabilities	
Trade payables and other liabilities	19
Other current liabilities and provisions	158
	177
Total liabilities	**796**
Net assets acquired	**2,627**
Purchase price for the acquisition of shares in accordance with IFRS 3	**3,207**
Positive difference (goodwill)	**580**

Acquisitions in the previous year

Acquisition of Mirus Bio LLC, United States

On July 31, 2024, the Group completed the acquisition of the life science company Mirus Bio LLC, United States (Mirus Bio). With the acquisition of Mirus Bio, the Group is pursuing the strategic goal of offering solutions for every stage in the production of viral vectors.

As of the preparation of the Consolidated Financial Statements 2025, a final purchase price allocation was in place, taking into account a valuation report from an external expert. The purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to US$ 617 million (€ 570 million) in cash. No contingent consideration was agreed.

As part of the purchase price allocation, primarily intangible assets and deferred tax liabilities were remeasured. The final difference of € 366 million was recognized as goodwill and allocated in full to the Life Science business sector. It includes expected synergies resulting from the integration of Mirus Bio into the Group, expected revenues from technical innovations and developments that go beyond the current product, development and customer portfolios, and unrecognized intangible assets such as the expertise of the workforce. As expected, the goodwill is not tax deductible. The goodwill, denominated in U.S. dollars, changed due to foreign exchange development from € 366 million at initial recognition to € 380 million as of December 31, 2024, and to € 337 million as of December 31, 2025.

Acquisition of Unity-SC SAS, France

The Group acquired Unity-SC SAS, France (Unity-SC), effective October 31, 2024. Unity-SC is a provider of metrology and inspection instrumentation for the semiconductor industry. Its acquisition complements and rounds off the expertise and the portfolio of the Optronics business unit in the Electronics business sector.

As of the preparation of the Consolidated Financial Statements 2025, a final purchase price allocation was in place. Potential payments of identified contingent consideration amounting to a maximum of € 46 million were valued at € 10 million within the scope of the purchase price allocation, and as of December 31, 2025, the contingent consideration was valued at €7 million. Together with the agreed cash payments of € 142 million, the purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to € 153 million. The contingent consideration essentially depends on the achievement of the agreed sales milestones.

As part of the purchase price allocation, primarily intangible assets and deferred tax liabilities were remeasured. The final difference of € 105 million was recognized as goodwill and allocated in full to the Electronics business sector. It includes expected synergies resulting from the integration of Unity-SC into the Group, expected revenues from technical innovations and developments that go beyond the current product, development and customer portfolios, and unrecognized intangible assets such as the expertise of the workforce. As expected, the goodwill is not tax deductible.

Acquisition of Hub Organoids Holding B.V., Netherlands

The Group acquired all of the shares in Hub Organoids Holding B.V., Netherlands (Hub Organoids), effective December 23, 2024. Hub Organoids possesses a foundational patent portfolio for organoids.

As of the preparation of the Consolidated Financial Statements 2025, a final purchase price allocation was in place. Potential payments of identified contingent consideration amounting to a maximum of € 40 million were recognized with a value of € 18 million within the scope of the purchase price allocation. Together with the agreed cash payments of € 85 million, the purchase price in accordance with IFRS 3 for 100% of the voting rights amounted to € 104 million. The contingent consideration essentially depends on the achievement of the agreed product development and sales milestones. In fiscal 2025, contingent consideration of € 15 million was paid due to the achievement of certain product development-related milestone conditions. The remaining contingent consideration was valued at € 2 million as of December 31, 2025.

Part of the purchase price was assigned to intangible assets and deferred tax liabilities within the scope of the purchase price allocation. The final difference of € 74 million was recognized as goodwill and allocated in full to the Life Science business sector. It includes expected synergies resulting from the integration of Hub Organoids into the Group, expected revenues from technical innovations and developments that go beyond the current product, development and customer portfolios, and unrecognized intangible assets such as the expertise of the workforce. As expected, the goodwill is not tax deductible.

Fair values and carrying amounts acquired in the acquisitions

€ million	Mirus Bio	Other acquisitions
Non-current assets		
Other intangible assets	249	69
Property, plant and equipment	3	7
Other non-current assets	–	2
Deferred tax assets	–	6
	252	**84**
Current assets		
Inventories	5	28
Trade and other current receivables	2	13
Cash and cash equivalents	16	7
Other current assets	2	8
	25	**56**
Total assets	**276**	**140**
Non-current liabilities		
Other non-current provisions and liabilities	1	3
Deferred tax liabilities	68	18
	69	**21**
Current liabilities		
Trade payables and other liabilities	3	27
Other current liabilities and provisions	–	15
	3	**42**
Total liabilities	**72**	**63**
Net assets acquired	**204**	**78**
Purchase price for the acquisition of shares in accordance with IFRS 3	**570**	**256**
Positive difference (goodwill)	**366**	**179**

Completed adjustments to the previous-year Consolidated Balance Sheet to reflect the purchase price allocations

€ million	Dec. 31, 2024 as reported	Adjustments from purchase price allocation	Dec. 31, 2024 adjusted
Non-current assets			
Goodwill	19,152	-45	19,107
Other intangible assets	6,282	69	6,351
Property, plant and equipment	10,025	–	10,025
Other non-current assets	1,345	–	1,345
Deferred tax assets	1,312	6	1,318
	38,116	**30**	**38,146**
Current assets			
Current assets	13,450	–	13,450
	13,450	**–**	**13,450**
Total assets	**51,567**	**29**	**51,596**
Equity			
Equity	29,988	2	29,989
	29,988	**2**	**29,989**
Non-current liabilities			
Other non-current provisions and liabilities	9,393	9	9,402
Deferred tax liabilities	892	18	909
	10,285	**27**	**10,312**
Current liabilities			
Trade payables and other liabilities	2,275	–	2,275
Other current liabilities	9,020	1	9,021
	11,294	**1**	**11,295**
Total equity and liabilities	**51,567**	**29**	**51,596**

Divestments

Divestment of the Surface Solutions business unit

On July 25, 2024, the Group announced that it had signed an agreement to divest the Surface Solutions business unit of the Electronics business sector to Global New Material International Holdings Ltd. (GNMI), Cayman Islands. The agreement comprises the majority of the global production, sales and development activities of the Surface Solutions business unit. The transaction was completed on July 31, 2025, following approval from all relevant regulatory authorities and the establishment of independent Surface Solutions legal entities in certain jurisdictions. The purchase price recognized after purchase price adjustments for transferred cash and financial liabilities amounted to € 669 million, of which €651 million became cash effective as of the balance sheet date. The net gain of € 114 million was recognized under other operating income.

The reconciliation from the sale proceeds to the preliminary gain on disposal before tax was as follows:

€ million	2025
Sale proceeds	669
Less net assets divested	-597
Subtotal	72
Transaction costs related to the disposal	-74
Realized currency translation effects from currency translation	116
Disposal gain before tax	**114**

The following assets and liabilities of the disposal group were sold:

€ million	July 31, 2025
Goodwill	162
Property, plant and equipment	121
Inventories	219
Trade receivables	13
Cash and cash equivalents	142
Plan assets	57
Other current assets	20
Assets	**735**
Provisions for employee benefits	100
Trade payables	13
Other non-financial liabilities	14
Other liabilities	11
Liabilities	**138**
Net assets	**597**

The assets and liabilities of the disposal group had previously been presented as assets held for sale and liabilities related to assets held for sale. The final determination of the net assets disposed of as of closing is subject to a review by GNMI, which is expected to be completed in the first half of 2026. This may result in adjustments to the purchase price.

Divestiture of the site in Martillac, France

On August 1, 2025, the Martillac operations site in France was sold to AbbVie Inc., United States, for a mid-double-digit million euro amount. The gain on disposal, in the low-single-digit million euro range, was recognized under other operating income.

Divestiture of shares in Celestial AI, Inc., United States

On December 2, 2025, the owners of the M Ventures portfolio company Celestial AI Inc., United States, approved a takeover offer by Marvell Technology Inc., United States (Marvell). The closing of the transaction took place on February 2, 2026. The Group is therefore entitled to a cash payment in the mid-double-digit million US dollar range, a Marvell share package in the mid-double-digit million U.S. dollar range and revenue-based contingent considerations, which is also to be paid by Marvell in its own shares. As of December 31, 2025, the shares, that were allocated Corporate and Other, had a fair value of € 94 million, which was reclassified to assets held for sale.

In the previous year, the valuation was based on the most recently available prices from refinancing rounds. Due to the assumed takeover offer, the valuation methodology was changed to market-based valuation according to the takeover terms, as this represented a more objective and current market value. The key input parameters were Marvell's share price as well as expected probabilities of occurrence of the revenue-dependent milestone events. Due to the consideration of unobservable input parameters in the valuation of the contingent consideration component, this fair value was classified as Level 3 in accordance with the hierarchy of IFRS 13.

Divestiture of shares in MoonLake Immunotherapeutics Ltd., Cayman Islands

Following the publication of new study data, the Group decided to divest all shares in the publicly listed MoonLake Immunotherapeutics Ltd., Cayman Islands (MoonLake). The divestment began in December 2025. As of December 31, 2025, the remaining shares, which were allocated to the business sector Healthcare, had a fair value of € 23 million, which was reclassified to assets held for sale. The fair value included cumulative gains of € 21 million, which were recognized in other comprehensive income under equity. Prior to the reclassification, cumulative gains in the fiscal year were reduced by € 113 million as a result of the revaluation of the shares. On January 8, 2026, the shares were divested in full.

Divestiture of shares in Calypso Biotech B.V., Netherlands, in 2024

The M Ventures portfolio company Calypso Biotech B.V., Netherlands, was fully acquired by Novartis AG, Switzerland, on January 8, 2024. As a result of the disposal, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings in the amount of € 48 million.

(7) Licensing agreements

Accounting and measurement policies

Out-licensing agreements

The Group primarily enters into material out-licensing agreements for intellectual property in the Healthcare business sector. The granting of a license typically constitutes a distinct performance obligation that must usually be recognized at a point in time. Due to the uncertainty of development results and regulatory events, contingent consideration is typically recognized when the event in question has occurred. Sales-based and usage-based royalties are recognized when the contract partner makes the corresponding sales or uses the intellectual property. As out-licensing transactions in the Healthcare business sector do not form part of ordinary activities and the licensees do not constitute customers within the meaning of IFRS 15, the corresponding income from upfront payments, milestone payments and royalties is reported in other operating income (see Note (13) **Other operating income**).

In-licensing agreements

The accounting and measurement policies for the in-licensing of intellectual property are presented in Note (19) **Other intangible assets**.

Significant discretionary decisions and sources of estimation uncertainty

Licensing agreements

As part of the accounting treatment of licensing agreements, significant discretionary decisions have to be made in the following areas:

- Identification of an appropriate income recognition method and
- Determination of the appropriate timing of income recognition.

Estimates are to be made when it comes to determining the transaction price and progress on the performance obligation in particular.

The following describes the main licensing agreements.

Acquired licensing agreement from the acquisition of SpringWorks Therapeutics Inc., United States

With the acquisition of SpringWorks Therapeutics Inc., United States (SpringWorks), the Group became part of a collaboration previously established between SpringWorks and Pfizer Inc., United States (Pfizer) (see Note (6) **Acquisitions and divestments**).

Pfizer funded a Phase Ib/II study in which SpringWorks' gamma secretase inhibitor nirogacestat was tested in combination with Pfizer's anti-BCMA×CD3 bispecific antibody PF 06863135 in patients with relapsed or refractory multiple myeloma. As for nirogacestat, the development and marketing rights for mirdametinib, an oral MEK 1/2 inhibitor, were also licensed from Pfizer in 2017 and further developed by SpringWorks.

Nirogacestat (trade name Ogsiveo®) received approval from the U.S. Food and Drug Administration (FDA) in the United States on November 27, 2023, for the treatment of adult patients with progressive desmoid tumors requiring systemic therapy. Mirdametinib (trade name Gomekli®) was approved by the FDA on February 11, 2025, for the treatment of adults and children from two years of age with symptomatic, not fully resectable plexiform neurofibromas (NF1 PN).

Depending on the achievement of certain sales milestones, Pfizer is entitled to future milestone payments as well as license payments on future sales amounting to a mid-triple-digit million euro sum.

Termination of the in-licensing agreement with Debiopharm International SA, Switzerland, on drug candidates for the treatment of head and neck cancer

On June 24, 2024, the Group announced the discontinuation of the clinical trials of the drug candidate xevinapant, which had been in-licensed from Debiopharm International SA, Switzerland, in fiscal 2021.

The termination of the program led to an impairment loss of € 140 million on an intangible asset, which was reported in other operating expenses, as well as the initial recognition of a provision in a high double-digit million euro amount for follow-on obligations, the addition of which was reported in research and development costs. In fiscal 2025, the provision for follow-up costs was reduced to a single-digit million euro amount (see Note (27) **Other Provisions**).

Termination of the in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, on drug candidates for the treatment of metastatic colorectal cancer

On October 30, 2023, the Group announced the conclusion of an in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China (Hengrui), including an exclusive worldwide license (excluding China) to develop, manufacture and commercialize the PARP1 inhibitor HRS-1167 and a corresponding option for SHR-A1904, an antibody-drug conjugate.

Based on the emerging efficacy and safety data in combination with other compounds and the rapidly evolving competitive landscape in the established PARP inhibitor space, the Group made the strategic decision not to pursue further development.

The termination of this trial in Phase Ib resulted in an impairment of an intangible asset amounting to € 174 million as well as the recognition of a provision for follow-up costs in the low double-digit million euro range.

In-licensing agreement with Abbisko Therapeutics Co. Ltd., China, on drug candidates for the treatment of tenosynovial giant cell tumor

On December 4, 2023, the Group announced the conclusion of an in-licensing agreement with Abbisko Therapeutics Co. Ltd., China (Abbisko), including an exclusive license to commercialize pimicotinib in China, Hong Kong, Macau, and Taiwan as well as an exclusive commercialization option for the rest of the world. Pimicotinib is an investigational, orally administered, highly selective, and potent small-molecule antagonist of colony-stimulating factor-1 receptors.

On November 12, 2024, the Group announced that the pivotal Phase III MANEUVER study had met its primary endpoint. The study demonstrated a significant improvement in the objective response rate in patients with tenosynovial giant cell tumor (TGCT). It also provided statistically significant and clinically meaningful improvements in secondary endpoints, including stiffness and pain.

The Group agreed to make an upfront cash payment of US$ 70 million (€ 64 million) for acquired rights and future development activities to be performed by the seller. Abbisko will receive additional payments for the achievement of certain regulatory and commercial milestones as well as tiered royalties on net sales by the Group. The acquisition of the rights resulted in the recognition of an intangible asset not yet available for use in the amount of € 45 million.

On March 28, 2025, the Group announced that it had exercised the agreed option to commercialize pimicotinib in the rest of the world. The Group has paid US$ 85 million (€ 74 million) to exercise the option to acquire the global commercialization rights for pimicotinib. The acquisition of the rights resulted in the recognition of an intangible asset not yet available for use in the amount of € 79 million.

On December 22, 2025, the Chinese regulatory authority granted the world's first approval for pimicotinib for the treatment of TGCT. On January 12, 2026, the Group announced that the FDA had accepted its application for marketing authorization for pimicotinib for the treatment of TGCT, based on results from the MANEUVER study.

Operating Activities

(8) Segment Reporting

Accounting and measurement policies

Segment reporting

The Group's business activities are broken down into the three operational business sectors of Life Science, Healthcare and Electronics, as well as the central Group functions. This segment structure reflects the internal organizational and reporting structure. The Life Science business sector encompasses business with tools, chemicals and equipment for academic labs, biotech and pharmaceutical manufacturers, as well as the industrial sector. The Healthcare business sector discovers, develops, manufactures, and markets prescription drugs and biopharmaceuticals. The Electronics business sector supplies materials for the semiconductor and display industries and, until July 31, 2025, for surface design (see Note (6) **Acquisitions and divestments**). The three business sectors differ in terms of their products and services, their customers, their sales structures and processes, and the regulatory environment in which they operate. The activities that are bundled in each individual business sector are extremely similar in terms of these criteria. The central Group functions also encompass service activities and other Group functions that are not allocated to any of the business sectors. Resource allocation and the assessment of business development are performed at the level of the business sectors by the Executive Board of Merck KGaA, Darmstadt, Germany, as the chief operating decision-maker.

In addition to the direct activities of the central Group functions, "Corporate and Other" includes income and expenses, assets and liabilities, as well as cash flows that cannot be allocated to the reportable segments as they are managed at Group level in central Group functions. This relates in particular to expenses and income for the foreign currency hedging of transactions in operating business, financial expenses and financial income, which include interest expenses and interest income as well as income tax expenses and income. Financial liabilities, pension provisions as well as income tax assets and liabilities are also allocated to "Corporate and Other". Moreover, the column serves as the reconciliation to the Group figures.

Apart from net sales, the success of a segment is mainly determined by EBITDA pre (segment result). EBITDA pre is a key figure that is not defined by IFRS Accounting Standards. However, it represents the most important variable used to steer the Group. To permit a better understanding of operational performance, EBITDA pre excludes depreciation and amortization, impairment losses and reversals of impairment losses in addition to specific adjustments presented below.

The segment data is derived from the financial information, which is based on the IFRS Accounting Standards applied in the Consolidated Financial Statements. Transfer prices for intragroup net sales were determined on an arm's-length basis for all of the business sectors. Fixed assets are allocated to the segments based on the degree of utilization. Depreciation expenses are allocated on the same basis. Fixed assets are always recognized by the buyer at the amortized Group cost following intragroup transactions. Services performed by the Group functions are allocated on the basis of planning data. Any deviations in the actual costs incurred are not allocated to the reportable operating segments but continue to be recognized in the "Corporate and Other" column.

Information by business sector – 2025

€ million	Life Science	Healthcare	Electronics	**Total of reportable operating segments**	Corporate and Other	**Group**
Net sales[1]	**8,980**	**8,607**	**3,515**	**21,102**	**–**	**21,102**
Intersegment sales	111	–	–	111	-111	–
Cost of sales	-4,225	-2,368	-2,162	-8,755	–	-8,756
Marketing and selling expenses	-2,199	-1,832	-519	-4,550	-12	-4,562
Administration expenses	-449	-355	-151	-956	-482	-1,437
Research and development costs	-401	-1,661	-291	-2,353	-62	-2,415
Operating result (EBIT)[2]	**1,467**	**2,165**	**381**	**4,013**	**-413**	**3,601**
Depreciation	857	453	448	1,758	122	1,880
Impairment losses[3]	99	246	73	418	–	418
Reversals of impairment losses	–	–	–	–	–	–
EBITDA[4]	**2,423**	**2,864**	**903**	**6,190**	**-291**	**5,899**
Adjustments[2]	162	216	-70	307	-97	210
EBITDA pre (segment result)[2]	**2,585**	**3,080**	**833**	**6,497**	**-388**	**6,109**
EBITDA pre margin (in % of net sales)[2]	28.8%	35.8%	23.7%	–	–	28.9%
Assets by business sector	23,207	11,722	9,117	44,046	7,482	51,527
Liabilities by business sector	-1,809	-2,876	-592	-5,277	-17,591	-22,867
Investments in property, plant and equipment[5]	745	276	450	1,472	113	1,585
Investments in intangible assets[5]	54	229	53	336	37	373
Non-cash changes in provisions[5,6]	117	124	133	374	43	417

[1] Excluding intersegment sales.

[2] Not defined by IFRS Accounting Standards.

[3] Without impairments on financial assets and inventories.

[4] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

[5] According to the Consolidated Cash Flow Statement.

[6] Excluding provisions for pensions and other post-employment benefits.

Information by business sector – 2024

€ million	Life Science	Healthcare	Electronics	**Total of reportable operating segments**	Corporate and Other	**Group**
Net sales[1]	**8,916**	**8,455**	**3,785**	**21,156**	**–**	**21,156**
Intersegment sales	91	–	–	91	-91	–
Cost of sales	-4,150	-2,201	-2,319	-8,670	-1	-8,671
Marketing and selling expenses	-2,238	-1,713	-568	-4,519	-18	-4,536
Administration expenses	-441	-313	-166	-919	-450	-1,370
Research and development costs	-388	-1,503	-297	-2,187	-92	-2,279
Operating result (EBIT)[2]	**1,507**	**2,481**	**360**	**4,347**	**-702**	**3,645**
Depreciation	862	331	498	1,690	116	1,806
Impairment losses[3]	87	209	29	325	3	328
Reversals of impairment losses	–	–	–	–	–	–
EBITDA[4]	**2,455**	**3,021**	**887**	**6,362**	**-584**	**5,779**
Adjustments[2]	134	-26	83	191	102	293
EBITDA pre (segment result)[2]	**2,589**	**2,995**	**970**	**6,553**	**-482**	**6,072**
EBITDA pre margin (in % of net sales)[2]	29.0%	35.4%	25.6%	–	–	28.7%
Assets by business sector[5]	25,220	8,620	10,764	44,604	6,992	51,596
Liabilities by business sector[5]	-1,912	-2,858	-670	-5,439	-16,168	-21,607
Investments in property, plant and equipment[6]	858	302	396	1,556	146	1,702
Investments in intangible assets[6]	44	348	43	435	47	482
Non-cash changes in provisions[6,7]	95	150	95	339	42	381

[1] Excluding intersegment sales.

[2] Not defined by IFRS Accounting Standards.

[3] Without impairments on financial assets and inventories.

[4] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

[5] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

[6] According to the Consolidated Cash Flow Statement.

[7] Excluding provisions for pensions and other post-employment benefits.

Information by country and region – 2025

€ million	**Europe**	thereof: Germany	thereof: Switzerland	**North America**	thereof: USA	**Asia-Pacific**	thereof: China	**Latin America**	**Middle East and Africa**	**Group**
Net sales by customer location[1]	6,417	1,011	401	5,517	5,238	6,936	2,888	1,447	785	21,102
Net sales by company location[1]	6,758	1,459	611	5,693	5,433	6,605	2,734	1,397	650	21,102
Goodwill and other intangible assets[2]	4,903	1,488	1,684	20,404	20,395	288	35	1	–	25,596
Property, plant and equipment	5,340	2,533	1,035	2,811	2,808	1,521	387	197	71	9,940
Research and development costs	-1,901	-1,167	-561	-426	-426	-57	-27	-20	-10	-2,415
Number of employees	27,444	12,540	2,678	14,583	14,383	15,802	4,359	3,467	1,165	62,461

[1] Excluding intersegment sales.

[2] Goodwill and other intangible assets are allocated by currency area.

Information by country and region – 2024

€ million	**Europe**	thereof: Germany	thereof: Switzerland	**North America**	thereof: USA	**Asia-Pacific**	thereof: China[4]	**Latin America**	**Middle East and Africa**	**Group**
Net sales by customer location[1]	6,171	1,002	389	5,710	5,426	7,017	2,900	1,477	781	21,156
Net sales by company location[1]	6,506	1,411	594	5,915	5,652	6,719	2,781	1,427	590	21,156
Goodwill and other intangible assets[2,3]	5,079	1,539	1,772	19,998	19,987	380	45	1	–	25,458
Property, plant and equipment	5,182	2,439	1,070	3,083	3,078	1,489	478	201	71	10,025
Research and development costs	-1,835	-1,062	-619	-355	-353	-58	-27	-21	-10	-2,279
Number of employees	28,138	13,236	2,632	14,187	13,976	15,593	4,421	3,502	1,137	62,557

[1] Excluding intersegment sales.

[2] Goodwill and other intangible assets are allocated by currency area.

[3] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

[4] Previous-year figures have been adjusted because, starting with fiscal 2025, the values attributable to Hong Kong will be presented as part of China.

No single customer accounted for more than 10% of the Group's total net sales in fiscal 2025 or 2024.

The following table presents the reconciliation of segment results of all operating businesses to the profit before income tax of the Group:

€ million	**2025**	2024
EBITDA pre of the operating businesses[1]	**6,497**	**6,553**
Corporate and Other	-388	-482
EBITDA pre of the Group[1]	**6,109**	**6,072**
Depreciation/amortization/impairment losses/reversals of impairment losses	-2,298	-2,134
Adjustments[1]	-210	-293
Operating result (EBIT)[1]	**3,601**	**3,645**
Financial income and expenses	-293	-108
Profit before income tax	**3,308**	**3,536**

[1] Not defined by IFRS Accounting Standards. Please refer to the following table for the components of the adjustments.

The adjustments comprised the following:

€ million	2025	2024
Restructuring expenses	-174	-144
Integration expenses/IT expenses	-193	-103
Gains (+)/losses (-) on the divestment of businesses	88	46
Acquisition-related adjustments	-44	-26
Other adjustments	113	-68
Adjustments before impairment losses/reversals of impairment losses[1]	**-210**	**-293**
Impairment losses[2]	-369	-277
Reversals of impairment losses	–	–
Adjustments (total)[1]	**-579**	**-570**

[1] Not defined by IFRS Accounting Standards.

[2] Without impairments on financial assets and inventories.

In fiscal 2025, restructuring expenses primarily related to various programs for improving efficiency in the three business sectors. The largest share was attributable to the Healthcare business sector with € 65 million and Life Science with € 64 million. In the previous year, the largest restructuring expenses were in connection with an efficiency program in the Life Science business sector amounting to € 46 million and a program for further improving processes and aligning the enabling functions more closely with the businesses at € 41 million (2025: € 15 million) (see Note (27) **Other provisions**).

Integration and IT expenses in fiscal 2025 mainly related to the integration of SpringWorks Therapeutics, Inc., United States, acquired on July 1, 2025 (€ 99 million) (see Note (6) **Acquisitions and divestments**), as well as to costs for the further development of ERP systems.

Gains on the divestment of businesses were due in particular to the divestiture of the Surface Solutions business unit to Global New Material International Holdings Ltd., Cayman Islands, on July 31, 2025; see Note (6) **Acquisitions and divestments**. Furthermore, as in the previous year, income was generated in connection with the biosimilars business that was sold to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, Germany, in fiscal 2017; see Note (43) **Information on fair value measurement**.

Other adjustments include the losses on the net position of monetary assets and liabilities resulting from hyperinflationary accounting in Argentina and Turkey, which are reported in other operating expenses (see Note (2) **Reporting principles** and Note (14) **Other operating expenses**). Furthermore, currency translation differences realized here are included due to an absolute reduction in the share in a foreign operation with the corresponding reclassification of the pro rata cumulative currency translation difference (see Note (13) **Other operating income**).

Impairment losses considered as adjustments amounted to € 174 million (2024: € 142 million) related to intangible assets in the Healthcare business sector (see Note (19) **Other intangible assets**) and € 166 million (2024: € 83 million) to property, plant and equipment, primarily in the Life Science business sector.

The adjustments are reported in the Consolidated Income Statement as part of the respective functional costs and allocated to them as follows:

€ million	thereof: cost of sales	thereof: marketing and selling expenses	thereof: administration expenses	thereof: research and development expenses	thereof: others	**Total**
Restructuring expenses	-83	-39	-28	3	-28	-174
Integration expenses/IT expenses	-1	-32	-104	-36	-20	-193
Gains (+)/losses (–) on the divestment of businesses	-30	–	–	–	118	88
Acquisition-related adjustments	–	–	-1	–	-43	-44
Other adjustments	–	–	–	–	113	113
Adjustments before impairment losses/reversals of impairment losses[1]	**-113**	**-71**	**-132**	**-33**	**140**	**-210**
Impairment losses[2]	–	–	–	–	-369	-369
Reversals of impairment losses	–	–	–	–	–	–
Adjustments in the operating result (total)[1]	**-113**	**-71**	**-132**	**-33**	**-230**	**-579**

€ million	thereof: cost of sales	thereof: marketing and selling expenses	thereof: administration expenses	thereof: research and development expenses	thereof: others	Total
Restructuring expenses	-39	-27	-58	-10	-10	-144
Integration expenses/IT expenses	-2	–	-90	-1	-10	-103
Gains (+)/losses (–) on the divestment of businesses	–	-3	-6	–	55	46
Acquisition-related adjustments	–	–	–	–	-25	-26
Other adjustments	–	–	–	–	-68	-68
Adjustments before impairment losses/reversals of impairment losses[1]	**-41**	**-30**	**-154**	**-11**	**-57**	**-293**
Impairment losses[2]	–	–	–	–	-277	-277
Reversals of impairment losses	–	–	–	–	–	–
Adjustments in the operating result (total)[1]	**-41**	**-30**	**-154**	**-11**	**-335**	**-570**

(9) Net sales

Accounting and measurement policies

Nature and timing of revenue recognition

Net sales are recognized when (or as) the customer obtains control of the asset. For sales of goods, the customer typically obtains control as soon as delivery is made, given that the customer is generally not able to obtain any benefits from the asset before that point in time. In the case of equipment sales, the criteria for revenue recognition are only met after installation has been successfully completed – to the extent that the installation requires specialized knowledge, is not a clear ancillary service and the relevant equipment can only be used by the customer once successfully set up.

For service contracts and customer-specific contract manufacturing of goods and equipment, the Group recognizes revenue over time, based on the progress towards complete satisfaction of the performance obligation, if there is a contractual claim for payment against the customer for the services already performed and there is no alternative use. Input- and output-oriented methods are used to determine progress on a contract-specific basis. Although progress is ideally measured using input-oriented methods, output-oriented methods are always applied when the input cannot be reliably determined, for example. Specifically, the degree of progress is mainly calculated on the basis of milestones reached, time elapsed, units delivered, or costs incurred in proportion to the anticipated total costs.

Licenses for intellectual property are granted to a limited extent. Unlike in the Life Science and Electronics business sectors, these transactions do not usually form part of ordinary activities in the Healthcare business sector, meaning that the corresponding income is reported in other operating income (see Note (7) **Licensing agreements**, and Note (13) **Other operating income**).

Net sales from contracts comprising several separate performance obligations are recognized on a pro rata basis when the respective performance obligation has been fulfilled. Multiple-element arrangements of this nature only exist to a very limited extent in the Life Science business sector.

Determining the transaction price

The Group grants customers various kinds of rebates and discounts. These, as well as anticipated customer refund claims, state compulsory charges and rebates from health plans and programs, are deducted from sales. The most significant portion of these deductions from sales is attributable to the Healthcare business sector and, in particular, sales in the United States.

Sales deductions provided on the invoice as price-reducing items, which will likely be applied by customers when making the respective payments, are recognized as reductions of trade accounts receivable. Expected refunds, such as bonus payments, reimbursements for rights of return or rebates from health plans and programs, are reported in the Consolidated Balance Sheet under refund liabilities.

The measurement of sales deductions and refund liabilities arising from expected rebates and discounts takes into account of past experience, knowledge of specific contractual conditions, pricing information, expected sales volume growth rates, and external information from distributors and industry services.

The measurement of sales deductions and refund liabilities resulting from rights of return takes into account historical rates of return for individual product groups and information from distributors on inventory levels, as well as information on product sales (in the Healthcare business sector).

Contractual payment terms

Given that the Group generates the large majority of its net sales through transactions with simple structures, the company usually has an enforceable right to payment after the performance obligation has been fulfilled. The payment targets contractually agreed with customers usually range from 30 to 60 days.

Practical expedients

The Group uses the practical expedient of IFRS 15 in which the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the fulfillment of a performance obligation and the payment by the customer only amounts to up to one year.

Significant discretionary decisions and sources of estimation uncertainty

Sales deductions

The measurement of sales deductions and the corresponding refund liabilities requires extensive estimates. Uncertainties exist in particular concerning the extent to which past experience serves as a reliable basis for estimating the future development of expected refunds, such as bonus payments, reimbursements for rights of return or rebates from health plans and programs. External information from distributors and industry services outside of the Group's control, which are also subject to uncertainty, are used to determine sales deductions.

The estimation uncertainty referenced above is particularly relevant in the Healthcare business sector.

Any changes in estimates of the parameters listed above have a cumulative impact on the net sales for the respective adjustment period.

If the carrying amount of refund liabilities had been 10% higher as of the reporting date, this would have resulted in a € 99 million (2024: € 87 million) reduction in profit before tax.

The following tables present a breakdown of net sales by key business units/products:

Life Science

€ million	**2025**		2024[1]	
Science & Lab Solutions	4,536	51%	4,672	52%
Process Solutions	3,785	42%	3,522	40%
Life Science Services	659	7%	722	8%
Total	**8,980**	**100%**	**8,916**	**100%**

[1] Prior-year figures have been adjusted owing to an internal realignment.

Healthcare

€ million	2025		2024	
Oncology	**1,926**	**22%**	**2,009**	**24%**
thereof: Erbitux®	1,176	14%	1,162	14%
thereof: Bavencio®	612	7%	735	9%
Rare Diseases	**188**	**3%**		
thereof: Ogsiveo®	134	2%		
thereof: Gomekli®	55	1%		
Neurology & Immunology	**1,659**	**19%**	**1,688**	**20%**
thereof: Mavenclad®	1,194	14%	1,062	13%
thereof: Rebif®	465	5%	626	7%
Fertility	**1,457**	**17%**	**1,528**	**18%**
thereof: Gonal-f®	735	9%	833	10%
thereof: Pergoveris®	329	4%	280	3%
Cardiovascular, Metabolism & Endocrinology	**3,050**	**35%**	**2,949**	**35%**
thereof: Glucophage®	975	11%	954	11%
thereof: Euthyrox®	653	8%	619	7%
thereof: Concor®	625	7%	611	7%
thereof: Saizen®	388	5%	366	4%
Other	**328**	**4%**	**280**	**3%**
Total	**8,607**	**100%**	**8,455**	**100%**

Electronics

€ million	2025		2024	
Semiconductor Solutions	2,494	71%	2,631	69%
Optronics	772	22%	748	20%
Surface Solutions	249	7%	406	11%
Total	**3,515**	**100%**	**3,785**	**100%**

In fiscal 2025, the business unit previously known as Display Solutions was renamed Optronics. The Surface Solutions business unit was included only until the completion of the sale on July 31, 2025 (see Note (6) **Acquisitions and divestments**).

The following tables present a more detailed breakdown of net sales from contracts with customers in the individual business sectors by product type and region:

2025

€ million

Net sales by nature of the products	Life Science		Healthcare		Electronics		Group	
Goods	7,833	88%	8,593	100%	3,017	86%	19,444	92%
Equipment	385	4%	–	–	385	11%	770	4%
Services	744	8%	8	–	110	3%	861	4%
License income	18	–	–	–	3	–	21	–
Commission income	–	–	7	–	–	–	7	–
Total	**8,980**	**100%**	**8,607**	**100%**	**3,515**	**100%**	**21,102**	**100%**
Net sales by region (customer location)								
Europe	3,315	37%	2,835	33%	266	8%	6,417	30%
North America	3,065	34%	1,810	21%	642	18%	5,517	26%
Asia-Pacific	2,125	24%	2,277	27%	2,533	72%	6,936	33%
Latin America	362	4%	1,062	12%	23	1%	1,447	7%
Middle East and Africa	112	1%	622	7%	50	1%	785	4%
Total	**8,980**	**100%**	**8,607**	**100%**	**3,515**	**100%**	**21,102**	**100%**

2024

€ million

Net sales by nature of the products	Life Science		Healthcare		Electronics		Group	
Goods	7,732	87%	8,431	100%	3,106	82%	19,270	91%
Equipment	390	4%	–	–	554	15%	944	5%
Services	770	9%	15	–	121	3%	906	4%
License income	22	–	–	–	5	–	27	–
Commission income	1	–	8	–	–	–	9	–
Total	**8,916**	**100%**	**8,455**	**100%**	**3,785**	**100%**	**21,156**	**100%**
Net sales by region (customer location)								
Europe	3,136	35%	2,720	32%	316	8%	6,171	29%
North America	3,146	35%	1,778	21%	785	21%	5,710	27%
Asia-Pacific	2,143	24%	2,305	27%	2,569	68%	7,017	33%
Latin America	382	5%	1,056	13%	38	1%	1,477	7%
Middle East and Africa	109	1%	595	7%	77	2%	781	4%
Total	**8,916**	**100%**	**8,455**	**100%**	**3,785**	**100%**	**21,156**	**100%**

Group net sales amounted to € 21,102 million in fiscal 2025 (2024: € 21,156 million). Around 4% of this figure was recognized over time (2025: € 901 million; 2024: € 1,086 million). This mainly related to net sales from services in the Life Science business sector and net sales from the project business of the Semiconductor Solutions business unit in the Electronics business sector.

Orders already received by the reporting date to result in net sales in future periods amounted to around € 4 billion on December 31, 2025 (December 31, 2024: around € 4 billion), of which around € 3 billion related to the Life Science business sector (December 31, 2024: around € 3 billion). Based on past experience, around 8% of orders received are not expected to result in net sales until fiscal 2027 (December 31, 2024: around 9% only from fiscal 2026 onwards).

The following table shows the change in refund liabilities:

2024

	Rebates/Bonus payments		Rights of return		
€ million	Total	thereof: United States	Total	thereof: United States	Total
Jan. 1, 2024	**816**	**443**	**60**	**44**	**877**
Additions due to business combinations	–	–	–	–	**–**
Other additions	2,384	1,706	40	28	**2,423**
Disposals due to divestments/Reclassification to assets held for sale	–	–	–	–	**–**
Utilizations	-2,284	-1,668	-39	-27	**-2,323**
Cumulative increase (-)/decrease (+) in net sales	-125	-121	-11	-6	**-136**
thereof: attributable to performance obligations satisfied in prior periods	-90	-89	-10	-5	**-100**
Currency translation	25	24	2	2	**27**
Other	–	–	–	–	**–**
Dec. 31, 2024	**817**	**385**	**52**	**41**	**869**

2025

	Rebates/Bonus payments		Rights of return		
€ million	Total	thereof: United States	Total	thereof: United States	**Total**
Jan. 1, 2025	**817**	**385**	**52**	**41**	**869**
Additions due to business combinations	12	11	–	–	**12**
Other additions	2,635	1,954	40	27	**2,675**
Disposals due to divestments/Reclassification to assets held for sale	–	–	–	–	**–**
Utilizations	-2,382	-1,756	-32	-22	**-2,414**
Cumulative increase (-)/decrease (+) in net sales	-77	-79	-7	-6	**-84**
thereof: attributable to performance obligations satisfied in prior periods	-55	-58	-5	-4	**-60**
Currency translation	-67	-53	-5	-5	**-72**
Other	–	–	–	–	**–**
Dec. 31, 2025	**937**	**461**	**48**	**36**	**985**

The development in contract assets and contract liabilities is shown in Note (26) **Contract assets** and Note (29) **Other non-financial liabilities**.

(10) Cost of sales

Accounting and measurement policies

Cost of sales

The cost of sales primarily includes the cost of sales of manufactured products sold and the amortized cost of merchandise sold.

Cost comprises the following items: directly attributable costs, such as cost of materials, personnel and energy costs, depreciation and amortization, overheads attributable to the production process, and inventory impairment losses and their reversals.

The cost of sales included amortization of intangible assets (excluding amortization of internally generated intangible assets or separately acquired software) in the amount of € 224 million (2024: € 131 million). The increase was mainly attributable to the addition of intangible assets in connection with the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) **Acquisitions and divestments**). Material costs amounted to € 3,545 million in fiscal 2025 (2024: € 3,753 million) and were reported under cost of sales. The cost of sales also included royalties for Bavencio® of € 91 million (2024: € 111 million).

Impairment losses on inventories amounted to € 271 million in the reporting period (2024: € 329 million). Reversals of impairment losses amounted to € 216 million (2024: € 278 million).

(11) Marketing and selling expenses

Accounting and measurement policies

Marketing and selling expenses

Marketing and selling expenses within logistics costs also include expenses for transportation services performed on behalf of customers. The corresponding income from these services is reported under net sales.

Amortization of the intangible assets under marketing and selling expenses is mainly attributable to customer relationships, licenses and similar rights, brands and trademarks.

Marketing and selling expenses comprised the following items:

€ million	**2025**	2024
Logistics	-1,022	-1,047
Sales force	-1,020	-963
Internal sales services	-1,000	-989
Sales promotion	-556	-526
Amortization of intangible assets[1]	-531	-568
Other marketing and selling expenses	-342	-341
Royalty and license expenses	-92	-102
Marketing and selling expenses	**-4,562**	**-4,536**

[1] Excluding amortization of internally generated intangible assets or separately acquired software.

Higher expenses, especially in the field, resulted in part from the integration of SpringWorks Therapeutics, Inc., United States, which was acquired on July 1, 2025, as well as from restructuring programs in the Healthcare business sector. Of the royalty and license expenses, € 52 million (2024: € 52 million) related to the commercialization of Erbitux®.

(12) Research and development costs

Accounting and measurement policies

Research and development costs

The item comprises the costs of the Group's own research and development departments, the expenses incurred as a result of research and development collaborations as well as study costs in the Healthcare business sector.

For information on the capitalization of development costs and their separation from research and development services agreed in conjunction with in-licensing, see Note (19) **Other intangible assets**.

Cost reimbursements for research and development are offset against research and development costs.

In 2024, the discontinuation of the xevinapant program led to the recognition of a provision in a high double-digit million euro amount for follow-on obligations, the addition of which was reported in research and development costs in the Healthcare business sector (see Note (7) **Licensing agreements**). In fiscal 2025, a mid-double-digit million euro amount from the provision for follow-on obligations related to discontinued development projects in the Healthcare business sector was reversed (see Note (27) **Other provisions**).

(13) Other operating income

Accounting and measurement policies

Other operating income

Other operating income comprises all income that cannot be allocated to net sales or financial income on account of its character.

Currency translation difference
Cumulative currency translation differences recognized in equity are reclassified to profit or loss in the event of a complete disposal or a loss of control of a foreign operation. Such differences are recognized in other operating expenses or income. In the event of a pro rata or absolute reduction in the share of foreign operations, the pro rata, cumulative currency translation difference is also reclassified accordingly.

Income from upfront payments, milestone payments and royalties

Income from upfront payments, milestone payments and royalties comprises consideration received by the Group from contract partners that are not customers. This relates in particular to out-licensing agreements in the Healthcare business sector (see Note (7) **Licensing agreements**).

Income from the revaluation of contingent considerations

The accounting treatment of contingent consideration agreed at the sale of a business as defined in IFRS 3 is shown in Note (36) **Other financial assets**.

Other operating income was broken down as follows:

€ million	**2025**	2024
Income from the disposal of businesses and assets	191	11
Realized gains from currency translation	123	19
Currency effects from operating activities	86	5
Income from upfront payments, milestone payments and royalties	58	56
Income from the revaluation of contingent considerations	48	48
Income from service contracts with divested companies	29	7
Income from the reversal of provisions for litigation	18	8
Income from fair value measurement of assets	15	23
Income from miscellaneous services and rental income	13	17
Income from the reversal of risk provision for tax audits	–	25
Remaining other operating income	153	49
Other operating income	**734**	**269**

Income from disposals of businesses and assets included € 114 million from the sale of the Surface Solutions business unit to Global New Material International Holdings Ltd., Cayman Islands (see Note (6) **Acquisitions and divestments**). In addition, an income of € 61 million was recognized from the sale of a right to an accelerated approval review by the U.S. Food and Drug Administration.

The income from realized currency translation differences amounting to € 123 million resulted almost exclusively from an absolute reduction in the share in a foreign operation with a corresponding reclassification of the pro rata cumulative currency translation difference.

Income from upfront payments, milestone payments and royalties primarily comprised license income for interferon beta products (Biogen Inc., United States).

Other operating income included a mid-double-digit million euro amount from non-income taxes due to changes in jurisdiction in Latin America.

(14) Other operating expenses

Accounting and measurement policies

Other operating expenses

Other operating expenses comprise all expenses that cannot be reasonably allocated to a functional cost type or to financial expenses.

The breakdown of other operating expenses was as follows:

€ million	**2025**	2024
Impairment losses on non-financial assets	-418	-328
Project expenses (including integration and IT projects)	-118	-75
Expenses from litigation	-72	-56
Non-income related taxes and expenses from tax audits	-69	-68
Premiums, fees and contributions	-52	-48
Infrastructure expenses	-50	-44
Non-allocable personnel expenses	-47	-57
Expenses from disposal of businesses and assets	-34	-14
Loss from hyperinflation accounting	-26	-59
Expenses for claims and reinsurances	-25	-21
Expenses from fair value measurement of assets and liabilities at fair value	-19	-18
Expenses from a donation to the World Health Organization	-13	-19
Expenses from service contracts with divested companies	-13	-3
Profit share agreements	-8	-13
Remaining other operating expenses	-115	-93
Other operating expenses	**-1,081**	**-915**

Impairments of non-financial assets were attributable to intangible assets in the amount of € 253 million (2024: € 243 million) (see Note (19) **Other intangible assets**). In 2024, € 140 million was related to the termination of the xevinapant program (see Note (7) **Licensing agreements**). A further € 166 million was related to impairments of property, plant and equipment (2024: € 85 million) (see Note (20) **Property, plant and equipment**).

(15) Income tax

Accounting and measurement policies

Current income taxes

Current income taxes for the reporting period and, where applicable, for prior periods are calculated in the amounts that the tax authorities are expected to demand or reimburse. The calculation is based on the company-specific tax rate applicable in the relevant tax year.

Uncertain income tax assets and liabilities

Factual assessments are made to calculate uncertain income tax assets and liabilities. Uncertain income tax matters are recognized depending on the likelihood that the responsible tax authorities will accept the respective income tax treatment. If there is uncertainty about recognition by the tax authorities, the respective uncertain tax asset or uncertain tax liability is measured at the most likely amount. Uncertain income tax liabilities are reported within income tax liabilities. Expected income tax-related penalties and interest that do not fall within the scope of IAS 12 are treated as provisions in line with IAS 37 (see Note (27) **Other provisions**).

Deferred taxes

Deferred tax assets resulting from deductible temporary differences that exceed deferred tax liabilities relating to the same taxation authority and the same taxable entity are recognized if it is considered probable that taxable profit will be available against which they can be utilized. This corresponds to the procedure for recognizing deferred tax assets on unused tax credits as well as tax loss and interest carryforwards.

The recognition of deferred tax assets requires an estimate of the probability of future use. The influencing factors considered as part of this assessment include the following:

- Temporary differences relating to the same taxation authority and the same taxable entity that will be subject to taxation in the future,
- Results history,
- Results planning, and
- Existing tax planning of the respective Group company.

Deferred tax liabilities are recognized for planned dividend payments of profits already generated by subsidiaries within the next 12 months.

Significant discretionary decisions and sources of estimation uncertainty

Income tax

The calculation of the reported assets and liabilities from current and deferred income taxes requires extensive discretionary judgments, assumptions and estimates.

When assessing income tax assets and liabilities, the interpretation of tax provisions may be subject to particular uncertainty. The possibility that the relevant tax authorities will take a differing view concerning the application and interpretation of tax standards cannot be ruled out. Changes to the assumptions underlying the interpretation of tax standards, for example as a result of changes in legislation, are recognized in the balance sheet when the change comes into force.

With regard to deferred tax items, there is uncertainty as to when an asset will be realized or a liability settled. This applies in particular to deferred taxes recognized in the course of company acquisitions. Assessing the recoverability, particularly of tax credits and tax loss and interest carryforwards, requires assumptions and estimates concerning the future taxable income of the respective Group company. Furthermore, the amount and timing of planned dividend distributions by subsidiaries are discretionary.

Income taxes in the Consolidated Income Statement were broken down as follows:

€ million	**2025**	2024
Current income taxes in the period	-1,131	-1,146
Income taxes for previous periods	1	138
Deferred taxes in the period	437	257
thereof: from temporary differences	492	229
thereof: from changes in tax rates	-4	17
thereof: from tax loss carryforwards	-51	11
Income taxes	**-693**	**-751**

Tax reconciliation

The following table presents the reconciliation from the theoretical income tax expense to the income tax expense according to the Consolidated Income Statement. The theoretical income tax expense is determined by applying the statutory tax rate of a corporation headquartered in Darmstadt of 31.9% (2024: 31.9%).

€ million	**2025**	2024
Profit before income tax	3,308	3,536
Tax rate	31.9%	31.9%
Theoretical income tax expense	-1,055	-1,128
Tax rate differences	673	454
Tax effect of global minimum taxation (Pillar II)	-40	-28
Tax effect of companies with a negative contribution to consolidated profit	-51	-36
Income tax for previous periods	1	138
Tax credits	42	69
Tax effect on tax loss carryforwards	5	10
Tax effect for expected unrecoverable temporary differences and other interest carryforwards	-74	-209
Tax effect of non-deductible expenses/Tax-free income/Other tax effects	-194	-20
Income tax expense according to the Consolidated Income Statement	**-693**	**-751**
Tax ratio according to the Consolidated Income Statement	**20.9%**	**21.2%**

Income taxes consisted of corporation and trade taxes for the German companies and comparable income taxes for non-German companies. Income taxes relating to previous periods recognized in fiscal 2024 resulted in particular from completed tax audits, changes in income tax liabilities for risks from tax audits and tax assessments for previous years. The increase in the item “Tax effect of non-deductible expenses/Tax-free income/Other tax effects” mainly resulted from non-deductible interest expenses and other non-deductible operating expenditures, as well as the change in permanent balance sheet differences.

Global minimum taxation (Pillar II)

The legislation on global minimum taxation was published in the German Federal Law Gazette on December 27, 2023, and came into force on January 1, 2024. Under the rules for the global minimum taxation, it is not Merck KGaA, Darmstadt, Germany, that is required to file the tax return, but the ultimate parent company of the group, E. Merck KG, Darmstadt, Germany. Nevertheless, supplementary taxes could be payable in a number of jurisdictions, which could have an impact on the Group.

Under the regulations on global minimum taxation, the Group is obliged to determine the effective tax rate for each country in which its business units operate within the meaning of the legislation and, where the effective tax rate is lower than the minimum tax rate of 15%, to pay a supplementary tax in the amount of the difference.

As in the previous year, the Group applied the exception provided by IAS 12.88A for the recognition and disclosure of information about deferred tax assets and liabilities in connection with income taxes relating to global minimum taxation. Income taxes of € 40 million (2024: € 28 million) were recognized under the global minimum taxation rules in fiscal 2025, primarily in connection with operating activities in Ireland and Switzerland.

Deferred taxes

The allocation of deferred tax assets and liabilities to the balance sheet items and the reconciliation of deferred taxes in the Consolidated Income Statement and the Consolidated Balance Sheet are presented in the following table:

	Jan. 1, 2024				Dec. 31, 2024		
€ million	Deferred tax assets/ liabilities (net)	Deferred taxes (Consolidated Income Statement)	Deferred taxes credited/ debited to equity	Changes in scope of consolidation/ Currency translation/ Other changes[1]	Deferred tax assets/ liabilities (net)[1]	Assets[1]	Liabilities[1]
Intangible assets	-979	258	–	-132	-853	86	939
Property, plant and equipment	-119	-15	–	-8	-142	64	207
Current and non-current financial assets	-36	10	5	–	-21	3	24
Inventories	821	6	–	-8	819	835	16
Current and non-current receivables/Other assets	59	-20	–	–	38	55	18
Current and non-current provisions	510	-62	-88	-7	353	404	50
Current and non-current liabilities	119	-23	-2	10	103	184	81
Tax loss carryforwards	67	11	–	1	80	80	–
Tax refund claims/Other	-57	92	–	-4	31	133	102
Deferred taxes (before offsetting)	**385**	**257**	**-85**	**-149**	**408**	**1,845**	**1,436**
Offset deferred tax assets and liabilities	–				–	-527	-527
Deferred taxes (Consolidated Balance Sheet)	**385**				**408**	**1,318**	**909**
thereof: Reclassification to assets held for sale	–	–	–	-25			

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

€ million	Jan. 1, 2025 Deferred tax assets/liabilities (net)	Deferred taxes (Consolidated Income Statement)	Deferred taxes credited/debited to equity	Changes in scope of consolidation/Currency translation/Other changes	Dec. 31, 2025 Deferred tax assets/liabilities (net)	Assets	Liabilities
Intangible assets	-853	227	–	-441	-1,067	151	1,218
Property, plant and equipment	-142	21	–	17	-105	78	182
Current and non-current financial assets	-21	2	-16	–	-34	5	39
Inventories	819	183	–	-68	935	958	23
Current and non-current receivables/Other assets	38	21	–	–	58	77	19
Current and non-current provisions	353	6	-58	-14	287	341	54
Current and non-current liabilities	103	54	16	-18	156	228	73
Tax loss carryforwards	80	-51	–	185	214	214	–
Tax refund claims/Other	31	-26	–	35	40	138	99
Deferred taxes (before offsetting)	**408**	**437**	**-57**	**-304**	**484**	**2,191**	**1,707**
Offset deferred tax assets and liabilities	–				–	-573	-573
Deferred taxes (Consolidated Balance Sheet)	**408**				**484**	**1,618**	**1,134**

The item “Changes in scope of consolidation/Currency translation/Other changes” mainly comprised deferred tax effects resulting from the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) **Acquisitions and divestments**). As in the previous year, there were also exchange rate effects, mainly resulting from items translated from U.S. dollars to the reporting currency (euro).

Deferred taxes for “Tax refund claims/Other” in the Consolidated Income Statement primarily resulted from adjustments for deferred tax liabilities for planned dividend payouts (outside basis differences).

Given the positive earnings forecasts, it was assumed that it will be possible to realize recognized deferred tax assets of € 357 million (December 31, 2024: € 381 million), which exceeded deferred tax liabilities relating to the same taxation authority and the same taxable entity, even though there was a loss in the current or previous period.

No deferred tax assets were recognized in the balance sheet for deductible temporary differences and other interest carryforwards in the amount of € 10,060 million (December 31, 2024: € 11,915 million). The majority of these differences can only be utilized until 2029. Their utilization for tax purposes is not expected during this period.

Deferred tax liabilities from outside basis differences for planned dividend payouts were recognized in the amount of € 83 million (December 31, 2024: € 88 million). Retained earnings of subsidiaries for which no deferred taxes were recognized amounted to € 9,816 million as of December 31, 2025 (December 31, 2024: € 12,124 million). The resulting temporary differences that will be taxable in future periods in the event of dividend payments would amount to € 492 million as of December 31, 2025 (December 31, 2024: € 659 million).

Changes in tax loss carryforwards

Tax loss carryforwards were structured as follows:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Tax loss carryforwards	**440**	**1,138**	**1,578**	**355**	**499**	**854**
Tax loss carryforwards for which a deferred tax asset is recognized	124	688	812	155	133	288
Tax loss carryforwards for which no deferred tax asset is recognized	316	450	766	200	366	566
Potential deferred tax assets for tax loss carryforwards	**135**	**280**	**415**	**108**	**124**	**232**
Recognized deferred tax assets on tax loss carryforwards	38	176	214	48	32	80
Not recognized deferred tax assets on tax loss carryforwards	97	104	201	60	92	152

The increase in tax loss carryforwards for which deferred tax assets were recognized was mainly attributable to the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) **Acquisitions and divestments**).

The majority of the tax loss carryforwards either had no expiration date or can be utilized for up to 20 years. This also applies to losses for which no deferred taxes were recognized.

Deferred tax assets resulting from tax loss carryforwards that exceed deferred tax liabilities relating to the same taxation authority and the same taxable entity are not recognized if it is not considered probable that taxable profit will be available against which they can be utilized.

Income tax receivables and income tax liabilities

Income tax receivables amounted to € 359 million as of December 31, 2025 (December 31, 2024: € 520 million) and mainly resulted from tax prepayments that exceeded the actual amount of tax payable for the past fiscal year and earlier fiscal years from refund claims for previous years and from withholding tax claims. As of December 31, 2025, income tax liabilities including liabilities for uncertain tax obligations totaled € 1,614 million (December 31, 2024: € 1,564 million).

Allocation of taxing rights (Pillar I)

Based on the information currently available, the Group expects the continued efforts to achieve international convergence on tax rules as part of the OECD's Inclusive Framework to also have an impact on the Group's taxation.

The criteria provided under the OECD regulations for a new allocation of taxing rights between jurisdictions have largely been negotiated and would affect the Group due to its sales and profitability. However, due to uncertainty over the participation of key jurisdictions, no reliable statement can currently be made regarding its implementation.

(16) Operating cash flow

Accounting and measurement policies

Operating cash flow

The operating cash flow is calculated and presented based on the following principles:

- The operating cash flow is presented using the indirect method based on profit after taxes.
- The option to recognize interest received and interest payments made is exercised to the extent that such transactions are recognized in the operating cash flow.
- Income tax payments are reported in the operating cash flow. Only significant transactions where the associated tax payments can be practically calculated are recognized in the relevant item of the Consolidated Cash Flow Statement.

The following table shows the interest and income tax payments included in operating cash flow:

€ million	**2025**	2024
Interest received	65	124
Interest paid	-296	-240
Income taxes paid less refunds	-939	-957

The changes in provisions in fiscal 2024 included a mid-double-digit million euro amount for the recognition of provisions for follow-on obligations in connection with the discontinuation of the xevinapant program (see Note (7) **Licensing agreements**).

Changes in other assets and liabilities in fiscal 2025 included a low triple-digit million euro amount in connection with the neutralization of non-cash effects from realized currency translation differences from an absolute reduction in an interest in a foreign operation. They also included a mid-double-digit million euro amount relating to changes in jurisdiction in Latin America, which are expected to impact cash flow in fiscal 2026, as well as payments amounting to a mid-double-digit million euro sum for transaction costs incurred by SpringWorks Therapeutics, Inc., United States, following its acquisition by the Group.

The item “Neutralization of gains/losses on disposal of fixed assets and other disposals” included the net gain from the sale of the Surface Solutions business unit (see Note (6) **Acquisitions and divestments**), as well as the reclassification of the net gain from the sale of a right to an accelerated review by the U.S. Food and Drug Administration to the cash flow from investing activities.

(17) Earnings per share

Accounting and measurement policies

Earnings per share

Basic earnings per share is calculated by dividing the profit after taxes attributable to the shareholders of Merck KGaA, Darmstadt, Germany (net income) by the weighted average number of theoretical shares outstanding. The calculation of the theoretical number of shares is based on the fact that the general partner's equity is not represented by shares. Corresponding to the division of the subscribed capital of € 168 million into 129,242,252 shares (see Note (34) **Equity**), the general partner's equity of € 397 million equates to 305,535,626 theoretical shares. Overall, equity capital thus amounted to € 565 million, or to 434,777,878 theoretical shares outstanding.

As in the previous year, equity capital remained unchanged in fiscal 2025. The weighted average (basic) number of shares was 434,777,878 and thus corresponded to the number of theoretical shares outstanding. In fiscal 2025 and 2024, there were no shares with a potential diluting effect; as a result, the diluted earnings per share were equivalent to basic earnings per share.

Operating Assets, Liabilities and Contingent Liabilities

(18) Goodwill

Accounting and measurement policies

Goodwill

In the course of business combinations, goodwill is recognized on the acquisition date. The option to measure non-controlling interests at fair value on the date of their acquisition (full goodwill method) is not utilized.

The purpose of impairment testing in accordance with IAS 36 is to ensure that the carrying amount of assets in the balance sheet is not higher than their recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use.

Method for impairment testing

Impairment testing for goodwill takes place at the level of the Life Science, Healthcare and Electronics business sectors. These groups of cash-generating units (CGUs) are the lowest level at which goodwill at the Group is monitored for internal management purposes.

Impairment testing is performed on a scheduled basis in the third quarter of every year and on an ad hoc basis where there are indications of impairment. The existence of indications of impairment is monitored using various factors such as changes in medium-term planning, analyst forecasts, validation multiples, and the Group's average market capitalization compared to its balance sheet equity.

As in the previous year, the recoverable amount for all CGUs in the 2025 reporting year was determined on the basis of the fair value less costs of disposal, which was calculated using the discounted cash flow method (Level 3 in the IFRS 13 fair value hierarchy).

In calculating the fair value, the expected post-tax cash flows are derived until 2030 from the medium-term plans prepared by the business sectors (as in the previous year). In the Healthcare CGU, the transition to the terminal value takes place after that (as in the previous year). Due to extensive investments in the Life Science and Electronics CGUs, an additional two years (2024: two years) are planned for these CGUs after the medium-term planning period in line with business-specific assumptions before the transition to the terminal value takes place by applying a long-term growth rate.

Sales planning is based on internal past experience and largely non-observable input factors in the market, such as new products from the development pipeline, expected future market shares, selling prices and volumes and expansion investments. The profit margins used in planning are based on past experiences adjusted for expected profitability developments.

The discount factors after taxes are derived on the basis of the following input parameters:

Risk-free interest rate	Derived from the returns of long-term government bonds based on the Svensson method
Beta factor	Derived from the respective business sector-specific peer group
Market risk premium	Based on a combination of different estimating methods; e.g. historical and implied stock yields
Cost of debt and capital structure	Derived from the market data of the respective peer group companies

The long-term growth rate after the detailed planning period is determined taking into account expected long-term growth and long-term inflation expectations.

Significant measurement assumptions

In the Life Science CGU, the expected average sales growth in the period until the transition to the terminal value was a higher single-digit percentage, as in the previous year. The sales expectation for the Life Science CGU is supported primarily by the anticipated long-term positive development in the Process Solutions business unit, based on ongoing high market growth. Taking into account Group costs allocated on a pro rata basis, the EBITDA pre margin applied in the period until the transition to the terminal value was around 29% (2024: around 30%).

The expected sales growth in the Healthcare CGU in connection with the calculation of fair value less costs of disposal was on average in the mid-single-digit percentage range in the detailed planning period (2024: largely stable average net sales). The stronger growth is primarily attributable to the increase in sales expected from the acquisition of SpringWorks Therapeutics, Inc., United States. Additionally, the sales performance reflects the probability of regulatory approval of drug candidates in the existing research and development programs. Taking into account Group costs allocated on a pro rata basis, the EBITDA pre margin applied in the period until the transition to the terminal value was around 32% (2024: around 31%).

The calculation of the recoverable amount of the Electronics CGU included the expected average sales growth in the period until the transition to the terminal value at a higher single-digit percentage, as in the previous year. The sales expectation for the Electronics CGU is primarily based on the long-term growth trend in the market for semiconductor materials and positive sales contributions as a result of extensive investments. Taking into account Group costs allocated on a pro rata basis, the EBITDA pre margin applied in the period until the transition to the terminal value was around 28% (2024: around 27%).

The additional significant value-relevant assumptions underlying the goodwill impairment tests are quantified below.

	Long-term growth rate		Weighted cost of capital after tax	
in %	**2025**	2024	**2025**	2024
Life Science	2.00%	2.00%	8.4%	8.3%
Healthcare	1.00%	1.00%	6.6%	6.3%
Electronics	2.00%	2.00%	8.7%	7.6%

Net cash flows were discounted using the cost of capital after taxes.

Significant discretionary decisions and sources of estimation uncertainty

Goodwill

The determination of the recoverable amount is subject to discretion and significant estimation uncertainty. Assumptions regarding the amount of net cash flows, long-term growth rates and discount factors are considered a material source of estimation uncertainty due to their inherent uncertainty. Although the Group assumes that the assumptions applied in calculating the recoverable amount are appropriate, changes to these assumptions could result in goodwill impairment with an adverse impact on the net assets, financial position and results of operations. In the Electronics CGU in particular, there is a high degree of dependence on the assumptions concerning the long-term growth trend in the market for semiconductor materials.

As in the previous year, the recoverable amount in impairment testing in fiscal 2025 was well above the carrying amount of the respective CGU at more than 15% higher. Regardless of this, the results of the valuation were checked for plausibility against externally available “sum of the parts” calculations and validated using multiples based on peer group information.

In addition, sensitivity analyses of the key assumptions were performed as part of the scheduled impairment tests. The following table presents the minimum amount by which individual key assumptions could have changed when viewed in isolation before the impairment test triggered the recognition of an impairment loss.

	Decrease in net cash flows		Decrease in long-term growth rate		Increase in cost of capital after tax	
	%		percentage points		percentage points	
	2025	2024	**2025**	2024	**2025**	2024
Life Science	>10	>10	>2	>2	>2	>2
Healthcare	>10	>10	>2	>2	>2	>2
Electronics	>10	>10	>2	>2	>2	>2

The goodwill shown below mainly resulted from the following acquisitions: Versum Materials Inc., United States; Sigma-Aldrich Corporation, United States; AZ Electronic Materials S.A., Luxembourg; Millipore Corporation, United States; and Serono SA, Switzerland.

	Goodwill			
€ million	Life Science	Healthcare	Electronics	**Total**
Net carrying amounts, Jan. 1, 2024[1]	**11,787**	**1,525**	**4,532**	**17,845**
Additions due to business combinations[2]	439	–	106	546
Disposals due to divestments/Reclassification to assets held for sale	–	–	-162	-162
Transfers	–	–	–	–
Impairment losses	–	–	–	–
Currency translation difference	665	–	215	880
Net carrying amounts as of Dec. 31, 2024[1, 2]	**12,891**	**1,525**	**4,692**	**19,107**
Net carrying amounts, Jan. 1, 2025[1]	**12,891**	**1,525**	**4,692**	**19,107**
Additions due to business combinations	–	580	–	580
Disposals due to divestments/Reclassification to assets held for sale	–	–	–	–
Transfers	–	–	–	–
Impairment losses	–	–	–	–
Currency translation difference	-1,285	1	-469	-1,753
Net carrying amounts as of Dec. 31, 2025[1]	**11,605**	**2,107**	**4,223**	**17,934**

[1] Net carrying amounts equal the gross amount.

[2] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

The changes in goodwill caused by foreign exchange rates resulted almost exclusively from translating the goodwill from the acquisitions of Versum Materials, Inc., United States; the Sigma-Aldrich Corporation, United States; AZ Electronic Materials S.A., Luxembourg; and the Millipore Corporation, United States, which were mostly denominated in U.S. dollars.

As in the previous year, goodwill impairment testing did not give rise to the need to recognize any impairment losses in fiscal 2025. Net carrying amounts equal the gross amount.

The changes in the scope of consolidation in fiscal 2025 mainly resulted from the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) **Acquisitions and divestments**).

(19) Other intangible assets

Accounting and measurement policies

Recognition and initial measurement of purchased intangible assets

In in-licensing, the portion of the consideration paid by the Group to acquire intellectual property is recognized as an intangible asset. If research and development services to be performed by the seller are also agreed in conjunction with the transaction, the related share of consideration is separated and recognized in research and development costs in line with the service performance.

Contingent consideration linked to milestone payments in connection with the purchase of intangible assets is recognized as an intangible asset and as a financial liability once the milestone is reached. Contingent consideration in the form of sales-based royalties is expensed when incurred.

Intangible assets acquired in business combinations are recognized at fair value on the acquisition date.

Recognition and initial measurement of internally generated intangible assets

Owing to the high level of uncertainty until pharmaceutical products are approved, the criteria for the capitalization of development costs in accordance with IAS 38 are not met in the Healthcare business sector for the development of drug candidates. Costs incurred after regulatory approval are insignificant and are therefore not recognized as intangible assets. In the Life Science and Electronics business sectors, development expenses are capitalized as soon as all the recognition criteria are met and can be verified accordingly. This also includes expenses that are required for REACH registration. Furthermore, development expenses for internal software projects and the enhancement of purchased ERP programs are capitalized providing that the relevant criteria have been fulfilled.

Subsequent measurement

Subsequent measurement is at amortized cost.

Purchased and internally generated intangible assets with finite useful lives are amortized using the straight-line method over their useful lives. The useful lives of customer relationships, brand names and trademarks, as well as marketing authorizations, patents, licenses, and similar rights and software are usually between three and 24 years. In determining these useful lives, the Group considers factors including the typical product life cycles for each asset and publicly available information about the estimated useful lives of similar assets. The amortization expense is allocated to the respective functional costs or, if this is not possible, recognized under other operating expenses.

Indications of impairment are identified with the involvement of the responsible departments, taking external and internal information sources into consideration. The Group examines the existence of indications of impairment using various factors, particularly deviations from sales forecasts and the analysis of changes in medium-term planning. An impairment test is performed if there are indications of impairment. In the event of impairment, an impairment loss is recognized under other operating expenses. Impairment losses are reversed up to amortized cost and reported in other operating income if the original reasons for impairment no longer apply.

Intangible assets with indefinite useful lives and purchased, as well as internally generated intangible assets not yet available for use, are not amortized, but instead are tested for impairment when a triggering event arises or at least once a year.

Significant discretionary decisions and sources of estimation uncertainty

Purchased intangible assets

The identification and measurement of intangible assets acquired in the course of business combinations are subject to significant discretion and estimation uncertainty.

In connection with in-licensing agreements in the Healthcare business sector, a discretionary estimate is made of the extent to which upfront and milestone payments are remuneration for development services yet to be performed or whether such payments are acquisition costs of an intangible asset to be capitalized.

Government grants

The Group receives monetary and non-monetary government grants. It does not exercise the option of recognizing non-monetary grants, such as allocated emission certificates, at fair value.

In fiscal 2025, the Group was selected by the U.S. Food and Drug Administration (FDA) as a member of the Commissioner's National Priority Voucher (CNPV) program for the product Pergoveris®. This grants the Group the right to a fast-tracked review of its approval application for Pergoveris®. In addition, the Group will have increased opportunities to communicate with FDA reviewers throughout the review process. This selection for the program is a significant regulatory advantage geared toward accelerating access to important medications that are of high national interest for U.S. health policy. Pergoveris® meets the criteria of the CNPV program as an innovative treatment option for women with complex fertility disorders.

The Group recognized the grants issued as part of the program at the nominal amount.

The fair value of the CNPV rights cannot be reliably determined for the following reasons:

- These rights are non-transferable
- These rights can only be exercised in connection with the specific rights to Pergoveris®
- There is no active market for them, and
- The valuation would be highly uncertain due to the unique nature of the program

The exercise of CNPV rights is contingent upon the submission of a full application for approval of Pergoveris® to the FDA in accordance with the terms of the CNPV program. Submission of data in support of the application is already underway.

Determination of amortization

Significant assumptions and estimates are required to determine the appropriate amount of amortization of other intangible assets. This relates in particular to the determination of the underlying useful life.

If the amortization of intangible assets from customer relationships, brands, trademarks, marketing authorizations, patents, licenses and similar rights, and other had been 10% higher, for example, due to shortened useful lives, profit before income tax would have been € 77 million lower in fiscal 2025 (2024: € 71 million).

Identification of a need to recognize impairment loss and reverse impairment loss

Discretionary decisions are required in assessing substantial evidence of impairment as well as in identifying the need to reverse the impairment of other intangible assets. Significant valuation-related assumptions and estimates are also required to calculate the appropriate write-down amount in impairment testing.

€ million	Customer relationships, brands and trademarks	Marketing authorizations, patents, licenses, similar rights, and other items		Software and software in development	Advance payments	**Total**
		Finite useful life	Not yet available for use			
Cost as of Jan. 1, 2024	**10,043**	**11,200**	**1,637**	**1,165**	**–**	**24,044**
Additions due to business combinations[1]	12	268	37	–	–	318
Other additions	–	4	141	103	3	251
Disposals due to divestments/ Reclassification to assets held for sale	-2	-35	–	-5	–	-41
Other disposals	–	-3	-1	-11	–	-16
Transfers	3	38	-37	9	-1	12
Currency translation[1]	506	84	11	28	–	629
Cost as of Dec. 31, 2024[1]	**10,563**	**11,556**	**1,788**	**1,288**	**2**	**25,198**
Accumulated amortization and impairment losses as of Jan. 1, 2024	**-5,196**	**-10,619**	**-908**	**-770**	**–**	**-17,493**
Depreciation, amortization, and write-downs[1]	-553	-161	–	-110	–	-824
Impairment losses	-3	-34	-192	-15	–	-243
Reversals of impairment losses	–	–	–	–	–	–
Disposals due to divestments/ Reclassification to assets held for sale	2	33	–	3	–	38
Other disposals	–	1	–	10	–	12
Transfers	-2	1	–	12	–	10
Currency translation[1]	-263	-63	-3	-16	–	-345
Accumulated amortization and impairment losses as of Dec. 31, 2024[1]	**-6,015**	**-10,843**	**-1,103**	**-885**	**–**	**-18,846**
Net carrying amounts as of Dec. 31, 2024[1]	**4,548**	**713**	**685**	**404**	**2**	**6,351**
Cost as of Jan. 1, 2025	**10,563**	**11,556**	**1,788**	**1,288**	**2**	**25,198**
Additions due to business combinations	–	2,687	–	9	–	2,696
Other additions	–	24	261	104	3	393
Disposals due to divestments/ Reclassification to/from assets held for sale	–	29	–	–	–	28
Other disposals	–	-106	-1	-100	–	-208
Transfers	–	69	-69	1	-1	-1
Currency translation	-1,054	-281	-24	-61	–	-1,421
Cost as of Dec. 31, 2025	**9,508**	**13,979**	**1,955**	**1,240**	**3**	**26,686**
Accumulated depreciation and impairment losses as of Jan. 1, 2025	**-6,015**	**-10,843**	**-1,103**	**-885**	**–**	**-18,846**
Depreciation, amortization, and write-downs	-518	-252	–	-109	–	-879
Impairment losses	–	-6	-247	–	–	-253
Reversals of impairment losses	–	–	–	–	–	–
Disposals due to divestments/ Reclassification to/from assets held for sale	–	-29	–	-1	–	-30
Other disposals	–	15	–	98	–	113
Transfers	–	–	–	1	–	1
Currency translation	580	243	8	40	–	871
Accumulated depreciation and impairment losses as of Dec. 31, 2025	**-5,954**	**-10,873**	**-1,342**	**-855**	**–**	**-19,024**
Net carrying amounts as of Dec. 31, 2025	**3,555**	**3,105**	**614**	**385**	**3**	**7,662**

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

Additions and disposals

The additions from business combinations primarily resulted from the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) **Acquisitions and divestments**).

As in the previous year, additions for intangible assets not yet available for use essentially related to the in-licensing of intellectual property in the Healthcare business sector. The acquisition of the global marketing rights for pimicotinib resulted in the recognition of an intangible asset not yet available for use in the amount of € 79 million in fiscal 2025 (see Note (7) **Licensing agreements**).

Additions to software and software in development mainly related to the internal development of IT applications. The gross carrying amounts and accumulated amortization for the capitalized software primarily related to purchased software as well as internally generated applications and enhancements of purchased ERP programs that were already available for use. These were mainly included in administrative expenses.

Due to the refinement in the scope of the assets to be divested in connection with the sale of the Surface Solutions business unit, intangible assets classified as assets held for sale in 2024 were reclassified in fiscal 2025. The corresponding intangible assets were already fully amortized.

Loss allowances

Impairment losses were mainly attributable to discontinued development projects in the Healthcare and Electronics business sectors, of which € 174 million related to the termination of the in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co., Ltd., China, on drug candidates for the treatment of metastatic colorectal cancer (see Note (7) **Licensing agreements**). In 2024, € 140 million was attributable to the termination of the xevinapant program (see Note (7) **Licensing agreements**).

Other significant information

As in the previous year, the currency translation effects essentially resulted from the translation of other intangible assets denominated in U.S. dollars.

Marketing authorizations, patents, licenses, similar rights and other items not yet available for use were attributable to ongoing development projects that were not yet in the commercialization phase and thus did not yet have a defined useful life. These primarily related to the Healthcare business sector and to internally generated intangible assets under development in the Electronics business sector.

Transfers of market authorizations, patents, licenses, similar rights, and other items not yet available for use to assets with a finite useful life were primarily attributable to the intangible asset that was capitalized under the in-licensing agreement with Abbisko Therapeutics Co. Ltd., China. This agreement includes an exclusive license to commercialize pimicotinib in China, Hong Kong, Macau, and Taiwan as well as an exclusive commercialization option for the rest of the world. The reclassification was prompted by the granting of the world’s first approval for pimicotinib for the treatment of tenosynovial giant cell tumor by the Chinese regulatory authority (see Note (7) **Licensing agreements**).

Overview of material other intangible assets

The carrying amounts of customer relationships, brands and trademarks as well as marketing authorizations, patents, licenses, similar rights and other items were attributable to the business sectors as follows:

€ million	Remaining useful life in years	Life Science	Healthcare	Electronics	**Total Dec. 31, 2025**	Total Dec. 31, 2024[1]
Customer relationships, brands and trademarks		**2,328**	**–**	**1,226**	**3,555**	**4,548**
Customer relationships		2,191	–	1,220	3,411	4,307
thereof from the following acquisitions:						
Sigma-Aldrich Corporation	10.8-11.8	2,081	–	95	2,176	2,669
Versum Materials, Inc.	0.8-12.8	–	–	1,124	1,124	1,434
Millipore Corporation	0.5-1.5	41	–	–	41	109
Brands and trademarks		138	–	6	144	241
thereof from the following acquisition:						
Sigma-Aldrich Corporation	1.9	130	–	–	130	222
Marketing authorizations, patents, licenses and similar rights and other						
Finite useful life		**357**	**2,646**	**101**	**3,105**	**713**
Marketing authorizations		–	2,514	–	2,514	20
thereof from the following acquisitions:					–	
SpringWorks Therapeutics, Inc.	8.5-10	–	2,440	–	2,440	–
Others		357	132	101	591	693
thereof from the following acquisitions:						
AZ Electronic Materials S.A.	0.3-7.3	–	–	10	10	35
Versum Materials, Inc.	0.8	–	–	31	31	67
SpringWorks Therapeutics, Inc.		–	128	–	128	–
Not yet available for use		**29**	**432**	**154**	**614**	**685**
thereof from the following acquisitions:						
Versum Materials, Inc.	–	–	–	93	93	106

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

(20) Property, plant and equipment

Accounting and measurement policies

Recognition and initial measurement

Monetary grants related to assets are deducted from the respective carrying amount.

Advance payments are disclosed together with the assets under construction.

Subsequent measurement

Subsequent measurement is at amortized cost.

Property, plant and equipment is depreciated using the straight-line method over the useful life of the asset concerned, and the corresponding expenses are allocated to the respective functional costs. Depreciation of property, plant and equipment is primarily based on the following useful lives:

	Useful life
Production buildings	No more than 40 years
Administration buildings	No more than 40 years
Plant and machinery	6 to 25 years
Operating and office equipment, other facilities	3 to 20 years

The useful lives of the assets are reviewed regularly and adjusted if necessary.

An impairment test is performed if there are indications of impairment. External and internal information is used in this context. In the event of impairment, an impairment loss is recognized under other operating expenses. Impairment losses are reversed up to amortized cost and reported in other operating income if the original reasons for impairment no longer apply.

Significant discretionary decisions and sources of estimation uncertainty

Determination of depreciation

Assumptions and estimates are required in determining the appropriate useful life and the expected residual value in order to calculate the amount of depreciation on property, plant and equipment. This applies in particular to the determination of the underlying remaining useful life. In making these estimates, the Group considers the useful lives of the property, plant and equipment derived from past experience, among other things.

Identification of a need to recognize impairment loss and reverse impairment loss

Discretionary decisions are required in the identification of objective evidence of impairment as well as in identifying the need to reverse impairment of property, plant and equipment.

€ million	Land, land rights and buildings	Plant and machinery	Other facilities, operating and office equipment	Construction in progress	**Total**
Cost as of Jan. 1, 2024	**6,326**	**6,625**	**1,946**	**3,045**	**17,943**
Additions due to business combinations	3	3	2	2	10
Other additions	325	36	52	1,677	2,091
Disposals due to divestments/Reclassification to assets held for sale	-185	-449	-61	-36	-731
Other disposals	-126	-179	-122	-15	-442
Transfers	1,008	958	226	-2,211	-20
Currency translation difference	128	83	12	38	261
Cost as of Dec. 31, 2024	**7,480**	**7,077**	**2,054**	**2,500**	**19,112**
Accumulated depreciation and impairment losses as of Jan. 1, 2024	**-2,820**	**-4,584**	**-1,454**	**-29**	**-8,887**
Depreciation	-365	-433	-184	–	-982
Impairment losses	-34	-21	-2	-28	-85
Reversals of impairment losses	–	–	–	–	–
Disposals due to divestments/Reclassification to assets held for sale	132	387	49	12	580
Other disposals	95	169	119	6	389
Transfers	3	17	-16	-4	–
Currency translation difference	-47	-46	-10	–	-103
Accumulated depreciation and impairment losses as of Dec. 31, 2024	**-3,036**	**-4,510**	**-1,499**	**-42**	**-9,087**
Net carrying amounts as of Dec. 31, 2024	**4,445**	**2,567**	**556**	**2,457**	**10,025**
Cost as of Jan. 1, 2025	**7,480**	**7,077**	**2,054**	**2,500**	**19,112**
Additions due to business combinations	6	3	3	1	13
Other additions	83	42	57	1,470	1,651
Disposals due to divestments/Reclassification to/from assets held for sale	28	44	9	7	88
Other disposals	-192	-192	-93	-10	-488
Transfers	328	719	149	-1,199	-3
Currency translation difference	-376	-297	-63	-99	-835
Cost as of Dec. 31, 2025	**7,357**	**7,397**	**2,116**	**2,668**	**19,537**
Accumulated depreciation and impairment losses as of Jan. 1, 2025	**-3,036**	**-4,510**	**-1,499**	**-42**	**-9,087**
Depreciation	-355	-458	-188	–	-1,001
Impairment losses	-37	-83	-5	-41	-166
Reversals of impairment losses	–	–	–	–	–
Disposals due to divestments/Reclassification to/from assets held for sale	-28	-41	-7	-5	-82
Other disposals	139	175	87	7	407
Transfers	-1	-10	1	12	3
Currency translation difference	129	153	45	–	327
Accumulated depreciation and impairment losses as of Dec. 31, 2025	**-3,189**	**-4,773**	**-1,566**	**-70**	**-9,598**
Net carrying amounts as of Dec. 31, 2025	**4,168**	**2,623**	**550**	**2,598**	**9,940**

In the previous year, disposals due to divestments/Reclassification to assets held for sale were related to the divestment of the Surface Solutions business unit and the Martillac operations site, France (see Note (6) **Acquisitions and divestments**). Due to the refinement in the scope of the assets to be divested in connection with the sale of the Surface Solutions business unit, property, plant and equipment classified as assets held for sale in 2024 were reclassified in fiscal 2025. The affected assets were, for the most part, fully depreciated.

The individual additions to construction in progress in fiscal 2025 with an investment volume of more than € 50 million are presented below:

Business sector	Investment project	Country
Life Science	Membrane Factory	Ireland
Electronics	Capacity expansion for Semiconductor Solutions	Taiwan
Life Science	Bioprocessing Production Center	Korea
Healthcare	Research Center	Germany
Electronics	Expansion of a research lab	USA
Life Science	Research Center	Germany

Monetary government grants amounted to € 35 million in fiscal 2025 (2024: € 78 million) and, as in the previous year, they related to a variety of different items. They comprised grants related to assets as well as grants related to income. Some of the aforementioned grants are tied to the recruitment of an agreed number of employees at the respective sites. The Group expects to satisfy the conditions for receiving the grants.

Impairment losses of € 166 million (2024: € 85 million) resulted from a variety of different items and were predominantly related to the termination of production activities and projects. Of this amount, € 93 million was attributable to the Life Science business sector, € 49 million to the Electronics business sector and € 23 million to the Healthcare business sector. In the previous year, the impairment losses included a mid-double-digit million euro amount attributable to the Martillac operations site in France.

(21) Leasing

Accounting and measurement policies

Leasing

Scope of IFRS 16

The Group exercises the option provided by IFRS 16 to not recognize leases of intangible and low-value assets as leases. Right-of-use assets under leases are reported in the balance sheet item “Property, plant and equipment” (see Note (20) **Property, plant and equipment**).

Where the provision of company cars to employees qualifies as an employee benefit within the meaning of IAS 19, IFRS 16 is not applied. In this case, its accounting treatment is governed solely by IAS 19.

Separation of lease and non-lease components

Leases for land, land rights and buildings are separated into lease and non-lease components. The Group otherwise elects to exercise the option not to separate non-lease components from lease components.

Depreciation of the right-of-use assets arising from leases

Right-of-use assets are generally depreciated over the lease term. If it is considered sufficiently probable that an existing purchase option will be exercised or ownership will be automatically transferred at the end of the lease term, however, depreciation takes place over the period that applies for corresponding assets under property, plant and equipment (see Note (20) **Property, plant and equipment**).

Determining the incremental borrowing rate

If the interest rate for the lease cannot be reliably determined, the incremental borrowing rate is applied in measuring the lease liability. In the Group, the incremental borrowing rate is determined on the basis of the risk-free interest rate of the respective Group company over a similar term and in the same currency. This interest rate is adjusted using a risk surcharge specific to the Group. The Group applies the repayment model to determine the current portion of the lease. The current portion of the lease corresponds to the repayment share of the next 12 months.

Determining the lease term

Where renewal or termination options are available, their exercise is assessed on a case-by-case basis, considering factors such as location strategies, leasehold improvements and the degree of specificity.

Significant discretionary decisions and sources of estimation uncertainty

Leasing

Identification of a lease

Discretionary decisions can arise during the identification of leases in answering the question of whether a lessor's right of substitution is substantive. The Group classifies rights of substitution as not substantive if the facts and circumstances of the case do not support a different assessment.

Measurement of lease and non-lease components

In the case of leases for land, land rights and buildings, separating the lease into lease and non-lease components is subject to discretion and estimation uncertainty if observable prices are not available from the contract partner or other potential lessors.

Determining the lease term

When determining the lease term, existing renewal and termination options must be evaluated to determine the probability that such options will be exercised. The assessment of the probability of exercise may be discretionary even though it relies on existing and material information on the general economic context, such as location strategies, leasehold improvements or the degree of specificity. If the available information does not allow a reliable assessment, the Group uses historical experience for comparable situations.

The largest ten leases accounted for around 50% of total lease liabilities in fiscal 2025, as in 2024. They mainly relate to right-of-use assets for office, warehouse and laboratory buildings. If options to renew these leases were exercised in the future, which is not yet considered likely, this would result in additional potential undiscounted cash outflows of up to € 165 million (2024: € 183 million).

Where individual contracts include termination options, it was considered unlikely that these would be exercised, meaning that additional lease payments were already included in the corresponding lease liability.

Determining the incremental borrowing rate

Determining the risk-free interest rate and determining the risk surcharge are both discretionary.

Initial measurement of the lease liability and the right-of-use asset

In measuring the lease liability, there is discretionary scope and significant estimation uncertainty regarding assessing the probability that existing purchase, termination and renewal options will be exercised.

In measuring right-of-use assets under leases, the Group is subject to estimation uncertainty regarding any restoration obligations and their resulting payments.

The reconciliation of net carrying amounts of right-of-use assets from leases was as follows:

	Right-of-use assets			
€ million	Land, land rights and buildings	Plant and machinery	Other facilities, operating and office equipment	Total
Net carrying amounts as of Jan. 1, 2024	**427**	**10**	**64**	**500**
Changes in the scope of consolidation	3	–	–	3
Additions	314	1	40	356
Disposals	-21	–	-2	-23
Depreciation	-126	-2	-37	-165
Currency translation diferrence	14	–	-1	13
Other	4	1	-2	3
Net carrying amounts as of Dec. 31, 2024	**614**	**9**	**62**	**686**
Net carrying amounts as of Jan. 1, 2025	**614**	**9**	**62**	**686**
Changes in the scope of consolidation	6	–	–	6
Additions	69	1	45	115
Disposals	-34	–	-3	-37
Depreciation	-107	-2	-39	-148
Impairment losses	-2	–	–	-2
Currency translation difference	-51	-1	-3	-54
Other	-3	1	1	-2
Net carrying amounts as of Dec. 31, 2025	**492**	**8**	**63**	**563**

The net carrying amounts of other facilities, operating and office equipment mainly included right-of-use assets for vehicles.

In fiscal 2025, the additions to land, land rights and buildings primarily related to newly agreed right-of-use assets for office buildings, warehouses and laboratories as well as agreed lease renewals. In the previous year, the largest individual addition related to a rental agreement for a laboratory building in the United States in the Life Science business sector. The building serves to expand the Group’s capacities for biosafety testing and analytical development services.

The expenses and income as well as the payments under the leases in accordance with IFRS 16 were reported in the Consolidated Income Statement and the Consolidated Cash Flow Statement as follows:

€ million	**2025**	2024
Right-of-use assets		
Depreciation	-148	-165
Impairment losses	-2	–
Reversals of impairment losses	–	–
Expenses for leasing low-value assets	-7	-8
Expenses for leases with variable lease payments	–	–
Income from subleasing right-of-use assets	6	–
Income from sale-and-lease-back transactions	–	–
Interest expenses for lease liabilities	-28	-25
Total	**-180**	**-198**

€ million	**2025**	2024
Operating Cash Flow	-34	-24
Financing Cash Flow	-153	-139
Total	**-187**	**-163**

At the reporting date, the future lease payments were distributed over the following periods:

December 31, 2025

€ million	Within 1 year	1-5 years	After more than 5 years	**Total**
Future lease payments	131	313	434	878
Interest portion of future payments	-20	-62	-160	-242
Present value of future lease payments	**111**	**251**	**274**	**636**

December 31, 2024

€ million	Within 1 year	1-5 years	After more than 5 years	Total
Future lease payments	147	337	433	917
Interest portion of future payments	-21	-64	-82	-167
Present value of future lease payments	**126**	**274**	**351**	**750**

(22) Other non-financial assets

Accounting and measurement policies

Other non-financial assets

Other non-financial assets are carried at amortized cost. Impairments are recognized for any credit risks.

Other non-financial assets are broken down as follows:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	Current	Non-current	**Total**	Current	Non-current	Total
Receivables from non-income related taxes	364	3	367	307	2	309
Prepaid expenses	182	26	208	169	42	212
Assets from defined benefit plans	46	–	46	35	–	35
Remaining other assets	124	84	209	109	90	199
Other non-financial assets	**716**	**114**	**830**	**621**	**134**	**755**

The increase in receivables from non-income related taxes was mainly attributable to a mid-double-digit million euro amount due to changes in jurisdiction in Latin America.

(23) Cash flow from investing activities

Accounting and measurement policies

Cash flow from investing activities

Treatment of payments for investments from government grants

The Group reports payments from investments in connection with government grants in cash flow from investing activities.

Payments for investments in intangible assets included a payment of € 78 million resulting from the exercise of the option to acquire the global commercial rights for pimicotinib (see Note (7) **Licensing agreements**). In the previous year, payments for investments in intangible assets included payments of € 167 million in connection with the in-licensing agreement with Jiangsu Hengrui Pharmaceuticals Co. Ltd., China, and an upfront payment of € 45 million in connection with the in-licensing agreement with Abbisko Therapeutics Co. Ltd., China (see Note (7) **Licensing agreements**), both of which were concluded in fiscal 2023 and paid in fiscal 2024.

Payments from the disposal of intangible assets primarily resulted from the sale of a right to accelerated review by the U.S. Food and Drug Administration.

Payments for acquisitions less acquired cash and cash equivalents were predominantly attributable to the acquisition of SpringWorks Therapeutics, Inc., United States (see Note (6) **Acquisitions and divestments**).

Net cash outflows for investments in other assets mainly resulted from the short-term investment of available funds in structured products based on marketable greenhouse gas emission certificates and in securities. In the previous year, additional short-term investments in term deposits that did not meet the requirements for classification as cash and cash equivalents were also included.

Net cash inflows from the disposal of other assets primarily resulted from repayments of short-term investments in structured products based on marketable greenhouse gas emission certificates and from the sale of non-consolidated investments. In the previous year, net cash inflows from the disposal of other assets also included significant payments received from short-term investments in securities and term deposits.

Net cash inflow from divestments resulted primarily from the sale of the Surface Solutions business unit (see Note (6) **Acquisitions and divestments**).

(24) Inventories

Accounting and measurement policies

Inventories

In addition to directly attributable unit costs, the cost of sales also includes overheads attributable to the production process, which are determined on the basis of normal capacity utilization of the production facilities. Goods for resale are recognized at cost. The first-in, first-out (FIFO) method is used to determine the amortized cost of finished and unfinished products, raw materials and merchandise. The weighted average cost formula is applied for supplies.

Inventories are tested for impairment using a business sector-specific method. Under this method, cost is compared to the net realizable values. If the net realizable value is lower than the amortized cost, the asset is written down by a corresponding amount, which is recognized as an expense in the cost of sales.

Impairment may be due to factors relating to the sales market, qualitative reasons or a lack of usability of the items. If the reason for impairment no longer applies, the carrying amount is adjusted to the lower of cost or the current net realizable value.

Since inventories are, for the most part, not manufactured within the scope of long-term production processes, borrowing costs are not included.

Inventory prepayments are reported under other non-financial assets.

Significant discretionary decisions and sources of estimation uncertainty

Identification of impairments or reversal of impairments

Discretionary decisions are required in the identification of impairment as well as in identifying the need to reverse impairment of inventories. There are estimation uncertainties with respect to the calculation of the net realizable value. In particular, expected selling prices and expected costs of completion are considered in calculating this value.

Inventories consisted of the following:

€ million	**Dec. 31, 2025**	Dec. 31, 2024
Raw materials and supplies	1,003	1,025
Work in progress	1,594	1,463
Finished goods/goods for resale	1,965	1,996
Inventories	**4,562**	**4,484**

The increase in inventories in fiscal 2025 was mainly driven by the Life Science and Healthcare business sectors. In the Life Science business sector, the increase was primarily attributable to ensuring supply capability and the decline in sales generated from order backlogs. In the Healthcare business sector, the acquisition of SpringWorks Therapeutics, Inc., United States, had an inventory-increasing effect on inventory levels.

Inventories recognized as expenses amounted to € 6,635 million in the reporting period.

Impairment losses included in the cost of sales are shown in Note (10) **Cost of sales**.

(25) Trade and other receivables

Accounting and measurement policies

Trade and other receivables

Trade accounts receivable without significant financing components that are not the subject of a factoring agreement are measured at the amount of the unconditional claim for consideration on initial recognition.

At initial recognition, other receivables are measured at fair value plus the direct transaction costs incurred upon acquisition of the asset.

Trade accounts receivable that are potentially designated to be sold on account of a factoring agreement are measured at fair value through other comprehensive income.

The measurement policies applied in determining loss allowances for trade and other receivables are shown in Note (42) **Management of financial risks**, in the **Credit risks** section.

Loss allowances and reversals of loss allowances are reported under "Impairment losses and reversals of impairment losses on financial assets (net)" in the Consolidated Income Statement if the asset is used in ordinary activities and hence has an operative nature. If the asset is not used in ordinary activities, it is recognized in financial income or financial expenses.

Further information on the accounting and measurement policies governing financial assets can be found in Note (36) **Other financial assets**.

Significant discretionary decisions and sources of estimation uncertainty

Trade and other receivables

Information on the significant discretion and estimation uncertainty concerning trade and other receivables can be found in Note (42) **Management of financial risks**.

Trade and other receivables were measured as follows:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	Subsequently measured at amortized cost	Subsequently measured at fair value through other comprehensive income	**Total**	Subsequently measured at amortized cost	Subsequently measured at fair value through other comprehensive income	Total
Gross trade accounts receivable	3,827	28	3,855	3,902	25	3,926
Gross other receivables	200	–	200	152	–	152
Gross trade and other receivables	**4,027**	**28**	**4,055**	**4,053**	**25**	**4,078**
Loss allowances on trade accounts receivable	-73	–	-73	-101	–	-101
Loss allowances on other receivables	-3	–	-3	-3	–	-3
Net trade and other receivables	**3,951**	**28**	**3,979**	**3,949**	**24**	**3,974**
thereof: current	3,919	28	3,947	3,922	24	3,947
thereof: non-current	32	–	32	27	–	27

In fiscal 2025, trade accounts receivable in Italy with a nominal value of € 48 million (2024: € 44 million) were sold for € 48 million (2024: € 44 million). These receivables did not involve any further rights of recourse against the Group.

(26) Contract assets

Accounting and measurement policies

Contract assets

Contract assets represent contractual claims to receive payment from customers for whom the contractual performance obligation has already been fulfilled, although an unconditional claim to payment has yet to arise.

The following table shows the change in contract assets:

€ million	2025	2024
Jan. 1	**132**	**104**
Additions due to business combinations	**–**	**1**
Other additions	319	398
thereof: attributable to performance obligations satisfied in prior periods	–	–
Disposals due to divestments/Reclassification to assets held for sale	–	–
Reclassification to trade accounts receivable and other disposals	-340	-373
Currency translation	-8	2
Other	–	–
Dec. 31	**103**	**132**

Contract assets resulted in particular from rendering services and manufacturing of products in the Life Science and Electronics business sectors.

(27) Other provisions

Other provisions developed as follows:

€ million	Litigation	Restructuring	Environmental protection	Acceptance and follow-on obligations	Interest and penalties related to income tax	Other	**Total**
Jan. 1, 2025	**65**	**147**	**158**	**162**	**94**	**136**	**761**
Additions	46	135	21	51	64	73	391
Utilizations	-30	-90	-8	-51	-3	-22	-203
Release	-16	-24	-30	-79	-9	-28	-186
Interest effect	–	–	-7	–	–	–	-6
Currency translation	-2	-3	–	-1	-3	-6	-15
Changes in scope of consolidation/Other	–	-2	-1	–	–	1	-2
Reclassification to liabilities directly related to assets held for sale	–	–	–	–	–	-1	-1
Dec. 31, 2025	**63**	**163**	**133**	**83**	**144**	**154**	**740**
thereof: current	54	88	27	65	144	103	481
thereof: non-current	9	76	106	17	–	51	259

Accounting and measurement policies

Provisions for litigation

To assess a recognition obligation in relation to provisions for litigation and to quantify future outflows of resources, the Group draws on the knowledge of the legal department as well as outside counsel.

Assessing the need for recognizing provisions for litigation is based on the likelihood of possible outcomes for proceedings. In particular, the factors influencing this likelihood are:

- The validity of the arguments brought forward by the opposing party, and
- The legal situation and current court rulings in comparable proceedings in the jurisdiction in question.

The following factors are also relevant in measuring provisions for litigation:

- The duration of proceedings in pending legal disputes and the associated legal costs
- The usual damages and fines for comparable legal disputes, and
- The discount factor to be used

Provisions for restructuring

The Group uses formal restructuring plans and the expectations of the affected employees concerning the performance of the restructuring measures to assess the recognition obligation for provisions for restructuring projects and the amount of the expected outflow of resources.

Provisions for environmental protection

To assess a recognition obligation in relation to provisions for environmental protection and to quantify future outflows of resources, the Group draws on appraisals by independent external experts and the knowledge of in-house specialists.

The following are key parameters in calculating the present value of the future settlement amount of provisions for environmental protection:

- The future settlement date
- The extent of environmental damage
- The applicable remediation methods
- The associated future costs, and
- The discount factor

Provisions for acceptance and follow-on obligations

The assessment of the recognition obligation for provisions for acceptance and follow-on obligations and the quantification of future outflows of resources is based on internal project plans as well as on the assessment of the respective matters by in-house and external specialists.

The main parameters in determining the amount of the provision are:

- The ability to use or potential for modification of secured manufacturing capacities at third-party providers, particularly for pharmaceutical compounds
- The number of affected patients and the expected duration of their continued treatment in clinical development programs
- The expected date or period of the outflow of resources, and
- The expectations concerning future events influencing the obligations

Provisions for interest and penalties related to income taxes

Objective assessments are performed to determine the need to recognize provisions for interest and penalties related to income taxes not covered by IAS 12. Provisions for interest and penalties related to income taxes are generally classified as current provisions because the responsible authority can be expected to issue an assessment notice at any time.

Significant discretion and sources of estimation uncertainty

Provisions for litigation

Like the measurement of provisions, the assessment of a recognition obligation for provisions for litigation is, to a particular extent, subject to a degree of estimation uncertainty. The uncertainties relate, in particular, to the assessment of the likelihood and the amount of the outflow of resources.

Provisions for restructuring

Estimation uncertainty about the provisions for restructuring primarily relate to determining the amount of the expected outflow of resources. This is largely influenced by the assumptions made concerning the change in or termination of the employment relationships of the affected employees and the planned implementation date of the restructuring plan.

Provisions for environmental protection

The assessment of a recognition obligation and the measurement of the provisions for environmental protection are subject to discretionary decisions and estimation uncertainties to a particular degree.

The estimation uncertainties relate in particular to the assessment of the timing and likelihood of a future outflow of resources and to the assessment of the extent of necessary remediation measures and the related calculation of the amount of the liability.

Provisions for acceptance and follow-on obligations

Estimation uncertainty regarding the provisions for acceptance and follow-on obligations primarily relates to determining the amount of the expected outflow of resources.

Provisions for interest and penalties related to income taxes

Estimation uncertainty concerning the provisions for interest and penalties related to income taxes mainly relates to the interpretation of tax codes and the effects of amended case law.

Litigation

The largest individual item within the provisions for litigation was a low-double-digit million euro amount for the provision for expected legal costs in connection with the legal dispute with Merck & Co., Inc., Rahway, NJ, United States (outside the United States and Canada: MSD) in the United States. Further information can be found in Note (28) **Contingent liabilities**.

Restructuring

The restructuring provisions recognized as of December 31, 2025, primarily relate to obligations for workforce reduction measures in connection with communicated restructuring plans.

These provisions included programs to improve efficiency and increase customer focus in the three business sectors as well as a program to continuously improve processes and align the Group functions more closely with business needs. Additions totaling a high double-digit million euro amount were attributable to the Healthcare business sector. Utilizations amounting to a low double-digit million euro amount related to the program that was launched in fiscal 2023 to continuously improve processes and align the Group functions more closely with the businesses. In addition, utilizations were attributable to efficiency improvement programs in all the three business sectors.

The majority of these provisions are expected to be utilized within the next two fiscal years. A smaller portion is expected to be utilized within three to five years.

Environmental protection

Provisions for environmental protection resulted in particular from obligations for soil remediation and groundwater protection in connection with the crop protection business in Germany and Latin America that was discontinued in 1987.

Most of the provisions are expected to be utilized after more than one year.

Acceptance and follow-on obligations

Provisions for acceptance and follow-on obligations amounting to € 80 million related to expenses in connection with discontinued development projects in the Healthcare business sector as well as obligation surpluses from onerous contracts.

Release of provision in fiscal 2025 resulted largely from discontinued development projects in Healthcare business sector. Included were among others the release of the provision for acceptance and follow-on obligations in connection with the termination of the xevinapant program as well as the evobrutinib program amounting to a mid-double-digit million euro amount. The remaining costs relating to the termination of the xevinapant program decreased due to adjustments in the duration and scope of the follow-on obligations. The remaining provisions are largely expected to be utilized over the next two fiscal years.

Interest and penalties related to income taxes

Provisions for interest and penalties related to income taxes mainly included penalties arising from tax audits as well as interest payables associated with or resulting from tax payables.

Miscellaneous other provisions

Miscellaneous other provisions included provisions for asset retirement obligations, other tax risks not constituting income tax in accordance with IAS 12, risks in connection with employee participation programs and warranty obligations.

(28) Contingent liabilities

Accounting and measurement policies

Contingent liabilities

To identify contingent liabilities from litigation and tax matters, the Group draws on the knowledge of the legal department and the tax department as well as the opinions of external consultants and attorneys.

The key factors in the identification of contingent liabilities are as follows:

- The validity of the arguments brought forward by the opposing party or the tax authority and
- The legal situation and current court rulings in comparable proceedings in the jurisdiction in question

The amount of the contingent liabilities is based on the best possible estimate which, in turn, is based on the likelihood of possible outcomes of proceedings.

Significant discretionary decisions and sources of estimation uncertainty

Contingent liabilities

The identification and the measurement of contingent liabilities are both subject to considerable uncertainty.

This applies with regard to assessing the likelihood of an outflow of resources as well as determining its amount.

Contingent liabilities in the amount of € 219 million (December 31, 2024: € 224 million) related almost exclusively to litigation and tax matters.

The contingent liabilities from tax matters primarily related to the determination of earnings under tax law, customs regulations and excise tax matters. Contingent liabilities from litigation mainly related to obligations under labor law and tort law.

We are involved in various legal disputes with Merck & Co., Inc., Rahway, NJ, United States, and its affiliated companies (outside the United States and Canada: MSD), among other things due to breach of the coexistence agreement entered into between the two companies and/or trademark/name right infringement regarding the use of the designation “Merck”. In 2016, MSD filed a lawsuit in the United States against the Group for breach of contract, trademark infringement, trademark dilution, misleading advertising, so-called cybersquatting, and unfair competition.

MSD is demanding compensation from the Group on the basis of a decline in MSD’s sales within the fertility products business, as well as the disgorgement of the profits generated by the business sectors in the US over a period of approximately two years. The Group considers the allegations to be unjustified.

The Group has also filed lawsuits in connection with corresponding infringements by MSD in various other countries. The Group expects to be able to resolve the legal disputes with MSD by mutual agreement and without incurring any further financial obligations – except costs for legal defense.

(29) Other non-financial liabilities

Accounting and measurement policies

Other non-financial liabilities

Accruals for personnel expenses reported in other non-financial liabilities include, in particular, liabilities resulting from variable and performance-related compensation components and social security contributions, as well as vacation entitlements.

Contract liabilities include payments from customers received by the Group prior to completion of contractual performance.

Other non-financial liabilities comprise the following:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Accruals for personnel expenses	1,080	–	1,080	1,049	–	1,049
Payroll-related liabilities	132	–	132	141	–	141
Liabilities from non-income related taxes	132	1	133	139	1	140
Contract liabilities	216	2	217	203	3	207
Other accruals	30	6	36	29	8	37
Other non-financial liabilities	**1,588**	**9**	**1,598**	**1,562**	**12**	**1,574**

The tranches of the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, included in the accruals for personnel expenses are payable in the months following the reporting date. Further information on the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, can be found in the **Share-based payments** section of Note (33) **Provisions for employee benefits**. In addition, obligations to the employees of SpringWorks Therapeutics Inc., United States, were recognized in the accruals for personnel expenses (see Note (6) **Acquisitions and divestments**.

The following table shows the development of contract liabilities in the reporting period:

	2025			2024		
€ million	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Jan. 1	**203**	**3**	**207**	**249**	**3**	**252**
Additions due to business combinations	–	–	–	10	1	11
Other additions	1,015	-1	1,015	1,282	–	1,282
Disposals due to divestments/Reclassification to assets held for sale	1	–	1	-3	–	-3
Recognition of income/reversal	-988	-1	-989	-1,338	–	-1,339
Cumulative catch-up adjustments to revenue	–	–	–	–	–	–
Reclassification non-current/current	–	–	–	–	–	–
Currency translation	-16	–	-16	4	–	4
Other	–	–	–	–	–	–
Dec. 31	**216**	**2**	**217**	**203**	**3**	**207**

As of January 1, 2025, contract liabilities amounted to € 207 million (January 1, 2024: € 252 million), of which a total of € 185 million (2024: € 224 million) was recognized through profit or loss in fiscal 2025.

(30) Trade and other current payables

Accounting and measurement policies

Trade and other current payables

Trade and other payables are subsequently measured at amortized cost.

Trade and other payables as of December 31, 2025, included accrued amounts of € 688 million (December 31, 2024: € 773 million) from outstanding invoices.

Employees

(31) Number of employees

The number of employees was 62,461 as of December 31, 2025 (December 31, 2024: 62,557 employees). The following table shows the average number of employees broken down by function:

	2025	2024
Production	23,386	23,471
Marketing and sales	13,679	13,786
Administration	11,868	11,837
Research and development	6,484	6,426
Procurement and logistics	4,893	4,916
Other	2,325	1,893
Average number of employees	**62,636**	**62,329**

(32) Personnel expenses

Personnel expenses comprised the following:

€ million	**2025**	2024
Wages and salaries	5,781	5,403
Compulsory social security contributions and other costs	891	917
Pension expenses	294	375
Personnel expenses	**6,965**	**6,695**

Personnel expenses comprised expenses of € 131 million (2024: € 205 million) for defined contribution plans, which are funded exclusively using external funds and therefore do not represent any obligation for the Group other than making contribution payments. In the previous year, expenses for defined-contribution pension plans also included expenses of € 61 million for health and long-term care insurance in the USA, which were reported under wages and salaries in the fiscal year. In addition, employer contributions amounting to € 100 million (2024: € 98 million) were transferred to the German statutory pension insurance system, and contributions amounting to € 127 million (2024: € 121 million) were transferred to statutory pension insurance systems abroad.

(33) Provisions for employee benefits

Provisions for employee benefits are composed as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Provisions for pensions and other post-employment benefits	1,287	1,722
Non-current other employee benefit provisions	266	233
Non-current provisions for employee benefits	**1,553**	**1,956**
Current provisions for employee benefits	**63**	**66**
Provisions for employee benefits	**1,616**	**2,021**

Provisions for other employee benefits included provisions for share-based payments, which are discussed in greater detail in the section on **Share-based payments** in this note.

Provisions for pensions and other post-employment benefits

Accounting and measurement policies

Provisions for pensions and other post-employment benefits

In addition to retirement benefit obligations, provisions for pensions and other post-employment benefits include obligations for other post-employment benefits, such as medical care.

The present value of the defined benefit obligation for all material pension plans is determined by expert third parties using the actuarial projected unit credit method.

The discount rates for defined benefit pension plans are generally determined by reference to discount rates for similar durations and currencies calculated by external actuaries. This is based on bonds with ratings of at least “AA” or a comparable rating from at least one of the leading rating agencies as of the balance sheet date.

The other actuarial assumptions used as the basis for calculating the defined benefit obligation, such as rates of salary increases and pension trends, were determined on a country-by-country basis in line with the economic conditions prevailing in each country. The latest country-specific mortality tables are also applied (Germany: Heubeck 2018G; Switzerland: BVG 2020G; United Kingdom: S3PA).

Apart from the net balance of interest expense for the defined benefit obligations and interest income from the plan assets, which is reported in financial income and financial expenses, the expenses for defined benefit plans are allocated to the individual functional areas in the Consolidated Income Statement.

The calculation of the defined benefit obligations was based on the following actuarial parameters and durations:

	Germany		Switzerland		United Kingdom		Other countries	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Discount rate	4.32%	3.50%	1.27%	0.90%	5.58%	5.53%	4.80%	4.26%
Future salary increases	2.99%	2.99%	2.00%	2.00%	–	–	3.95%	3.88%
Future pension increases	1.98%	2.14%	–	–	2.77%	2.98%	2.15%	1.81%
Duration	16	18	15	16	11	12	11	12

The higher interest rate levels in the euro area, Switzerland, and the United Kingdom resulted in a reduction in the present value of the defined benefit obligations as well as in the duration of the obligations.

These were average values weighted by the present value of the respective defined benefit obligation.

Significant discretionary decisions and sources of estimation uncertainty

Provisions for pensions and other post-employment benefits

The determination of the present value of the obligation from defined benefit pension plans primarily requires discretionary judgment regarding the determination of the discount rate, the selection of suitable mortality tables, and estimates of future salary and pension increases.

The following overview shows how the present value of all defined benefit obligations would have been impacted by changes to relevant actuarial assumptions:

December 31, 2025

€ million	Germany	Switzerland	United Kingdom	Other countries	**Total**
Increase (+)/decrease (–) in present value of all defined benefit obligations if					
the discount rate were 50 basis points lower	218	90	18	12	**339**
the discount rate were 50 basis points higher	-192	-79	-17	-11	-299
the expected rate of future salary increase were 50 basis points lower	-44	-16	–	-7	-66
the expected rate of future salary increase were 50 basis points higher	49	16	–	7	73
the expected rate of future pension increase were 50 basis points lower	-108	–	-7	-4	-119
the expected rate of future pension increase were 50 basis points higher	117	46	8	4	175
the life expectancy were 1 year lower	-84	-28	-9		
the life expectancy were 1 year higher	82	27	9		

December 31, 2024

€ million	Germany	Switzerland	United Kingdom	Other countries	**Total**
Increase (+)/decrease (–) in present value of all defined benefit obligations if					
the discount rate were 50 basis points lower	272	93	21	15	**401**
the discount rate were 50 basis points higher	-237	-82	-19	-13	-352
the expected rate of future salary increase were 50 basis points lower	-58	-16	–	-8	-82
the expected rate of future salary increase were 50 basis points higher	66	17	–	9	91
the expected rate of future pension increase were 50 basis points lower	-131	–	-8	-4	-143
the expected rate of future pension increase were 50 basis points higher	143	47	9	5	204
the life expectancy were 1 year lower	-103	-29	-9		
the life expectancy were 1 year higher	102	28	9		

Sensitivities are determined on the basis of the respective parameters in question, with all other measurement assumptions remaining unchanged.

Both the benefit obligations and the plan assets are subject to fluctuations over time. The reasons for such fluctuations could include changes in market interest rates and thus the discount rate, as well as adjustments to other actuarial assumptions (such as life expectancy or expected future pension increases). This could lead to – or cause an increase in – underfunding. Depending on statutory regulations, it may become necessary in some countries to reduce underfunding by providing additional funding.

In order to minimize fluctuations of the net defined benefit liability, the Group also pays attention to potential fluctuations in liabilities in managing its plan assets. The portfolio is structured in such a way that, in the ideal scenario, the impact of exogenous factors on the plan assets and the defined benefit obligations offset each other.

Different retirement benefit systems are provided for employees depending on the legal, economic and fiscal circumstances prevailing in each country. Newly hired employees are only offered plans whose benefits are based on contributions and the returns generated from them. Some of these plans require the employer to guarantee a minimum return on investment. Other plans are generally based on the employee's years of service and salary. Pension obligations comprised both obligations from current pensions and accrued benefits for pensions payable in the future.

The defined benefit obligations were based on the following types of benefits provided by the respective plan:

Dec. 31, 2025

€ million	Germany	Switzerland	United Kingdom	Other countries	**Total**
Benefit based on final salary					
Annuity	1,905	1	321	56	2,283
Lump sum	2	–	–	124	126
Installments	–	–	–	1	1
Benefit not based on final salary					
Annuity	655	1,099	–	3	1,757
Lump sum	27	–	–	26	53
Installments	3	–	–	–	3
Other	–	–	–	3	3
Medical plan	–	–	–	14	14
Present value of defined benefit obligations	**2,590**	**1,100**	**321**	**229**	**4,240**

Dec. 31, 2024

€ million	Germany	Switzerland	United Kingdom	Other countries	Total
Benefit based on final salary					
Annuity	2,279	1	340	67	2,687
Lump sum	–	–	–	129	129
Installments	2	–	–	1	3
Benefit not based on final salary					
Annuity	630	1,100	–	5	1,735
Lump sum	19	–	4	23	46
Installments	4	–	–	–	4
Other	–	–	–	4	4
Medical plan	–	–	–	20	20
Present value of defined benefit obligations	**2,933**	**1,101**	**344**	**248**	**4,626**

The vast majority of defined benefit obligations of German entities were attributable to plans that encompass old-age, disability and surviving dependent pensions. These obligations were based on benefit rules comprising benefit commitments dependent on years of service and final salary, as well as two different direct commitments for employees newly hired since January 1, 2005, that were not based on final salary. The benefit entitlement for new members from January 1, 2005, to December 31, 2020, resulted from the cumulative total of annually determined salary-based pension components calculated on the basis of a defined benefit expense and an age-based annuity table. The benefit entitlement for new members from January 1, 2021, resulted from the performance of salary-based employer contributions and voluntary employee contributions, topped up by the employer, to an external fund. A minimum return on contributions has been guaranteed by the Group. There were no statutory minimum funding obligations in Germany.

Pension obligations in Switzerland mainly comprised retirement, disability and surviving dependent benefits regulated by law. The employer and the employees made contributions to the plans. Statutory minimum funding obligations existed.

Pension obligations in the United Kingdom resulted from pension plans with service-based, final-salary-related benefit commitments, which had been closed to new entrants for many years. The agreed benefits comprised retirement, disability and surviving dependent benefits. The employer made contributions to the plans. Statutory minimum funding obligations existed. Merck KGaA, Darmstadt, Germany, provided a guarantee to the trustee. This amounted to € 141 million as of December 31, 2025 (December 31, 2024: € 160 million). The guarantee applies in the event that the sponsoring companies for this pension plan, which are included in these Consolidated Financial Statements, are unable to reduce potential underfunding by providing additional funding; this eventuality is considered to be unlikely.

The development of the net defined benefit liability and the value recognized in the Consolidated Balance Sheet for pensions and other post-employment benefits was derived as follows:

	Present value of the defined benefit obligations		Fair value of the plan assets		Effects of asset ceilings		Net defined benefit liability	
€ million	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Jan. 1.	**-4,626**	**-4,787**	**2,973**	**2,848**	**-34**	**-4**	**-1,687**	**-1,943**
Current service cost	-119	-127	–	–	–	–	-119	-127
Interest expense	-141	-143	–	–	–	–	-141	-143
Interest income	–	–	82	79	–	–	82	79
Plan administration costs recognized in income	–	–	-4	-3	–	–	-4	-3
Past service cost	4	-1	–	–	–	–	4	-1
Gains (+) or losses (-) on settlement	–	4	–	–	–	–	–	4
Currency effects recognized in income	-16	7	16	-7	–	–	–	–
Other effects recognized in income	–	–	–	–	–	–	–	–
Items recognized in income	**-272**	**-260**	**94**	**69**	**–**	**–**	**-178**	**-191**
Remeasurements of defined benefit obligations								
Changes in demographic assumptions	-1	8	–	–	–	–	-1	8
Changes in financial assumptions	514	119	–	–	–	–	514	119
Experience adjustments	-3	24	–	–	–	–	-3	24
Remeasurements of plan assets arising from experience adjustments	–	–	61	59	–	–	61	59
Changes in the effects of the asset ceilings	–	–	–	–	-85	-30	-85	-30
Actuarial gains (+)/losses (-)	**510**	**150**	**61**	**59**	**-85**	**-30**	**486**	**179**
Pension payments	148	198	-52	-106	–	–	96	92
Employer contributions	–	–	52	64	–	–	52	64
Employee contributions	-24	-23	24	22	–	–	–	-1
Payment transactions	**124**	**175**	**24**	**-20**	**–**	**–**	**148**	**155**
Changes in the scope of consolidation	–	–	–	–	–	–	–	–
Reclassification to liabilities directly related to assets held for sale	–	114	–	-6	–	–	–	108
Currency translation recognized in equity	26	-14	-21	16	–	–	5	2
Other changes	-2	-4	-13	6	–	–	-15	2
Other	**24**	**96**	**-34**	**16**	**–**	**–**	**-10**	**112**
Dec. 31	**-4,240**	**-4,626**	**3,118**	**2,973**	**-119**	**-34**	**-1,241**	**-1,687**
thereof: provisions for pensions and other post-employment benefits							-1,287	-1,722
thereof: assets from defined benefit assets							46	35
thereof: Germany	-2,590	-2,933	1,443	1,366	–	–	-1,147	-1,567
thereof: Switzerland	-1,100	-1,101	1,211	1,122	-112	-31	-1	-10
thereof: United Kingdom	-321	-344	352	367	–	–	31	23

The actual income from plan assets amounted to € 143 million in the year under review (2024: € 138 million).

Covering the benefit obligations with financial assets represents a means of providing for future cash outflows, which are required by law in some countries (for example, Switzerland and the United Kingdom) and occur voluntarily in other countries (for example, Germany). The asset ceiling referred mostly to the pension obligations in Switzerland. However, due to the structure of the obligations, there were no options for the employer to refund contributions or reduce contributions.

The fair value of the plan assets was allocated to the following categories:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	Quoted market price in an active market	No quoted market price in an active market	**Total**	Quoted market price in an active market	No quoted market price in an active market	**Total**
Cash and cash equivalents	83	–	83	85	–	85
Equity instruments	701	–	701	660	–	660
Debt instruments	1,270	–	1,270	1,216	–	1,216
Real estate	164	271	435	157	252	409
Investment funds	36	483	519	52	440	492
Insurance contracts	–	55	55	–	53	53
Other	54	–	54	56	2	58
Fair value of the plan assets	**2,309**	**810**	**3,118**	**2,226**	**747**	**2,973**

Plan assets did not directly include financial instruments issued by Group companies or assets used by Group companies.

Employer contributions to plan assets and direct payments to plan beneficiaries for the following fiscal year are expected to amount to € 48 million (2024: € 50 million) and € 103 million (2024: € 99 million), respectively.

The expected payments of undiscounted benefits under the plans were as follows:

December 31, 2025

	Expected payments of undiscounted benefits				
€ million	Germany	Switzerland	United Kingdom	Other countries	**Total**
2026	94	26	19	18	158
2027	102	28	20	18	167
2028	105	28	20	18	172
2029	110	29	21	19	178
2030	114	31	22	21	188
2031-2035	633	172	118	107	1,031

December 31, 2024

	Expected payments of undiscounted benefits				
€ million	Germany	Switzerland	United Kingdom	Other countries	**Total**
2025	91	24	20	16	152
2026	98	25	20	21	164
2027	102	27	21	19	169
2028	106	28	22	14	169
2029	110	28	22	17	177
2030-2034	610	168	119	107	1,004

The weighted duration of defined benefit obligations amounted to 16 years (2024: 17 years).

Other employee benefit provisions

Accounting and measurement policies

Other employee benefit provisions

Other employee benefit provisions include obligations from share-based compensation programs. However, they do not contain the tranche of the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany (LTIP) that is payable in the months following the balance sheet date, as this is no longer subject to value fluctuations following the balance sheet date and hence is reported in other current non-financial liabilities. More information on these compensation programs can be found below.

Obligations in connection with long-term working-hour accounts, as well as partial retirement programs and other severance payments not recognized in connection with restructuring programs and anniversary bonuses, are also included in other employee benefit provisions.

Other employee benefit provisions developed as follows:

€ million	Non-current other employee benefit provisions	Current other employee benefit provisions	**Total**
Jan. 1, 2025	**233**	**66**	**299**
Additions	106	148	254
Utilizations	-18	-110	-128
Release	-17	-14	-31
Interest effect	–	–	–
Currency translation	-16	-5	-21
Reclassification from non-current to current/liabilities	-23	-21	-44
Changes in scope of consolidation/Other	–	–	–
Reclassification to liabilities directly related to assets held for sale	2	-1	1
Dec. 31, 2025	**266**	**63**	**329**

Share-based payments

Accounting and measurement policies

Share-based payments

Provisions are recognized for the share-based compensation program with exclusive cash settlement within the Group (“Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany”) and reported in other employee benefit provisions. The tranche to be paid out in the months following the reporting date is reclassified to other non-financial liabilities, and the payment of the tranche is reported in other non-financial liabilities accordingly.

The fair value of the obligations is calculated by an external expert using a Monte Carlo simulation as of the balance sheet date. The main parameters in the measurement of the share-based compensation programs with cash settlement are the long-term increase in value of shares of Merck KGaA, Darmstadt, Germany (60-day average) and, depending on the plan variant, the development of long-term indicators of company performance (EBITDA pre margin and organic sales growth compared to the previous year), the price movement of shares of

Merck KGaA, Darmstadt, Germany, in relation to the DAX®, and a sustainability factor.

The expected volatilities are based on the implicit volatility of shares of Merck KGaA, Darmstadt, Germany, and the DAX® in accordance with the remaining term of the respective tranche. The dividend payments incorporated into the valuation model are based on medium-term dividend expectations.

Changes to the intrinsic value of share-based compensation programs are allocated to the respective functional costs according to the causation principle. Time value changes are recognized in financial income or financial expenses.

The measures related to hedge accounting for individual tranches of share-based compensation programs with cash settlement for Group employees is explained in Note (39) **Derivative financial instruments** and Note (42) **Management of financial risks** in the **Share price risks** section.

Significant discretionary decisions and sources of estimation uncertainty

Share-based payments

The measurement of long-term share-based compensation programs implies extensive estimation uncertainty. The following overview shows the amounts by which the non-current provisions from share-based compensation programs (carrying amount as of December 31, 2025: € 41 million/carrying amount as of December 31, 2024: € 15 million) would have been impacted by changes in the DAX® or the closing price of the share of Merck KGaA, Darmstadt, Germany, on the balance sheet date. The amounts stated would have led to a corresponding reduction or increase in profit before income tax.

		Increase (+)/decrease (–) of the provision	
€ million		**Dec. 31, 2025**	Dec. 31, 2024
Variation of share price of Merck KGaA, Darmstadt, Germany	10%	4	2
	-10%	-4	-2
Change in the DAX®	10%	–	–
	-10%	–	–

Sensitivities were determined on the basis of the respective parameters, with all other measurement assumptions remaining unchanged. The 2023 tranche will not be subject to any value fluctuations between December 31, 2025, and the payout date, and was therefore excluded from the sensitivity analysis (December 31, 2024: exclusion of 2022 tranche). The amount of the provision from the Restricted Share Unit Plan (see below) is subject solely to fluctuations in the share price of Merck KGaA, Darmstadt, Germany, and has therefore been reflected only in this line.

Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, up to and including 2024

Certain employees were eligible to receive a certain number of virtual shares known as Share Units of Merck KGaA, Darmstadt, Germany (MSUs). The MSUs are subject to a three-year performance period. The grant is based on the value defined for the individual in question and on the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days prior to the start of the performance cycle (reference price).

After the three-year performance cycle ends, the final number of MSUs granted is determined based on the following criteria:

- Performance of the shares of Merck KGaA, Darmstadt, Germany, compared with the DAX® (weighting: 50%)
- Development of the EBITDA pre margin (weighting: 25%)
- Organic sales growth (weighting: 25%)

The overall target achievement for these financial indicators is capped at 150% of the originally awarded MSUs. In addition, a sustainability factor (0.8 to 1.2) is applied to the resulting number of MSUs, based on three defined sustainability objectives.

The weighting of the three sustainability criteria for the 2024 LTIP tranche is as follows:

- "Dedicated to human progress" 30%
- "Partnering for sustainable business impact" 30%
- "Reducing our ecological footprint" 40%

In total, the eligible participants are granted between 0% and 180% of the MSUs they could originally have been eligible to receive. After the end of the performance cycle, a cash settlement is made. The payout value corresponds to the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the performance cycle, multiplied by the number of MSUs granted. The payout amounts are limited to two and a half times the individual grant.

The Long-Term Incentive Plan issued to the Executive Board of Merck KGaA, Darmstadt, Germany, largely corresponds to the characteristics of the Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, up until 2024. The three-year target achievement cycle is followed by a one-year holding period. The relevant measure for determining the payout value is the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the holding period. The share-based compensation of the Executive Board of Merck KGaA, Darmstadt, Germany, along with the above-mentioned financial performance criteria and the sustainability factor, is described in detail in the **Long-Term Incentive Plan (LTIP)** section of the Compensation Report.

Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, from 2025 onwards

The Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, granted from fiscal 2025 onwards consists of the Restricted Share Unit Plan and the Performance and Restricted Share Unit Plan.

Restricted Share Unit Plan

The Restricted Share Unit Plan is solely linked to the performance of the share price of Merck KGaA, Darmstadt, Germany. Selected managers and talents are granted virtual shares (Restricted Share Units, RSUs) that are subject to a three-year performance cycle. The grant is based on the individually defined amount and on the average closing price of the share of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days prior to January 1 of the respective performance cycle (reference price). After the end of the three-year performance cycle, a cash settlement is made. The payout value corresponds to the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the performance cycle, multiplied by the number of RSUs granted. The payout amounts are limited to two and a half times the individual grant.

Performance and Restricted Share Unit Plan

The Performance and Restricted Share Unit Plan (PRSU Plan) aligns with target achievement based on key performance indicators as well as the long-term performance of shares of Merck KGaA, Darmstadt, Germany.

Eligible managers are granted a defined number of MSUs. The number of MSUs that could be received depends on the individual grant defined for the respective person and the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days prior to January 1 of the respective performance cycle (reference price). Of the MSUs granted, 75% relate to Performance Share Units (PSUs) and 25% to RSUs.

For the PSUs, once the three-year performance cycle has ended, the final number of PSUs granted is determined according to the same financial criteria used in the previous Long-Term Incentive Plan of Merck KGaA, Darmstadt, Germany, up until 2024. The sustainability factor described above is applied to the PSUs calculated on the basis of the financial metrics. The payout value corresponds to the average closing price of shares of Merck KGaA, Darmstadt, Germany, in Xetra® trading during the last 60 trading days before the end of the performance cycle, multiplied by the sum of PSUs determined at the end of the performance cycle and the RSUs granted at the start. The payout amounts are limited to two and a half times the individual grant. After the end of the performance cycle, a cash settlement is made.

The following table presents the key parameters as well as the development of the potential number of MSUs, PSUs and RSUs for the individual tranches:

	2023 tranche	2024 tranche	2025-tranche - PSU	2025-tranche - RSU
Performance cycle	Jan. 1, 2023 - Dec. 31, 2025	Jan. 1, 2024 - Dec. 31, 2026	1.1.2025 - 31.12.2027	1.1.2025 - 31.12.2027
Term	3 Years	3 Years	3 Years	3 Years
Fair value per MSU/PSU/RSU	1.04	30.22	53.54	114.97
Reference price of shares of Merck KGaA, Darmstadt, Germany, in € (60-day average share price of Merck KGaA, Darmstadt, Germany, prior to the start of the performance cycle)	173.46	149.40	148.18	148.18
Shares of Merck KGaA, Darmstadt, Germany, in € (60-day average share price of Merck KGaA, Darmstadt, Germany, on valuation date)	115.16	115.16	115.16	115.16
DAX® value (60-day average of the DAX® prior to the start of the performance cycle)	13,722.30	15,778.70	19,558.88	19,558.88
DAX® value (60-day average of the DAX® on valuation date)	23,983.81	23,983.81	23,983.81	23,983.81
Implied volatility (in %)	n.a.	27.87%	26.41%	26.41%
Risk-fee interest rate (in %)	n.a.	2.03%	2.12%	2.12%
Potential number of MSUs/PSUs/RSUs				
Potential number offered for the first time in 2023	672,367			
Forfeited	19,901			
Paid out	1,266			
Dec. 31, 2023	651,200			
Potential number offered for the first time in 2024	–	827,090		
Forfeited	25,708	18,432		
Paid out	1,011	696		
Dec. 31, 2024	624,481	807,962		
Potential number offered for the first time in 2025	–	–	150,293	743,107
Forfeited	17,828	25,134	1,755	14,614
Paid out	6,458	7,924	910	6,321
Dec. 31, 2025	**600,195**	**774,904**	**147,628**	**722,172**

The payments also included the obligations transferred in connection with the divestitures of the Surface Solutions business unit and the operations site in Martillac, France.

The total value of the obligations for share-based payments was € 80 million as of December 31, 2025 (December 31, 2024: € 72 million). Of this, € 41 million was included in provisions as of December 31, 2025 (December 31, 2024: € 15 million). Net expenses of € 63 million were incurred in fiscal 2025 (2024: net expenses of € 64 million). The three-year tranche issued in fiscal 2022 ended at the end of fiscal 2024; an amount of € 56 million was paid out in fiscal 2025. The three-year tranche issued in fiscal 2023 ended at the end of fiscal 2025 and was reclassified from current provisions for employee benefits to other current non-financial liabilities as of December 31, 2025. Based on a decision by the Executive Board, the expected payout for this tranche was increased by a mid-double-digit million euro amount, in line with the terms of the plan. The tranche is expected to result in a payout of € 39 million in fiscal 2026.

Capital Structure, Investments and Financing Activities

(34) Net equity

Accounting and measurement policies

Accounting treatment of the general partner's equity

As a corporation with general partners, Merck KGaA, Darmstadt, Germany, has two different shareholder groups who have contributed to the company: the general partner E. Merck KG, Darmstadt, Germany, as the personally liable partner, and the shareholders.

From an accounting perspective, the contributions of both shareholder groups are treated as equity, regardless of the general partner's option to terminate its capital share. This treatment is based on the provision in the Articles of Association of Merck KGaA, Darmstadt, Germany, stating that the limited liability shareholders may decide to convert the company into a stock corporation and thus limit the general partner's settlement claim to fulfillment in equity instruments.

Equity capital/capital reserves

The equity capital of the company consisted of the subscribed capital composed of shares and the equity interest held by the general partner E. Merck KG, Darmstadt, Germany (general partner's equity). As of the balance sheet date, the company's subscribed capital amounting to € 168 million was divided into 129,242,251 no-par value bearer shares plus one registered share. Each share therefore corresponded to € 1.30 of the subscribed capital. The amount resulting from the issue of shares by Merck KGaA, Darmstadt, Germany, exceeding the nominal value was recognized in the capital reserves. The equity interest held by the general partner amounted to € 397 million. As in the previous year, there were no changes in subscribed capital in fiscal 2025.

Retained earnings

Retained earnings developed as follows:

€ million	Retained earnings/net retained profit	Remeasurement of defined benefit plans	Fair value reserve for equity instruments	**Retained earnings**
Jan. 1, 2024	**20,635**	**-592**	**186**	**20,228**
Profit after tax	2,777	–	–	2,777
Gains/losses recognized in equity	–	90	30	121
Comprehensive income	**2,777**	**90**	**30**	**2,897**
Dividend payments	-284	–	–	-284
Capital increases	–	–	–	–
Profit transfer to/from E. Merck KG, Darmstadt, Germany, including changes in reserves	-755	–	–	-755
Transactions with no change of control	–	–	–	–
Change in scope of consolidation/Other	49	1	-48	2
Dec. 31, 2024	**22,420**	**-501**	**168**	**22,087**
Jan. 1, 2025	**22,420**	**-501**	**168**	**22,087**
Profit after tax	2,608	–	–	2,608
Gains/losses recognized in equity	–	429	-47	382
Comprehensive income	**2,608**	**429**	**-47**	**2,990**
Dividend payments	-284	–	–	-284
Capital increases	–	–	–	–
Profit transfer to/from E. Merck KG, Darmstadt, Germany, including changes in reserves	-754	–	–	-754
Transactions with no change of control	–	–	–	–
Change in scope of consolidation/Other	25	31	-56	–
Dec. 31, 2025	**24,015**	**-41**	**65**	**24,039**

The equity instruments in Calypso Biotech B.V., Netherlands, which were recognized in assets held for sale as of January 1, 2024, were sold for a mid-double-digit million euro amount effective January 8, 2024. The cumulative income of € 48 million recognized in other comprehensive income was reclassified to retained earnings.

Gains/losses recognized in equity

Gains/losses recognized in equity developed as follows (see also Note (39) **Derivative financial instruments**):

€ million	Cash flow hedge reserve	Cost of cash flow hedge reserve	Currency translation difference	**Gains/losses recognized in equity**
Jan. 1, 2024	**-56**	**-7**	**2,136**	**2,073**
Gains/losses recognized in equity	**-52**	**-2**	**1,429**	**1,375**
Fair value adjustment	92	–	1,444	1,536
Reclassification to profit or loss	-149	-2	-15	-166
Reclassification to assets	–	–	–	–
Tax effect	5	–	–	5
Dec. 31, 2024	**-108**	**-9**	**3,565**	**3,448**
Jan. 1, 2025	**-108**	**-9**	**3,565**	**3,448**
Gains/losses recognized in equity	**55**	**-2**	**-3,327**	**-3,273**
Fair value adjustment	320	-16	-3,089	-2,785
Reclassification to profit or loss	-243	13	-238	-468
Reclassification to assets	–	–	–	–
Tax effect	-22	2	–	-20
Dec. 31, 2025	**-52**	**-11**	**238**	**174**

Share of net profit of E. Merck KG, Darmstadt, Germany

E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, engage in reciprocal net profit transfers. This makes it possible for E. Merck KG, Darmstadt, Germany, the general partner of Merck KGaA, Darmstadt, Germany, and the shareholders to participate in the net profit/loss of Merck KGaA, Darmstadt, Germany, in accordance with the ratio of the general partner's equity interest to the subscribed capital (70.274% and 29.726% of the equity capital, respectively).

The allocation of net profit/loss is based on the net income of both E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, determined in accordance with the provisions of the German Commercial Code (HGB). These figures are adjusted for trade tax and/or corporation tax and create the basis for the allocation of net profit/loss. The adjustment for corporation tax is made to compensate for the difference in the tax treatment between the general partner and the limited liability shareholders. Corporation tax is only calculated on the income received by the limited liability shareholders. Its equivalent is the income tax applicable to the partners of E. Merck KG, Darmstadt, Germany, which must be paid by them directly. The adjustment thus ensures that the share in net profit corresponds to the respective interests held by the two shareholder groups.

The reciprocal net profit/loss transfer between E. Merck KG, Darmstadt, Germany, and Merck KGaA, Darmstadt, Germany, as stipulated by the Articles of Association was as follows:

		2025		2024	
€ million		**E. Merck KG, Darmstadt, Germany**	**Merck KGaA, Darmstadt, Germany**	E. Merck KG, Darmstadt, Germany	Merck KGaA, Darmstadt, Germany
Result of E. Merck KG, Darmstadt, Germany, before reciprocal profit transfer, adjusted for trade tax		-61		-31	
Net income of Merck KGaA, Darmstadt, Germany, before reciprocal profit transfer			1,024		993
Corporation tax			3		2
Basis for appropriation of profits	**(100%)**	**-61**	**1,027**	**-31**	**996**
Profit transfer to E. Merck KG, Darmstadt, Germany (ratio of general partner's equity to equity capital)	(70.274%)	722	-722	700	-700
Profit/loss transfer to Merck KGaA, Darmstadt, Germany (ratio of subscribed capital to equity capital)	(29.726%)	18	-18	9	-9
Corporation tax			-3		-2
Net income		**679**	**284**	**677**	**284**

The result of E. Merck KG, Darmstadt, Germany, adjusted for trade tax, on which the appropriation of its profit is based, amounted to € -61 million (2024: € -31 million). This resulted in a profit/loss transfer to Merck KGaA, Darmstadt, Germany, of € -18 million (2024: € -9 million). The net income adjusted for corporation tax of Merck KGaA, Darmstadt, Germany, on which the appropriation of its profit is based, amounted to € 1,027 million (2024: € 996 million). Merck KGaA, Darmstadt, Germany, transferred a profit of € 722 million to E. Merck KG, Darmstadt, Germany (2024:€ 700 million). In addition, an expense from corporation tax charges was reported in the amount of € 3 million (2024: expense of € 2 million).

Appropriation of profits

The profit distribution to be resolved by shareholders also defines the amount of that share of net profit/loss freely available to E. Merck KG, Darmstadt, Germany. If the shareholders resolve to carry forward or to allocate to retained earnings a portion of the net retained profit of Merck KGaA, Darmstadt, Germany, to which they are entitled, E. Merck KG, Darmstadt, Germany, shall be obliged to allocate to the profit carried forward/retained earnings of Merck KGaA, Darmstadt, Germany, a comparable sum determined according to the ratio of subscribed capital to general partner's equity. This ensures that the retained earnings and the profit carried forward by Merck KGaA, Darmstadt, Germany, correspond to the ownership ratios of the shareholders on the one hand and E. Merck KG, Darmstadt, Germany, on the other. Consequently, for distributions to E. Merck KG, Darmstadt, Germany, the available amount is the amount that results from netting the profit transfer of Merck KGaA, Darmstadt, Germany, with the amount either allocated or withdrawn by E. Merck KG, Darmstadt, Germany, from retained earnings/profit carried forward. This amount corresponds to the sum paid as a dividend to the shareholders and reflects their pro rata shareholding in the company.

Based on the profit transfer, the appropriation of profits by Merck KGaA, Darmstadt, Germany, was as follows:

	2025		2024	
€ million	**Portion E. MerckKG, Darmstadt, Germany**	**Portion limited liability shareholders**	Portion E. Merck KG, Darmstadt, Germany	Portion limited liability shareholders
Net income	679	284	677	284
Profit carried forward previous year	81	34	81	34
Withdrawal from revenue reserves	–	–	–	–
Transfer to revenue reserves	–	–	–	–
Retained earnings limited liability shareholders		**319**		**319**
Withdrawal by E. Merck KG, Darmstadt, Germany	-679		-677	
Profit carried forward E. Merck KG, Darmstadt, Germany	**81**		**81**	
Dividend proposal		-284		-284
Profit carried forward of limited liability shareholders (preliminary)		**34**		**34**

A dividend of € 2.20 per share was distributed for fiscal 2024. The dividend proposal for fiscal 2025 is unchanged at € 2.20 per share. With the proposed dividend payment to shareholders amounting to € 284 million (2024: € 284 million), the shareholders' profit carried forward after the dividend payment would amount to € 34 million (2024: € 34 million). Based on the proposed dividend payment to the shareholders, E. Merck KG, Darmstadt, Germany, would be entitled to withdraw € 679 million (2024: € 677 million), meaning that E. Merck KG, Darmstadt, Germany, would be entitled to a profit carried forward of € 81 million (2024: € 81 million).

Appropriation of profits and changes in reserves

	2025			2024		
€ million	**Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany**	**Merck KGaA, Darmstadt, Germany**	**Total**	Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany	Merck KGaA, Darmstadt, Germany	Total
Profit transfer to E. Merck KG, Darmstadt, Germany	-13	-722	-735	-46	-700	-746
Profit/loss transfer to Merck KGaA, Darmstadt, Germany		-18	-18		-9	-9
Change in profit carried forward of E. Merck KG, Darmstadt, Germany		–	–		–	–
Profit transfer to E. Merck KG, Darmstadt, Germany, including changes in reserves	**-13**	**-740**	**-754**	**-46**	**-709**	**-755**
Result of E. Merck KG, Darmstadt, Germany, before reciprocal profit transfer adjusted for trade tax		-61			-31	
Profit transfer to E. Merck KG, Darmstadt, Germany/ withdrawal by E. Merck KG, Darmstadt, Germany	**-13**	**-679**		**-46**	**-677**	

Based on the proposed appropriation of profits, the profit/loss transfer to E. Merck KG, Darmstadt, Germany, for fiscal 2025, including changes in reserves, amounted to € -754 million. This consisted of the profit transfer to E. Merck KG, Darmstadt, Germany (€ -722 million), the profit/loss transfer to Merck KGaA, Darmstadt, Germany (€ -18 million), an unchanged profit carried forward of E. Merck KG, Darmstadt, Germany, and the profit transfer from Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, to E. Merck KG, Darmstadt, Germany (€ -13 million). In the previous year, the profit/loss transfer to E. Merck KG, Darmstadt, Germany, including changes in reserves, amounted to € -755 million. This consisted of the profit transfer to E. Merck KG, Darmstadt, Germany (€ -700 million), the profit/loss transfer to Merck KGaA, Darmstadt, Germany (€ -9 million), an unchanged profit carried forward of E. Merck KG, Darmstadt, Germany, and the profit transfer from Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, to E. Merck KG, Darmstadt, Germany (€ -46 million) and was paid to E. Merck KG, Darmstadt, Germany, in fiscal 2025. Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, is a partnership under Swiss law that is controlled by Merck KGaA, Darmstadt, Germany, but distributes its operating result directly to E. Merck KG, Darmstadt, Germany. This distribution is a payment to shareholders and is therefore also presented under changes in equity.

Non-controlling interests

The calculation of non-controlling interests was based on the reported equity of the subsidiaries concerned.

The non-controlling interests in consolidated equity and profit or loss essentially related to the non-controlling interests in Versum Materials Taiwan Co. Ltd.; Merck Ltd., Bangkok, Thailand, a subsidiary of Merck KGaA, Darmstadt, Germany; and the listed company PT Merck Tbk., Jakarta, Indonesia, a subsidiary of Merck KGaA, Darmstadt, Germany.

(35) Cash and cash equivalents

Accounting and measurement policies

Cash and cash equivalents

Cash and cash equivalents also include short-term investments with a maximum maturity of up to three months that can be readily converted to a determined amount of cash. In addition to investments carried at amortized cost, cash investments also include money market funds that are measured at fair value through profit or loss. Income from cash and cash equivalents is reported in interest income.

Cash and cash equivalents comprised the following items:

€ million	Dec. 31, 2025	Dec. 31, 2024
Cash, bank balances and checks	602	756
Short-term cash investments (up to 3 months)	2,138	1,761
Cash and cash equivalents	**2,740**	**2,517**

Changes in cash and cash equivalents as defined by IAS 7 are presented in the Consolidated Cash Flow Statement.

Cash and cash equivalents included restricted cash amounting to € 412 million (December 31, 2024: € 368 million). This mainly related to cash and cash equivalents at subsidiaries that are subject to capital controls.

The maximum default risk was equivalent to the carrying amount of cash and cash equivalents.

(36) Other financial assets

Accounting and measurement policies

Other financial assets

This section does not cover the accounting and measurement policies for derivative financial instruments. They are presented in Note (39) **Derivative financial instruments**.

Recognition and initial measurement

Financial assets are initially measured at fair value and recognized as of the settlement date. For financial assets not subsequently measured at fair value through profit or loss in subsequent periods, initial measurement also includes directly attributable transaction costs. Any positive difference between the fair value of a financial instrument on initial recognition (Level 2 and 3 in the IFRS 13 fair value hierarchy) and the transaction price is recognized in income on a straight-line basis over the duration.

Detailed information on the measurement methods for financial assets measured at fair value are presented in Note (43) **Information on fair value measurement**.

Classification and subsequent measurement

On initial recognition, financial assets are assigned to one of the following measurement categories, which also correspond to the financial instrument classes as defined in IFRS 9:

- Subsequent measurement at amortized cost
- Subsequent measurement at fair value through other comprehensive income
- Subsequent measurement at fair value through profit or loss

This classification is based on the business model and the structure of contractual payment flows. Financial assets measured at amortized cost and financial assets at fair value through other comprehensive income are accounted for using the effective interest method and taking account of any impairment losses. The procedure for calculating impairment losses is described in Note (42) **Management of financial risks**.

Financial assets measured at amortized cost are held in order to collect their contractual cash flows, which are exclusively principal repayments and interest payments on the outstanding capital amount. In the case of debt instruments at fair value through other comprehensive income, the business model provides for the collection of the contractual cash flows as well as the sale of the financial assets. The cash flows for this class are also exclusively principal repayments and interest payments on the outstanding capital amount.

Except for derivative financial instruments with positive market values, the Group only applies subsequent measurement at fair value through profit or loss for debt instruments with contractual properties resulting in cash flows that do not exclusively represent principal repayments and interest payments on the outstanding capital amount. In particular, this includes contingent consideration that was contractually agreed with the acquirer in the context of the disposal of businesses within the meaning of IFRS 3 (see Note (43) **Information on fair value measurement**). The Group does not utilize the option of the subsequent measurement of debt instruments at fair value through profit or loss.

If not held for trading, equity instruments are measured at fair value through other comprehensive income. Further details on the measurement of equity instruments at fair value are presented in Note (43) **Information on fair value measurement**.

Financial assets are only reclassified in the event of changes to the business model regarding the management of financial assets.

Derecognition

Financial assets are derecognized if the claim for the compensation is fulfilled by the counterparty, if there is no longer a reasonable expectation that the counterparty will fulfill its contractual obligations, or if the Group transfers the contractual rights including all material risks and rewards of the financial asset to another counterparty.

Recognition

Measurement effects of debt instruments are reported in the Consolidated Balance Sheet, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income as follows:

Category	Asset type	Impairment losses/reversals of impairment losses	Net gain and net loss on disposal/value adjustments	Foreign currency gains or losses	Interest income or expenses
Subsequent measurement at amortized cost	Operational	Impairment losses, and reversals of impairment losses of financial assets (net)	Other operating income or other operating expenses	Other operating income or other operating expenses	Financial income and expenses (applying the effective interest method)
	Financial	Financial income and expenses	Financial income and expenses	Financial income and expenses	
Subsequent measurement at fair value through other comprehensive income	Operational	Impairment losses, and reversals of impairment losses of financial assets (net)	Group equity (upon derecognition: reclassification to other operating income or other operating expenses)	Other operating income or other operating expenses	Financial income and expenses (applying the effective interest method)
	Financial	Financial income and expenses	Group equity (upon derecognition: reclassification to financial income and expenses)	Financial income and expenses	
Subsequent measurement at fair value through profit or loss	Operational		Other operating income or other operating expenses	Other operating income or other operating expenses	Financial income and expenses
	Financial		Financial income and expenses	Financial income and expenses	

The following table provides details on the measurement effects of equity instruments on the Consolidated Balance Sheet, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income:

Category	Asset type	Value adjustments	Foreign currency gains or losses	Dividend income
Subsequent measurement at fair value through other comprehensive income	Operational	Results recognized directly in equity (value adjustments)	Foreign currency gains and losses recognized directly in equity	Other operating income
		Reclassification of the cumulative results previously recognized directly in equity in the retained earnings when asset is disposed		
	Financial	Results recognized directly in equity (value adjustments)	Foreign currency gains and losses recognized directly in equity	Financial income
		Reclassification of the cumulative results previously recognized directly in equity in the retained earnings when asset is disposed		
Subsequent measurement at fair value through profit or loss	Operational	Other operating income or other operating expenses	Other operating income or other operating expenses	Other operating income
	Financial	Financial income and expenses	Financial income and expenses	Financial income

At the reporting date, other financial assets were composed as follows:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Subsequent measurement at amortized cost	**591**	**4**	**594**	**559**	**3**	**562**
Other debt instruments	591	4	594	559	3	562
Subsequent measurement at fair value through other comprehensive income	**–**	**623**	**623**	**–**	**799**	**799**
Equity instruments	–	622	622	–	798	798
Other debt instruments	–	1	1	–	1	1
Subsequent measurement at fair value through profit and loss	**23**	**363**	**387**	**75**	**370**	**445**
Contingent consideration	–	162	162	–	151	151
Other debt instruments	6	146	153	–	162	162
Derivatives without a hedging relationship	17	54	71	75	57	132
Derivatives with a hedging relationship	**74**	**3**	**76**	**8**	**–**	**8**
Financial assets	**688**	**992**	**1,680**	**642**	**1,172**	**1,814**

As in the previous year, other debt instruments measured at amortized cost subsequent to initial recognition primarily comprised short-term investments in structured products based on marketable greenhouse gas emission certificates.

Equity instruments subsequently measured at fair value through other comprehensive income mainly comprised shares in listed and unlisted companies that invest in innovative technologies and products or that are held as part of the future-oriented M Ventures portfolio:

€ million	**Fair value as of Dec. 31, 2025**	Fair value: hierarchy level IFRS 13	Fair value as of Dec. 31, 2024	Fair value: hierarchy level IFRS 13
Artios Pharma Limited, UK	<25	Level 3	<50	Level 3
Asceneuron SA, Switzerland	<15	Level 3	<25	Level 3
Celestial AI Inc., United States[1]			<100	Level 3
DNA Script S.A.S., France	<15	Level 3	<25	Level 3
ElectronInks Inc., United States	<15	Level 3	<15	Level 3
Formo Bio GmbH, Germany	<15	Level 3	<15	Level 3
FoRx Therapeutics AG, Switzerland	<25	Level 3	<15	Level 3
IDRX, Inc., United States			<25	Level 3
InfraServ GmbH & Co. Wiesbaden KG, Germany	<15	Level 3	<25	Level 3
iOnctura B.V., Netherlands	<25	Level 3	<25	Level 3
Lightcast Discovery Ltd., UK	<15	Level 3	<25	Level 3
MemryX Inc., USA	<15	Level 3	<15	Level 3
MoonLake Immunotherapeutics Ltd., Cayman Islands[1]			145	Level 1
Mosa Meat B.V., Netherlands	<25	Level 3	<25	Level 3
Nouscom AG, Switzerland	<15	Level 3	<15	Level 3
Pictor Labs, Inc., USA	<15	Level 3	<15	Level 3
Plexium Inc., United States	<15	Level 3	<15	Level 3
Precigen, Inc., United States	74	Level 1	19	Level 1
SeeQC Inc., United States	<50	Level 3	<15	Level 3
Storm Therapeutics Limited, UK	<15	Level 3	<15	Level 3
Theolytics Ltd., UK	<15	Level 3	<15	Level 3
Vera Therapeutics, Inc., United States	83	Level 1	78	Level 1
Vizgen Inc., United States	<25	Level 3	<15	Level 3
Wiliot Ltd., Israel	<15	Level 3	<25	Level 3
Other (notation in an active market)	–	Level 1	2	Level 1
Other (no notation in an active market)	214	Level 3	221	Level 3
Total	**622**		**798**	

[1] The investments in Celestial AI Inc., USA, and MoonLake Immunotherapeutics Ltd., Cayman Islands, were reported as assets held for sale as of December 31, 2025, and no longer constitute other financial assets as of the reporting date.

Details on disposals of equity instruments measured at fair value through other comprehensive income are provided in the following table. The reclassifications to assets held for sale and their disposals are described in Note (6) **Acquisitions and divestments**.

€ million	Reasons for the disposal	Fair value on the date of derecognition	The cumulative gain (+) or loss (–) on disposal recognized in other comprehensive income	Transfer of the cumulative gains (+) or losses (–) within group equity to retained earnings
2025				
Celestial AI Inc., USA	Partial sale	21	19	19
IDRX, Inc., USA	Full acquisition by third parties	59	38	38
Other equity instruments with subsequent measurement at fair value through other comprehensive income	Portfolio adjustment/restructuring or full acquisition by third parties	23	-1	-1
2024				
Other equity instruments with subsequent measurement at fair value through other comprehensive income	Portfolio adjustment/restructuring or full acquisition by third parties	7	–	–

As in the previous year, contingent consideration primarily included claims arising from the divestment of the biosimilars business to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, Germany, in fiscal 2017.

(37) Financial debt/capital management

Accounting and measurement policies

Financial debt/capital management

Except for lease liabilities and derivatives with negative market values, financial debt is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

The accounting and measurement policies for lease liabilities and derivatives are presented in Notes (21) **Leasing** and (39) **Derivative financial instruments**.

The composition of financial debt as well as a reconciliation to net financial debt are presented in the following table:

	Dec. 31, 2025 € million	Dec. 31, 2024 € million	Maturity	Interest rate %	Nominal value million	Nominal value Currency
USD bond 2015/2025	–	1,537	March 2025	3.250	1,600	US$
Eurobond 2020/2025	–	749	July 2025	0.125	750	€
Eurobond 2022/2026	500	–	June 2026	1.875	500	€
Bonds (current)	**500**	**2,286**				
Bank loans	145	287				
Liabilities to related parties	438	549				
Loans from third parties and other financial debt	15	14				
Liabilities from derivatives (financial transactions)	17	31				
Lease liabilities (IFRS 16)	123	137				
Current financial debt	**1,238**	**3,304**				
Eurobond 2022/2026	–	499	June 2026	1.875	500	€
Eurobond 2019/2027	599	599	July 2027	0.375	600	€
Eurobond 2020/2028	749	748	July 2028	0.500	750	€
USD bond 2025/2028	637	–	Aug. 2028	4.125	750	US$
Eurobond 2022/2030	498	498	June 2030	2.375	500	€
USD bond 2025/2030	849	–	Oct. 2030	4.375	1,000	US$
Eurobond 2019/2031	798	798	July 2031	0.875	800	€
USD bond 2025/2032	845	–	Oct. 2032	4.625	1,000	US$
USD bond 2025/2035	1,055	–	Oct. 2035	5.000	1,250	US$
Hybrid bond 2024/2054	794	793	Aug. 2054[1]	3.875	800	€
Hybrid bond 2025/2055	845	–	Nov. 2055[2]	3.750	850	€
Hybrid bond 2019/2079	633	633	June 2079[3]	2.875	634	€
Hybrid bond 2020/2080	270	841	Sep. 2080[4]	1.625	271	€
Bonds (non-current)	**8,573**	**5,407**				
Bank loans	34	41				
Liabilities to related parties	1,550	880				
Loans from third parties and other financial debt	49	45				
Lease liabilities (IFRS 16)	525	625				
Non-current financial debt	**10,730**	**6,997**				
Financial debt	**11,968**	**10,301**				
less:						
Cash and cash equivalents	2,740	2,517				
Current financial assets[5]	610	629				
Net financial debt[6]	**8,619**	**7,155**				

[1] The Group has the right to prematurely repay the hybrid bond issued in August 2024 in November 2029.
[2] The Group has the right to prematurely repay the hybrid bond issued in November 2025 in February 2031.
[3] The Group has the right to prematurely repay the hybrid bond issued in June 2019 in June 2029.
[4] The Group has the right to prematurely repay the hybrid bond issued in September 2020 in September 2026.
[5] Excluding current derivatives (operational) and contingent considerations, which are recognized in the context of business combinations according to IFRS 3.
[6] Not defined by IFRS Accounting Standards.

The hybrid bonds issued by Merck KGaA, Darmstadt, Germany, are bonds for which the leading rating agencies have given equity credit treatment to half of the issuances, thus making the issuances more favorable to the Group's credit rating than traditional bond issues. The bonds are recognized in full as financial liabilities in the balance sheet. Although the Group intends to repay them at the earliest possible date, these bonds are principally reported as non-current financial debt for accounting purposes.

In connection with the acquisition of SpringWorks Therapeutics, Inc., United States, the Group issued a U.S. dollar bond with a volume of US$ 4,000 million in August 2025. A total of four fixed-interest-bearing tranches were placed.

An early partial repayment of the hybrid bond issued in fiscal 2020 with a nominal volume of € 571 million took place in November 2025, as did a new issue of a hybrid bond with a nominal volume of € 850 million that will mature in November 2055.

The early repayment of the hybrid bond issued in fiscal 2014 with a nominal volume of € 500 million and the hybrid bond issued in fiscal 2019 with a nominal volume of € 500 million took place in December 2024.

The financial debt was not secured by liens or similar forms of collateral. The loan agreements do not contain any financial covenants. The average borrowing cost on December 31, 2025, was 3.1% (December 31, 2024: 2.2%).

Liabilities to related parties primarily consist of liabilities to E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, and E. Merck KG, Darmstadt, Germany. In fiscal 2025, the Group took on non-current financial liabilities to related parties in the amount of € 780 million, which are offset against existing financial liabilities as non-cash financial liabilities.

Information on liabilities to related parties can be found in Note (45) **Related party disclosures**.

Capital management

The objective of capital management is to ensure the necessary financial flexibility in order to maintain long-term business operations and realize strategic options. Maintaining a stable investment-grade credit rating, ensuring liquidity, limiting financial risks, and optimizing the cost of capital are the objectives of our financial policy and set important framework conditions for capital management. In this context, net financial debt as well as gearing, calculated as the ratio of EBITDA pre to net financial debt, are important capital management indicators in the Group.

Traditionally, the capital market represents a major source of financing for the Group, for instance, via bond issues. As of December 31, 2025, there were liabilities with a nominal volume of € 3.15 billion from the debt issuance program under which all of the euro-denominated bonds were issued (December 31, 2024: € 3.9 billion). In addition, the Group had access to a commercial paper program to meet short-term capital requirements with a volume of € 2.5 billion (December 31, 2024: € 2.5 billion), none of which was utilized as of December 31, 2025, or as of the reporting date of the previous year.

Loan agreements represent a further significant source of financing for the Group. On the balance sheet date, the financing commitments from banks with respect to the Group were as follows:

	Dec. 31, 2025		Dec. 31, 2024			
€ million	Financing commitments from banks	Utilization	Financing commitments from banks	Utilization	Interest	Maturity of financing commitments
Syndicated loan	2,500	–	2,500	–	variable	2029
Bilateral credit agreement with banks	375	–	375	–	variable	2026-2028
Various bank credit lines	145	145	287	287	variable	2026-2027
Project financing	34	34	41	41	fix	2027
	3,054	**179**	**3,203**	**328**		

There were no indications that the availability of extended credit lines was restricted.

(38) Other financial liabilities

Accounting and measurement policies

Other financial liabilities

With the exception of liabilities from derivatives and contingent considerations recognized in the context of business combinations according to IFRS 3, other financial liabilities are initially measured at fair value and in subsequent periods at amortized cost, applying the effective interest method. The accounting and measurement policies for derivatives are presented in Note (39) **Derivative financial instruments**.

Other financial liabilities comprised the following:

	Dec. 31, 2025			Dec. 31, 2024		
€ million	Current	Non-current	**Total**	Current[1]	Non-current[1]	Total
Miscellaneous other financial liabilities	976	85	1,061	993	126	1,118
thereof: liabilities to related parties	750	–	750	743	–	743
thereof: interest accruals	74	–	74	50	–	50
Liabilities from derivatives (operational)	21	19	41	38	18	56
Other financial liabilities	**998**	**104**	**1,102**	**1,031**	**144**	**1,174**

[1] Previous-year figures have been adjusted owing to the finalization of the purchase price allocation in connection with the acquisitions of Mirus Bio LLC, USA, Unity-SC SAS, France, as well as Hub Organoids Holding B.V., Netherlands (see Note (6) **Acquisitions and divestments**).

The liabilities to related parties primarily consist of liabilities to E. Merck KG, Darmstadt, Germany.

(39) Derivative financial instruments

Accounting and measurement policies

Derivative financial instruments

The IFRS 9 provisions are applied for hedge accounting. The Group concludes hedging instruments with a cash flow hedging relationship for the following risks from the hedged items:

- Foreign exchange risks from highly probable planned transactions in non-functional currency as well as firm purchase commitments in non-functional currency
- Interest rate risks from highly probable planned external financing transactions
- Share price risks arising from the granting of share-based compensation programs

Cash flow hedge accounting for forecast transactions in non-functional currency means the hedged item is recognized at a fixed exchange rate on a net basis instead of being recognized at the spot exchange rate at the transaction date. Interest payment hedge accounting means that the amount from the hedging instrument previously recognized in the reserve for cash flow hedges is recognized as a reclassification adjustment in the same periods in which the hedged cash flows are recognized through profit or loss. The resulting interest expense is calculated using the hedge interest rate. As part of cash flow hedge accounting associated with the granting of share-based compensation programs, the amount from the hedging instrument recognized in the reserve for cash flow hedges is reclassified to the Consolidated Income Statement on a pro rata basis over the vesting period of the underlying transaction. On a net basis, a liability arises for the hedged portion, the amount of which is determined by the hedging rate.

Foreign exchange risks are hedged using options, among other instruments; only their intrinsic value is designated. Changes in the fair value of the time value component of options with a hedging relationship are recognized in other comprehensive income and in the cost of cash flow hedge reserve within equity. The subsequent accounting treatment of these amounts depends on the type of hedged transaction.

Forward contracts (forwards) are used to hedge foreign exchange risks, interest rate risks and share price risks. Where forwards are used as transaction-related hedges (foreign exchange risks), only the spot element is designated. Changes in the fair value of the forward element are recognized in other comprehensive income and in the cost of cash flow hedge reserve within equity. When forwards are used for time-period-related hedges (interest rate risks, share price risks), both the spot and forward elements are designated and reported together in other comprehensive income and in the reserve for cash flow hedges. The subsequent accounting treatment of these amounts depends on the type of hedged transaction.

The Group uses the dollar offset method as well as regression analyses to measure hedge effectiveness. Hedging ineffectiveness may occur due to structural differences in the characteristics of the hedged items and the hedging instruments, or if the hedged items are discontinued. This ineffectiveness is recognized through profit or loss in the Consolidated Income Statement.

Derivatives that do not or no longer meet the documentation or effectiveness requirements for the hedging relationship, whose hedged item no longer exists or to which the hedging relationship rules do not apply, are classified as financial assets or liabilities at fair value through profit or loss, depending on their balance.

The Group concludes hedging instruments without a hedging relationship for the following risks:

- Foreign exchange risks from intragroup financing in non-functional currency as well as receivables from and liabilities to third parties in non-functional currency
- Electricity price risks from virtual power purchase agreements

As the virtual power purchase agreements are designed as contracts for difference, they fulfill the definition of a derivative financial instrument and are measured at fair value through profit or loss in accordance with IFRS 9. Because no physical electricity is purchased, the own-use exemption that allows certain derivative financial instruments to be treated as executory contracts does not apply. Forwards are used to hedge the electricity price risks arising from the virtual power purchase agreements, which are also measured at fair value through profit or loss.

With the exception of the accounting treatment of amounts included directly from the reserve in the initial cost or in the other carrying amount of a non-financial asset or liability, derivative financial instruments are recognized in the Consolidated Balance Sheet, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income as follows:

					Changes in fair value in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income	
Hedging relationship	**Type of underlying**	**Type of hedged item**	**Market value**	**Presentation on the balance sheet**	**during the term**	**reclassification (recycling)**
Derivatives with a cash flow hedging relationship	Currency	Transactions in operating business	Positive market values	Other financial assets	Fair value adjustments (in equity)	Other operating income
			Negative market values	Other financial liabilities	Fair value adjustments (in equity)	Other operating expenses
	Interest rate	Financial transactions	Positive market values	Other financial assets	Fair value adjustments (in equity)	Financial income and expenses
			Negative market values	Financial debt	Fair value adjustments (in equity)	
	Share price	Transactions in operating business	Positive market values	Other financial assets	Fair value adjustments (in equity)	Functional costs and financial income and expenses
			Negative market values	Other financial liabilities	Fair value adjustments (in equity)	
Derivatives without a hedging relationship	Currency	Financial transactions	Positive market values	Other financial assets	Financial income and expenses	
			Negative market values	Financial debt		
	Virtual power purchase agreements	Transactions in operating business	Positive market values	Other financial assets	Other operating income	
			Negative market values	Other financial liabilities	Other operating expenses	

The nominal volumes of the Group's derivative exposures at the respective reporting dates were as follows:

	Dec. 31, 2025		Dec. 31, 2024	
€ million	Current	Non-current	Current	Non-current
Cash flow hedge	3,150	–	2,928	–
Currency	3,077	–	2,928	–
Share price	73			
No hedge accounting	6,425	–	11,090	–
Currency	6,425	–	11,090	–
Virtual power purchase agreements[1]				
	9,575	**–**	**14,018**	**–**

[1] The virtual power purchase agreements do not have fixed nominal amounts.

The change in the nominal volumes of derivatives used in currency hedging without a hedging relationship was due in particular to measures implementing the hedging strategy.

The fair values of the derivatives were as follows:

December 31, 2025

	Positive market values				Negative market values			
	Financial transactions		Transactions in operating business		Financial transactions		Transactions in operating business	
€ million	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**
Cash flow hedge	**–**	**–**	**74**	**3**	**–**	**–**	**19**	**–**
Currency	–	–	74	–	–	–	19	–
Share price			–	3			–	–
No hedge accounting	**13**	**–**	**4**	**54**	**17**	**–**	**3**	**19**
Currency	13	–	–	–	17	–	–	–
Virtual power purchase agreements			4	54			3	19
	13	**–**	**78**	**57**	**17**	**–**	**21**	**19**

December 31, 2024

	Positive market values				Negative market values			
	Financial transactions		Transactions in operating business		Financial transactions		Transactions in operating business	
€ million	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Cash flow hedge	**–**	**–**	**8**	**–**	**–**	**–**	**36**	**–**
Currency	–	–	8	–	–	–	36	–
No hedge accounting	**70**	**–**	**5**	**57**	**31**	**–**	**2**	**18**
Currency	70	–	–	–	31	–	–	–
Virtual power purchase agreements			5	57			2	18
	70	**–**	**13**	**57**	**31**	**–**	**38**	**18**

Netting of derivatives from an economic perspective was possible due to the existing framework agreements on derivatives trading that the Group had entered into with commercial banks. Actual netting only takes place in the case of insolvency of the contract partner. Derivatives were not offset on the face of the balance sheet.

The following table presents the potential netting volume of the reported derivative assets and liabilities:

December 31, 2025

				Potential netting volume		
€ million	**Gross presentation**	**Netting**	**Net presentation**	**due to master netting agreements**	**due to financial collateral**	**Potential net amount**
Derivative assets	148	–	148	23	–	125
Derivative liabilities	-58	–	-58	-23	–	-35

December 31, 2024

				Potential netting volume		
€ million	Gross presentation	Netting	Net presentation	due to master netting agreements	due to financial collateral	Potential net amount
Derivative assets	139	–	139	48	–	91
Derivative liabilities	-88	–	-88	-48	–	-40

The reserves for cash flow hedges and the cost of cash flow hedging of the Group related to the following hedging instruments (see also Note (34) **Equity**):

	Cost of cash flow hedge reserve			Cash flow hedge reserve				
€ million	Time value of options	Forward component of currency forwards	**Total**	Intrinsic value of options	Spot component of currency forwards	Interest rate forward	Equity forward	**Total**
Jan. 1, 2024	**-6**	**-1**	**-7**	**-10**	**-46**	**–**	**–**	**-56**
Fair value adjustment (directly recognized in equity)	-8	8	–	109	-17	–	–	92
Reclassification to profit or loss	–	-2	-2	-121	-28	–	–	-149
Reclassification to assets	–	–	–	–	–	–	–	–
Tax effect	–	–	–	–	4	–	–	5
Dec. 31, 2024	**-13**	**4**	**-9**	**-21**	**-86**	**–**	**–**	**-108**
Jan. 1, 2025	**-13**	**4**	**-9**	**-21**	**-86**	**–**	**–**	**-108**
Fair value adjustment (directly recognized in equity)	5	-21	-16	216	113	-12	3	320
Reclassification to profit or loss	–	13	13	-193	-50	1	–	-243
Reclassification to assets	–	–	–	–	–	–	–	–
Tax effect	-1	2	2	-6	-18	3	–	-22
Dec. 31, 2025	**-9**	**-2**	**-11**	**-4**	**-41**	**-8**	**2**	**-52**

(40) Financial income and expenses/net gains and losses from financial instruments

Financial income and expenses were as follows:

€ million	**2025**	2024
Interest income and similar income	93	164
Capital gain from disposal of debt instruments with subsequent measurement at amortized cost	–	3
Income from fair value changes from debt instruments with subsequent measurement at fair value through profit or loss	8	5
Income from fair value changes of share-based compensation programs	11	–
Currency differences from financing activities	–	28
Other interest income	–	–
Financial income	**111**	**200**
Interest expense and similar expenses	-386	-292
Expenses from fair value changes from debt instruments with subsequent measurement at fair value through profit or loss	-2	-7
Expenses from fair value changes of share-based compensation programs	-2	-11
Currency differences from financing activities	-13	–
Other interest expenses	–	–
Financial expenses	**-404**	**-309**
Financial income and expenses	**-293**	**-108**

Interest and similar income and expenses arose as follows:

	2025		2024	
€ million	Interest income	Interest expenses	Interest income	Interest expenses
Financial instruments	74	-270	120	-215
Financial assets				
Subsequent measurement at fair value at amortized cost	35	–	49	–
Subsequent measurement at fair value through other comprehensive income	–	–	1	–
Subsequent measurement at fair value through profit or loss	39	–	69	–
Financial debt				
Subsequent measurement at fair value at amortized cost	–	-270	–	-215
Leases	–	-28	–	-25
Pension provisions	–	-60	–	-63
Tax items	12	-59	28	-14
Other non-current provisions	–	-5	–	-4
Other interest income/expenses and similar income and expenses	6	-6	16	-9
Capitalized borrowing costs		42		38
thereof: for property, plant and equipment		30		26
thereof: for other intangible assets		12		13
Interest income/expenses and similar income and expenses	**93**	**-386**	**164**	**-292**

The following table shows the development of net gains and losses, currency differences, and dividend income from financial instruments (excluding items recognized in other comprehensive income) by measurement category:

				Net gains and losses			
€ million		**Currency differences**	**Dividends**	Impairment losses/reversal of impairment losses (net)	Fair value adjustments	Disposal gains/losses	**Total**
Financial assets							
Subsequent measurement at amortized cost	**2025**	7		15		–	15
	2024	1		-8		3	-5
Subsequent measurement at fair value through other comprehensive income							
Equity Instruments	**2025**		–				
	2024		–				
thereof: investments derecognized	**2025**		–				
	2024		–				
thereof: investments held	**2025**		–				
	2024		–				
Debt Instruments	**2025**	–		–		–	–
	2024	–		–		–	–
Subsequent measurement at fair value through profit or loss (without derivatives)	**2025**	-2	–		40		40
	2024	1	–		43		43
Financial debt							
Subsequent measurement at amortized cost	**2025**	-21				–	–
	2024	–				–	–
Subsequent measurement at fair value through profit or loss (without derivatives)	**2025**	–			7		7
	2024	–			1		1
Derivatives without a hedging relationship (net)	**2023**	–			-85		-85
	2022	–			133		133
Total	**2025**	**-17**	**–**	**15**	**-38**	**–**	**-23**
	2024	**2**	**1**	**-8**	**177**	**3**	**171**

(41) Cash flow from financing activities

Accounting and measurement policies

Cash flow from financing activities

The option to recognize dividend payments and profit withdrawals in the cash flow from financing activities is exercised in determining the cash flow from financing activities.

Furthermore, the net reporting option has been exercised to report cash receipts and payments for items in which the turnover is quick, the amounts large and the maturities short. This primarily relates to rolling financing by way of commercial paper and short-term bank loans reported under “Proceeds from new borrowings of other current and non-current financial debt” and “Repayment of other current and non-current financial debt”.

The change in financial debt was as follows:

2025

		Cash			Non-cash					
€ million	**Jan. 1, 2025**	Cash inflows	Repay-ments	Interest	Change in lease liabilities	Ex-change rate effects	Fair value adjust-ment	Other	Changes in scope of consoli-dation	**Dec. 31, 2025**
Financial liabilities to E. Merck KG, Darmstadt, Germany, and E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany	1,425	809	-247	–	–	–	–	–	–	1,987
Other current and non-current financial liabilities	8,876	9,052	-8,543	-40	120	-149	658	3	4	9,981
Financial debt	**10,301**	**9,861**	**-8,790**	**-40**	**120**	**-149**	**658**	**3**	**4**	**11,968**
Derivative assets	-70	606	–	–	–	–	-549	–	–	-13

2024

		Cash			Non-cash					
€ million	**Jan. 1, 2024**	Cash inflows	Repay-ments	Lease interest	Change in lease liabilities	Ex-change rate effects	Fair value adjust-ment	Other	Changes in scope of consoli-dation	**Dec. 31, 2024**
Financial liabilities to E. Merck KG, Darmstadt, Germany, and E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany	1,195	683	-453	–	–	–	–	–	–	1,425
Other current and non-current financial liabilities	8,746	2,113	-2,950	-16	383	118	457	7	17	8,876
Financial debt	**9,941**	**2,796**	**-3,404**	**-16**	**383**	**118**	**457**	**7**	**17**	**10,301**
Derivative assets	-27	661	–	–	–	–	-703	–	–	-70

The proceeds and repayments for other current and non-current financial liabilities primarily resulted from the temporary utilization and repayment of bank loans for interim financing in connection with the acquisition of SpringWorks Therapeutics, Inc., United States, as well as from the repayment and new issue of bonds. Interest payments also include interest payments for leases as well as discount payments in connection with the repayment of bonds. These were recognized in operating cash flow and served as a reconciliation item in the above table, as the underlying lease liabilities and bond liabilities were a component of financial debt. Changes in lease liabilities included additions and retirements of rights of use from leases and the effects from unwinding of the discount on lease liabilities.

Fair value changes in other current and non-current financial debt were entirely attributable to liabilities from derivatives. In the Consolidated Cash Flow Statement, cash changes of assets from derivatives of € 606 million (2024: € 661 million) were reported together with repayments of other current and non-current financial debt of € 8,543 million (2024: € 2,950 million) in the item “Repayment of other current and non-current financial debt” with a net amount of € 7,937 million (2024: € 2,290 million). Changes of assets from derivatives were reported separately in the above reconciliation, as they did not form part of financial liabilities.

The amount of unused credit lines that could be employed for future operating activities and to meet obligations and information on changes in financial debt can be found in Note (37) **Financial debt/capital management**.

(42) Management of financial risks

Market fluctuations with respect to foreign exchange, share prices and interest rates represent significant profit and cash flow risks for the Group. The Group aggregates these Group-wide risks and steers them centrally, partly by using derivative financial instruments (see also Note (39) **Derivative financial instruments**). The Group uses scenario analyses to estimate existing risks of foreign exchange and interest rate fluctuations. The Group is not subject to any material risk concentration from financial transactions.

The Group primarily uses marketable forward exchange contracts, currency options and forward interest rate contracts as hedging instruments. The strategy to hedge interest rate and foreign exchange rate fluctuations arising from forecast transactions and transactions already recognized in the balance sheet is set by a Risk Committee, which meets on a regular basis. The use of derivatives is regulated by extensive guidelines and is subject to ongoing risk controls by Group Treasury. Speculation is prohibited. The strict separation of functions between trading, settlement and control functions is ensured. Derivatives are only entered into with banks that have a good credit rating. Related default risks are continuously monitored.

The **Report on Risks and Opportunities** included in the Combined Management Report provides further information on the management of financial risks.

Foreign exchange risks

Owing to the international nature of its business, the Group is exposed to transactional foreign exchange risks within the scope of both its operating activities and its financing activities. Foreign exchange risks are continuously analyzed, and different hedging strategies are used to limit or eliminate these risks.

The entire foreign exchange exposure is divided into several defined subsets with different risk profiles and is systematically hedged using suitable hedging instruments. Hedging is performed based on a regularly reviewed basket of currencies. The maximum time horizon for hedging is 12 months.

Foreign exchange risks from the following transactions are economically hedged through the use of foreign exchange contracts:

- Intragroup financing in non-functional currency
- Receivables from and liabilities to third parties in non-functional currency

Foreign exchange risks from the following transactions are hedged using foreign exchange contracts and currency options applying hedge accounting:

- Forecast transactions in non-functional currency, the expected probability of which is very high for the next 12 months
- Firm purchase commitments over the next 12 months in non-functional currency

The following table shows the net exposure and the effects of transactional exchange rate movements of the key currencies against the euro in relation to the net income and equity of the Group on the balance sheet date:

December 31, 2025

€ million		CHF	CNY	JPY	KRW	TWD	USD
Net exposure		**-608**	**703**	**32**	**210**	**107**	**853**
Exchange rate -10% (appreciation vs. €)	Consolidated Income Statement	-61	70	3	21	11	85
	Equity (other comprehensive income)	8	-82	-18	-23	-23	-82
Exchange rate +10% (depreciation vs. €)	Consolidated Income Statement	61	-70	-3	-21	-11	-85
	Equity (other comprehensive income)	-7	63	15	19	19	69

December 31, 2024

€ million		CHF	CNY	JPY	KRW	TWD	USD
Net exposure		**-636**	**817**	**102**	**231**	**191**	**685**
Exchange rate -10% (appreciation vs. €)	Consolidated Income Statement	-64	82	10	23	19	69
	Equity (other comprehensive income)	–	-75	-8	-11	-5	-94
Exchange rate +10% (depreciation vs. €)	Consolidated Income Statement	64	-82	-10	-23	-19	-69
	Equity (other comprehensive income)	–	49	6	9	4	49

In this presentation, effects of cash flow hedges are taken into consideration in the equity of the Group. The net exposure of each of the above currencies consisted of the following components:

- Planned cash flows in the next 12 months in the respective currency, less
- The nominal values of hedging instruments of these planned cash flows.

The planned cash flows in the next 12 months are analyzed and divided into subsets in accordance with the risk management strategy. In the first subset, 25% of a regularly reviewed basket of currencies is hedged. The second subset hedges a basket of currencies selected on the basis of hedging costs and correlation with the euro. The hedging strategy achieves an economic hedge ratio of at least 40% across all hedging subsets. Depending on scenario analyses, this can be increased to up to 90% using a rule-based approach. As in the previous year, balance sheet items in the above currencies were economically hedged in full by derivatives if they did not correspond to the functional currency of the respective Group company. Accordingly, they do not affect the net exposure presented above.

The impact of cash flow hedge accounting for forecast transactions in foreign currency was as follows for the major currencies:

December 31, 2025

€ million	CHF	CNY	JPY	KRW	TWD	USD
Notional amount	74	1,081	165	203	211	1,138
thereof: current	74	1,081	165	203	211	1,138
thereof: non-current	–	–	–	–	–	–
Fair value of the hedging instrument	-2	2	15	12	15	21
thereof: positive market values	–	8	15	12	15	24
thereof: negative market values	-2	-6	–	–	–	-3
Maturity profile	January 2026 – December 2026	January 2026 – December 2026	January 2026 – December 2026	January 2026 – December 2026	January 2026 – December 2026	January 2026 – December 2026
Hedge ratio[1]	1:1	1:1	1:1	1:1	1:1	1:1
Change in value of outstanding hedging instruments since January 1, 2025	-2	2	15	12	15	21
Change in value of hedged item used to determine hedge effectiveness since January 1, 2025	2	-2	-15	-12	-15	-21
Weighted average hedging rate (in €)	0.91	8.16	166.90	1,608.47	34.67	1.15

[1] The hedging instruments and the corresponding hedged items were denominated in the same currency, therefore the hedge ratio was 1:1.

December 31, 2024

€ million	CHF	CNY	JPY	KRW	TWD	USD
Notional amount	–	1,075	91	96	42	1,610
thereof: current	–	1,075	91	96	42	1,610
thereof: non-current	–	–	–	–	–	–
Fair value of the hedging instrument	–	-8	–	4	–	-24
thereof: positive market values	–	1	1	4	–	6
thereof: negative market values	–	-9	-1	–	–	-30
Maturity profile	–	January 2025 – December 2025	January 2025 – December 2025	January 2025 – December 2025	January 2025 – December 2025	January 2025 – December 2025
Hedge ratio[1]	–	1:1	1:1	1:1	1:1	1:1
Change in value of outstanding hedging instruments since January 1, 2024	–	-8	–	4	–	-24
Change in value of hedged item used to determine hedge effectiveness since January 1, 2024	–	8	–	-4	–	24
Weighted average hedging rate (in €)	–	7.68	159.90	1,480.00	34.09	1.08

[1] The hedging instruments and the corresponding hedged items were denominated in the same currency, therefore the hedge ratio was 1:1.

In addition to the transactional foreign exchange risks described previously, currency translation risks resulted from the fact that many of the Group's subsidiaries are located outside the euro area and have functional currencies other than the reporting currency. Exchange differences resulting from translation of the assets and liabilities of these companies into euro, the reporting currency, are recognized in equity.

Interest rate risks

The Group is exposed to interest rate risks from short-term and variable-rate monetary deposits and monetary borrowings. It is assumed that monetary deposits and monetary borrowings with short-term interest rates will be reinvested or refinanced.

The Group's net exposure to interest rate changes comprised the following:

€ million	**Dec. 31, 2025**	Dec. 31, 2024
Short-term or variable interest rate monetary deposits[1]	3,327	3,074
Short-term or variable interest rate monetary borrowings	-1,221	-3,273
Net interest rate exposure	**2,106**	**-198**

[1] Previous-year figure has been adjusted. Going forward fund shares that are subject to interest rate risk will be included in net interest rate exposure as variable interest rate monetary deposits.

The development of monetary borrowing is discussed in Note (37) **Financial debt/capital management**.

The effects on the Consolidated Income Statement and Consolidated Equity of a parallel shift in the yield curve by +100 or -100 basis points relative to net interest rate exposure are presented in the following table:

€ million	**2025**		2024	
Change in market interest rate	**+ 100 basis points**	**– 100 basis points**	**+ 100 basis points**	**– 100 basis points**
Effects on Consolidated Income Statement[1]	21	-21	-2	2
Effects on Consolidated Equity (other comprehensive income)	–	–	–	–

[1] Previous-year figures have been adjusted. The net interest rate exposure is used as basis for the calculation of the sensitivity.

To hedge the interest rate risk for the period prior to the issuance of the U.S. dollar bond in August 2025, the Group concluded hedging instruments with a nominal volume of US$ 2.0 billion (€ 1.7 billion) in fiscal 2025. The hedging instruments were also closed out in fiscal 2025. The expense incurred by the hedging instrument over the hedging period was deferred in the reserve for cash flow hedges and will be reclassified to the Consolidated Income Statement over the term of the bond.

Share price risks

Share price risks arise in the Group through the granting of long-term incentive plans (LTIP), which are designed as share-based compensation systems with cash settlement. The payout amount of the tranche granted from fiscal 2025 onward depends primarily on the share price of Merck KGaA, Darmstadt, Germany (see also Note (33) **Provisions for employee benefits**). The hedging strategy aims to hedge a large portion of the component of the fluctuating share price by using hedging instruments with a cash flow hedging relationship.

The Group entered into equity forwards in the fiscal year to hedge the 2025 LTIP tranche. The LTIP tranche and the forwards are scheduled to mature in fiscal 2028. The effects of the hedge accounting were as follows:

December 31, 2025

€ million	Tranche 2025
Notional amount	73
thereof: current	–
thereof: non-current	73
Fair Value of the hedging instrument	3
thereof: positive market values	3
thereof: negative market values	–
Maturity profile	2028
Hedge ratio	1:1
Change in fair value of outstanding hedging instruments in the fiscal year	3
Change in value of hedged item used to determine hedge effectiveness in the fiscal year	-3
Hedging rate (in €)	119.06

The following table shows the effects on the Consolidated Income Statement and Consolidated Equity resulting from a share price change of +10% or -10%.

€ million	2025	
Change in share price	**+10%**	**-10%**
Change in the fair value of the hedging instruments	7	-7
Effects on Consolidated Income Statement	–	–
Effects on equity (other comprehensive income)	6	-6

Furthermore, the Group is exposed to share price risks from equity instruments held in publicly listed companies, which amounted to € 157 million as of December 31, 2025 (December 31, 2024: € 243 million). The effects on the Consolidated Income Statement and consolidated equity resulting from a share price change of +10% or -10% are presented in the following table.

€ million	2025		2024	
Change in share price	**+10%**	**-10%**	**+10%**	**-10%**
Change in the fair value of listed equity instruments	16	-16	24	-24
Effects on Consolidated Income Statement	–	–	–	–
Effects on equity (other comprehensive income)	16	-16	24	-24

Electricity price risks

As part of the implementation of its sustainability strategy, the Group has concluded so-called virtual power purchase agreements in order to cover the purchased electricity volumes in Europe and the United States with energy certificates from renewable sources. At the reporting date, agreements were in place with wind and solar farm operators in the United States and Spain. The wind and solar farms in Spain were still under construction. The fundamental structure of all of the agreements was identical, involving a fixed exercise price for the Group and the assumption of the exposure from variable spot energy prices in the respective market regions. The Group receives green electricity certificates for the volumes of electricity produced and attributed to the Group. The Group uses the certificates it receives solely for itself. The agreements have remaining terms of between 8 and 15 years as of the reporting date.

In financial terms, the most important agreement is the one concluded with a wind energy project developer in the United States, which involves an installed capacity attributable to the Group of 68 megawatts. The fair value of the agreement was € 49 million as of the end of the reporting period (2024: € 50 million). The electricity price of around 40% of the expected production volume under this virtual power purchase agreement is economically hedged by a separate hedging instrument. Consequently, the net effect of the fixed price for the virtual power purchase agreement is zero for this volume. The accounting provisions on hedge accounting were not applicable.

A change in the material valuation parameters would have had the following impact on the fair value of the agreements excluding the hedging instrument:

December 31, 2025

	Change in expected future electricity prices		Change in expected annual production volume		Change in cost of capital after tax	
	percentage		percentage		percentage points	
€ million	**+10**	**-10**	**+10**	**-10**	**+1**	**-1**
Change in the fair value of the virtual power purchase agreements	19	-18	6	-6	-3	3

December 31, 2024

	Change in expected future electricity prices		Change in expected annual production volume		Change in cost of capital after tax	
	percentage		percentage		percentage points	
€ million	+10	-10	+10	-10	+1	-1
Change in the fair value of the virtual power purchase agreements	20	-19	6	-6	-3	3

Liquidity risks

The risk that the Group cannot meet its payment obligations resulting from financial liabilities is limited by establishing the required financial flexibility and by Group-wide cash management. Information on issued bonds and other sources of financing can be found in Note (37) **Financial debt/capital management**.

Liquidity risks are monitored and reported to management on a regular basis.

The following liquidity risk analysis presents the undiscounted, contractually fixed cash flows such as repayments and interest on financial liabilities and the net cash flows of derivatives with negative fair values:

December 31, 2025

		Cash flows < 1 year		Cash flows 1–5 years		Cash flows > 5 years	
€ million	**Carrying amount**	**Interest**	**Repayment**	**Interest**	**Repayment**	**Interest**	**Repayment**
Subsequent measurement at amortized cost							
Bonds and commercial paper[1]	9,073	-252	-771	-933	-4,775	-384	-3,567
Bank loans	179	-3	-145	-2	-34	–	–
Trade accounts payable	2,110	–	-2,110	–	–	–	–
Liabilities to related parties	2,739	-53	-1,189	-167	-730	-84	-820
Other financial liabilities	302	–	-226	–	-76	–	–
Loans from third parties and other financial debt	64	-5	-15	-9	-49	–	–
Subsequent measurement at fair value through profit or loss							
Contingent considerations	9	–	–	–	-9	–	–
Derivatives without a hedging relationship	39	–	-20	–	-10	–	-9
Derivatives with a hedging relationship	**19**	**–**	**-19**	**–**	**–**	**–**	**–**
Refund liabilities	**985**	**–**	**-985**	**–**	**–**	**–**	**–**
Lease liabilities	**648**	**-20**	**-111**	**-62**	**-251**	**-160**	**-274**
	16,166	**-333**	**-5,590**	**-1,173**	**-5,934**	**-628**	**-4,670**

[1] For the hybrid bonds, repayment is assumed at the earliest possible date.

December 31, 2024

		Cash flows <1 year		Cash flows 1–5 years		Cash flows >5 years	
€ million	Carrying amount	Interest	Repayment	Interest	Repayment	Interest	Repayment
Subsequent measurement at amortized cost							
Bonds and commercial paper[1]	7,693	-123	-2,287	-311	-4,126	-26	-1,300
Bank loans	327	-9	-287	-1	-41	–	–
Trade accounts payable	2,275	–	-2,275	–	–	–	–
Liabilities to related parties	2,172	-40	-1,292	-78	-550	-21	-330
Other financial liabilities	346	–	-234	–	-112	–	–
Loans from third parties and other financial debt	59	-5	-13	-8	-45	–	–
Subsequent measurement at fair value through profit or loss							
Contingent considerations	20	–	-15	–	-5	–	–
Derivatives without a hedging relationship	52	–	-34	–	-9	–	-10
Derivatives with a hedging relationship	**36**	**–**	**-36**	**–**	**–**	**–**	**–**
Refund liabilities	**869**	**–**	**-869**	**–**	**–**	**–**	**–**
Finance lease liabilities	**761**	**-21**	**-126**	**-64**	**-274**	**-82**	**-351**
	14,610	**-198**	**-7,466**	**-462**	**-5,162**	**-129**	**-1,991**

[1] For the hybrid bonds, repayment is assumed at the earliest possible date.

Credit risks

Credit risk for the Group means the risk of a financial loss if a customer or other contract partner is not able to meet its contractual payment obligations. The Group is exposed to credit risks mainly due to existing trade accounts receivable, other receivables, other debt instruments, derivatives, and contract assets.

Credit risks are monitored on an ongoing basis. The risks arising from extending credit to customers and in the course of other business relationships are also actively managed.

The Group analyzes all trade accounts receivable that are more than 90 days past due in order to establish whether a default exists. In addition, all other financial instruments that are more than 30 days past due are examined in order to establish whether there has been a significant increase in the credit risk. Both methods are used to examine whether there is objective evidence of impairment requiring the recognition of additional loss allowances.

Accounting and measurement policies

Credit risks

Impairment of trade accounts receivable and contract assets

The Group uses the simplified impairment model for trade accounts receivable and contract assets, pursuant to which any credit losses expected to occur over the entire lifetime of an asset are taken into account. In order to measure expected credit losses, the assets are grouped based on the existing credit risk structure and the respective maturity structure.

The customer groups with comparable default risks to be considered are determined according to the specific business sector and the place of business of the respective customers.

The expected credit loss rates used in the simplified impairment model are derived on the basis of past default rates and current macroeconomic expectations. In doing so, country-specific ratings are taken into consideration, since many customers depend directly or indirectly on the economic trends in the country where their place of business is located (public and private healthcare systems, universities, and research companies from within the pharmaceutical industry, as well as industries subsidized under development plans, particularly in Asia). These country ratings are aggregated into three separate rating groups. Under the impairment model, past default rates and country ratings are used as an approximation of the defaults to be expected in the future.

When a country's rating changes, the historical default rates of the rating group to which the respective country has been reallocated have to be applied accordingly, rather than the historical default rates of the previous rating group.

If there is objective evidence that certain trade accounts receivable or contract assets are fully or partially impaired, additional loss allowances are recognized to account for expected credit losses.

To ensure the financial stability and the viable planning of operating business, a default is generally always assumed when the debtor can no longer meet its liabilities in full.

A receivable is written off in full when there is no reasonable expectation of recovering the contractual cash flows. Indicators of this include, but are not limited to, insolvency proceedings, the liquidation of the debtor or an unfavorable cost-benefit ratio for enforcement. Even assets that have already been written off may still be subject to enforcement measures for debt collection.

A debtor's creditworthiness is assumed to be impaired if there is objective evidence that the debtor is in financial difficulties, such as the disappearance of an active market for its products or impending insolvency. The nominal amounts of trade accounts receivable considered as originated credit-impaired financial assets are recognized using the risk-adjusted effective interest rate, which reflects the expected credit losses over the original lifetime.

Impairment of other receivables

The simplified impairment model is applied to the leasing receivables included in other receivables, while the three-stage model is applied to all other receivables. The individual credit rating of the contract partner is used to determine the impairment loss of other receivables. If there is considered to be a substantially increased risk of default, the expected credit loss is calculated over the entire lifetime.

Individual cases are also analyzed to ascertain whether objective evidence indicates that the value of other receivables is impaired. Such evidence may include, for example, economic difficulties of the debtor, contractual breaches or the renegotiation of contractual payment obligations.

Impairment of other financial assets

Investments in debt instruments subsequently measured either at amortized cost or at fair value through other comprehensive income are fundamentally considered to be investments with low risk, meaning that the expected credit loss in the upcoming 12 months is used to determine the impairment loss.

For financial assets with only a minimal default risk, the rules concerning the mandatory recognition of a risk provision for the lifetime expected credit loss are not applied at initial recognition or during subsequent measurement. Therefore, no assessment of whether there has been a significant increase in the credit risk is carried out for such assets. The Group does not presume an increased credit risk as of the balance sheet date if the contract partner has an investment grade rating.

If there are indications that the debtor's creditworthiness has worsened but that this is not yet reflected in its existing credit rating, the credit risk assessment is adjusted and the impairment allowances recognized for expected credit losses are increased. In all other cases, there are no new risk assessments as of the balance sheet date and the risk profile initially assumed is maintained.

Wherever a considerable increase in the default risk is assumed, the lifetime expected credit loss of the financial asset is considered.

On the balance sheet date, the theoretical maximum default risk for all items referenced above corresponds to the net carrying amounts less any compensation from credit insurance.

Significant discretionary decisions and sources of estimation uncertainty

Credit risks

Impairment of trade accounts receivable and contract assets

In terms of the impairment of trade accounts receivable and of contract assets, there is significant discretion and estimation uncertainty regarding:

- The identification of customer groups with identical default risks
- The identification of impaired creditworthiness
- The calculation of the expected credit losses

Impairment of other financial assets

Discretionary judgment is applied in determining individual impairment allowances.

The following table shows impairments for financial assets from operational transactions and contract assets as well as gains from their reversals recognized in the Consolidated Income Statement:

€ million	2025	2024
Impairment losses	**15**	**-8**
thereof: trade accounts receivable	16	-7
thereof: contract assets	–	–
thereof: of debt instruments subsequently measured at amortized cost	–	-2
thereof: debt instruments subsequently measured at fair value through other comprehensive income	–	–

The loss allowances and reversals recognized for trade accounts receivable as shown above applied entirely to receivables resulting from contracts with customers.

Credit risks from trade accounts receivable

The credit risk from trade accounts receivable is largely impacted by the specific circumstances of individual customers. The Group also considers additional factors such as the general default risk in the respective industry and country in which the customer operates.

The credit risk of customers is assessed using established credit management processes. This is done in particular by analyzing the maturity structure of trade accounts receivable.

The Group continuously reviews and monitors the open positions of all its customers in the corresponding countries and takes steps to mitigate credit risks if necessary.

The tables below contain an overview of the credit risk exposure by business sector and country rating as established by leading rating agencies:

December 31, 2025

€ million	Life Science	Healthcare	Electronics	Other	**Group**
External rating of at least A- or comparable	1,210	979	461	16	2,666
External rating of at least BBB- or comparable	170	354	3	–	527
External rating lower than BBB- or comparable	62	600	–	–	662
Trade accounts receivable before loss allowances	**1,442**	**1,933**	**464**	**16**	**3,855**

December 31, 2024

€ million	Life Science	Healthcare	Electronics	Other	Group
External rating of at least A- or comparable	1,213	1,001	554	9	2,777
External rating of at least BBB- or comparable	170	293	11	–	474
External rating lower than BBB- or comparable	65	608	–	–	673
Trade accounts receivable before loss allowances	**1,448**	**1,903**	**565**	**9**	**3,926**

Goods were generally sold under retention of title. Other guarantees were not generally demanded. The scope of credit-insured receivables was immaterial for the Group.

Loss allowances based on expected credit losses for trade accounts receivable were as follows:

December 31, 2025

€ million	Not yet due	Up to 90 days past due	Up to 180 days past due	Up to 360 days past due	More than 360 days past due	Total
Expected loss rate	0.3%	0.5%	4.3%	16.7%	58.8%	
Trade accounts receivable before loss allowances	3,318	367	52	26	93	3,855
thereof: credit impaired	4	–	1	2	52	60
Loss allowances	**-11**	**-2**	**-2**	**-4**	**-54**	**-73**
thereof credit impaired trade accounts receivable	-4	–	-1	-2	-51	-58

December 31, 2024

€ million	Not yet due	Up to 90 days past due	Up to 180 days past due	Up to 360 days past due	More than 360 days past due	Total
Expected loss rate	0.3%	0.4%	1.5%	25.7%	70.7%	
Trade accounts receivable before loss allowances	3,310	408	51	47	111	3,926
thereof: credit impaired	4	1	1	10	74	90
Loss allowances	**-9**	**-2**	**-1**	**-12**	**-78**	**-101**
thereof credit impaired trade accounts receivable	-3	–	–	-10	-72	-85

Credit risks from other receivables

Gross other receivables amounted to € 200 million as of December 31, 2025 (December 31, 2024: € 152 million). Other receivables of € 195 million were allocated to Level 1 of the three-level impairment model (December 31, 2024: € 146 million), meaning that the credit loss expected in the next 12 months was used to determine the amount of impairment when examining the individual credit risk of the respective contract partner. The impairment losses recognized for other receivables are shown in the table below.

Credit risks from other financial assets

The Group limits credit risks from other financial assets by entering into contracts almost exclusively with contract partners whose creditworthiness is good. The credit risk from financial contracts is monitored daily on the basis of market information on credit default swap rates and regularly on the basis of rating information.

Impairment losses on financial assets developed as follows:

2025

€ million	Jan. 1	Net Additions	Utilizations	Reclassification within levels	Effects of currency translation	Changes in scope of consolidation	Dec. 31
Trade and other receivables (including current leasing receivables)	-101	16	5	–	7	–	-73
thereof: Level 1/2	-16	-1	–	–	2	–	-15
thereof: Level 3	-83	19	5	–	5	–	-54
thereof: POCI[1]	-2	-2	–	–	–	–	-5
Contract Assets	–	–	–	–	–	–	–
thereof: Level 1/2	–	–	–	–	–	–	–
thereof: Level 3	–	–	–	–	–	–	–
Other Receivables (including non-current leasing receivables)	-3	–	–	–	–	–	-3
thereof: Level 1	–	–	–	–	–	–	–
thereof: Level 2	–	–	–	–	–	–	–
thereof: Level 3	-2	–	–	–	–	–	-2
Loss allowances for financial assets	**-105**	**15**	**6**	**–**	**7**	**–**	**-77**

[1] Purchased or originated credit-impaired receivables.

2024

€ million	Jan. 1	Net Additions	Utilizations	Reclassification within levels	Effects of currency translation	Changes in scope of consolidation	Dec. 31
Trade and other receivables (including current leasing receivables)	-97	-7	5	1	-3	–	-101
thereof: Level 1/2	-20	3	–	1	–	–	-16
thereof: Level 3	-74	-10	5	–	-3	–	-83
thereof: POCI[1]	-3	1	–	–	–	–	-2
Contract Assets	–	–	–	–	–	–	–
thereof: Level 1/2	–	–	–	–	–	–	–
thereof: Level 3	–	–	–	–	–	–	–
Other Receivables (including non-current leasing receivables)	-1	-2	–	–	–	–	-3
thereof: Level 1	–	–	–	–	–	–	–
thereof: Level 2	–	–	–	–	–	–	–
thereof: Level 3	–	-2	–	–	–	–	-2
Loss allowances for financial assets	**-99**	**-8**	**5**	**1**	**-3**	**–**	**-105**

[1] Purchased or originated credit-impaired receivables.

(43) Information on fair value measurement

Accounting and measurement policies

Information on fair value measurement

The measurement techniques and main input factors used to determine the fair value of financial instruments are as follows:

Fair value determined by official prices and quoted market values (Level 1)

	Financial instruments concerned	Description of the measurement technique	Main input factors used to determine fair values
Financial assets			
Subsequent measurement at fair value through other comprehensive income			
Equity instruments	Shares	Derived from active market	Quoted prices in an active market
Other debt instruments	Bonds		
	Other (short-term) cash investments		
Subsequent measurement at fair value through profit or loss			
Equity instruments	Shares	Derived from active market	Quoted prices in an active market
Other debt instruments	Publicly-traded funds		
	Other (short-term) cash investments		
Cash and Cash equivalents	Money market funds		
Financial liabilities			
Subsequent measurement at amortized cost			
Financial debt	Bonds	Derived from active market	Quoted prices in an active market

Fair value determined using input factors observable in the market (Level 2)

	Financial instruments concerned	Description of the measurement technique	Main input factors used to determine fair values
Financial assets			
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
Derivatives (with a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
Financial liabilities			
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
Derivatives (with a hedging relationship)	Forward exchange contracts and currency options	Use of recognized financial methods	Spot and forward rates observable on the market as well as exchange rate volatilities
	Forward equity contracts		Share prices available on the market
Subsequent measurement at amortized cost			
Financial liabilities	Liabilities to banks and other loan liabilities	Discounting of future cash flows	Interest rates observable on the market

Fair value determined using input factors unobservable in the market (Level 3)

	Financial instruments concerned	Description of the measurement technique	Main input factors used to determine fair values
Financial assets			
Subsequent measurement at fair value through other comprehensive income			
Equity instruments	Equity investments in unlisted companies	Discounting of expected future cash flows	Expected cash flows from recent business planning, average cost of capital, expected long-term growth rate
		Derived from observable prices within the scope of equity refinancing sufficiently close to the balance sheet date, considered risk allowances	Observable prices derived from equity refinancing
		Cost-based determination	Acquisition cost
Trade and other receivables	Trade accounts receivable that are intended for sale due to a factoring agreement	Nominal value less factoring fees	Nominal value of potentially sold trade accounts receivable, average fees for sales of trade accounts receivable
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Virtual power purchase agreements	Discounting of expected future cash flows	Electricity future price curves, expected electricity production volumes, discount factors
Contingent consideration	Contingent considerations from the sale of businesses or shares in corporations	Discounting of probability-weighted future milestone payments and license fees	Sales planning, milestone payments, probabilities of regulatory and commercial events, discount rates
Other debt instruments	Loans with variable repayments	Discounting of expected future cash flows	Expected cash flows from recent business planning, discount rates
	Interests in unlisted funds	Consideration of the fair value of companies in which the funds are invested	Net asset values of the fund interests
	Units with cancellation or redemption options	Derived from observable prices in the context of refinancing sufficiently close to the reporting date, considered risk allowances	Derived observable prices from similar refinancing transactions
	Bonds with embedded settlement option for equity in an unlisted company	Use of recognized financial methods	Interest rates observable on the market
Financial liabilities			
Subsequent measurement at fair value through profit or loss			
Derivatives (without a hedging relationship)	Virtual power purchase agreements and their hedging transaction	Discounting of expected future cash flows	Electricity future price curves, expected electricity production volumes, discount factors
		Use of recognized financial methods	
Contingent consideration	Contingent considerations from the purchase of businesses	Discounting of probability-weighted future milestone payments and license fees	Sales planning, milestone payments, probabilities of regulatory and commercial events, discount rates

Counterparty credit risk is taken into consideration for measurements of financial instruments at fair value. In the case of non-derivative financial instruments, such as other liabilities or interest-bearing securities, this is reflected using risk premiums on the discount rate, while discounts on market value (credit valuation adjustments and debit valuation adjustments) are used for derivatives. Transfers between the individual hierarchy levels at fair value are made at the end of the month in which the triggering event – for example, an initial public offering – takes place.

Assets and liabilities from contingent considerations (Level 3)

The fair values of assets and liabilities from contingent considerations are calculated by weighting the expected future cash flows in connection with milestone payments and royalties using their probability of occurrence and discounting them. The main parameters when determining contingent considerations are:

- The estimated probability of reaching the individual milestone events
- The underlying sales planning used to derive royalties
- The discount rate used

When determining the probability of occurrence of the individual milestone events in connection with the development of drug candidates, the focus is on empirically available probabilities of success of development programs in comparable phases of clinical development in the corresponding therapeutic areas. Internal sales plans and sales plans of external industry services are used to determine sales plans. The discount rate (after tax) of 6.6% as of December 31, 2025 (December 31, 2024: 6.0%) was calculated using the weighted average cost of capital.

Significant discretionary decisions and sources of estimation uncertainty

Equity investments in unlisted companies

Determining the parameters that are to be included in discounted cash flow methods and deriving the fair value from observable prices within the scope of equity refinancing are both subject to discretionary decisions and estimation uncertainty.

Assets from contingent consideration

The calculation of the fair value of assets from contingent considerations is subject to significant discretionary judgment.

The most significant contingent consideration was the future purchase price claim from the disposal of the biosimilars business to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, on August 31, 2017. It was calculated by an external valuation expert upon initial recognition in fiscal 2017 and was subsequently recognized on this basis. As of December 31, 2025, the carrying amount was € 148 million (December 31, 2024: € 126 million).

Following the achievement of the last regulatory milestone in connection with the disposal of the biosimilars business in fiscal 2024, the probability of approval is no longer a factor in determining the fair value of the contingent consideration; instead, this is based solely on the entitlement to sales-based royalties and the discount factor.

The following tables present the carrying amounts and fair values of the individual financial assets and liabilities as of December 31, 2025, and December 31, 2024, for each individual financial instrument class pursuant to IFRS 9:

December 31, 2025

		Carrying amount			Fair value[1]			
€ million	Consolidated notes	Current	Non-current	Total	Fair value determined by official prices and quoted market values (Level 1)	Fair value determined using input factors observable in the market (Level 2)	Fair value determined using input factors not observable in the market (Level 3)	**Total**
Financial assets								
Subsequent measurement at amortized cost								
Cash and cash equivalents	35	1,184	–	1,184				
Trade and other receivables (excluding leasing receivables)	25	3,914	30	3,944				
Other debt instruments	36	591	4	594				
Subsequent measurement at fair value through other comprehensive income								
Equity instruments	36	–	622	622	157	–	465	622
Trade and other receivables	25	28	–	28	–	–	28	28
Other debt instruments	36	–	1	1	–	–	1	1
Subsequent measurement at fair value through profit or loss								
Cash and cash equivalents	35	1,556	–	1,556	1,556	–	–	1,556
Contingent considerations	36	–	162	162	–	–	162	162
Other debt instruments	36	6	146	153	80	–	72	152
Derivatives without a hedging relationship	36, 39	17	54	71	–	13	58	71
Derivatives with a hedging relationship	36, 39	74	3	76	–	76	–	76
Lease receivables (measured in accordance with IFRS 16)[2]	25	5	2	7				
Total		**7,375**	**1,024**	**8,399**	**1,793**	**89**	**786**	**2,668**
Financial liabilities								
Subsequent measurement at amortized cost								
Trade payables and other liabilities	30	2,110	–	2,110				
Financial debt	37	1,098	10,206	11,303	8,964	2,262	–	11,226
Other financial liabilities	38	977	75	1,052				
Subsequent measurement at fair value through profit or loss								
Contingent considerations	38	–	9	9	–	–	9	9
Derivatives without a hedging relationship	37, 38, 39	20	19	39	–	17	22	39
Derivatives with a hedging relationship	38, 39	19	–	19	–	19	–	19
Refund liabilities	9	985	–	985				
Lease liabilities (measured in accordance with IFRS 16)[2]	37	123	525	648				
Total		**5,331**	**10,834**	**16,166**	**8,964**	**2,298**	**31**	**11,293**

[1] The simplification option under IFRS 7.29(a) was used for disclosures of certain fair values. IFRS 7.29(d) explicitly does not require disclosure of the fair value of lease liabilities.

[2] Measurements within the scope of IFRS 16 are exempted from the requirements of IFRS 13 (IFRS 13.6(b)).

December 31, 2024

€ million	Consolidated notes	Carrying amount			Fair value[1]			
		Current	Non-current	**Total**	Fair value determined by official prices and quoted market values (Level 1)	Fair value determined using input factors observable in the market (Level 2)	Fair value determined using input factors not observable in the market (Level 3)	**Total**
Financial assets								
Subsequent measurement at amortized cost								
Cash and cash equivalents	35	859	–	859				
Trade accounts receivable and other receivable (excluding leasing receivables)	25	3,916	25	3,940				
Other debt instruments	36	559	3	562				
Subsequent measurement at fair value through other comprehensive income								
Equity instruments	36	–	798	798	243	–	555	798
Trade accounts receivable and other receivable	25	24	–	24	–	–	24	24
Debt instruments	36	–	1	1	1	–	–	1
Subsequent measurement at fair value through profit or loss								
Cash and cash equivalents	35	1,658	–	1,658	1,658	–	–	1,658
Contingent consideration	36	–	151	151	–	–	151	151
Other debt instruments	36	–	162	162	68	–	94	162
Derivatives without a hedging relationship	36, 39	75	57	131	–	70	61	131
Derivatives with a hedging relationship	36, 39	8	–	8	–	8	–	8
Finance lease receivables (to be measured in accordance with IFRS 16)[2]	25	6	3	9				
Total		**7,105**	**1,200**	**8,305**	**1,970**	**78**	**885**	**2,933**
Financial liabilities								
Subsequent measurement at amortized cost								
Trade accounts payable	30	2,275	–	2,275				
Financial debt	37	3,136	6,373	9,508	7,469	1,823	–	9,292
Other financial liabilities	38	977	112	1,089				
Subsequent measurement at fair value through profit or loss								
Contingent consideration	38	15	5	20	–	–	20	20
Derivatives without a hedging relationship	37, 38, 39	34	18	52	–	31	21	52
Derivatives with a hedging relationship	38, 39	36	–	36	–	36	–	36
Refund liabilities	9	869	–	869				
Finance lease liabilities (to be measured in accordance with IFRS 16)[2]	37	137	624	761				
Total		**7,478**	**7,132**	**14,610**	**7,469**	**1,890**	**41**	**9,400**

[1] The simplification option under IFRS 7.29(a) was used for disclosures of certain fair values. IFRS 7.29(d) explicitly does not require disclosure of the fair value of lease liabilities.

[2] Measurements within the scope of IFRS 16 are exempted from the requirements of IFRS 13 (IFRS 13.6(b)).

The changes in financial assets and liabilities for each of the individual classes of financial instruments allocated to Level 3 and measured at fair value were as follows in the previous year:

2024

	Financial assets					Financial liabilities		
	Subsequent measurement at fair value through profit or loss			Subsequent measurement at fair value through other comprehensive income		Subsequent measurement at fair value through profit or loss		
€ million	Other debt instruments	Contingent consideration	Derivatives without a hedging relationship	Equity instruments	Trade and other receivables	Contingent consideration	Derivatives without a hedging relationship	Total
Net carrying amounts as of Jan. 1, 2024	**95**	**125**	**50**	**436**	**25**	**-2**	**-20**	**710**
Additions	30	10	–	107	44	-18	–	173
Transfers into Level 3 from Level 1/Level 2	–	–	–	–	–	–	–	–
Fair value changes								
Gains (+)/losses (–) recognized in the Consolidated Income Statement (other operating result)	–	46	8		–	1	-3	52
thereof: attributable to assets/liabilities held as of the balance sheet date	–	7	8		–	1	-3	13
Gains (+)/losses (–) recognized in the Consolidated Income Statement (financial income and expenses)	3	12	1		–	–	–	16
thereof: attributable to assets/liabilities held as of the balance sheet date	3	12	1		–	–	–	16
Gains (+)/losses (–) recognized in other comprehensive income				-3	–			-2
Currency translation difference	3	–	3	–	–	–	–	6
Disposals	-19	-42	–	-4	-44	–	2	-108
Transfers out of Level 3 into Level 1/Level 2	–	–	–	–	–	–	–	–
Other	-19	–	–	19	–	–	–	–
Net carrying amounts as of Dec. 31, 2024	**94**	**151**	**61**	**555**	**24**	**-20**	**-21**	**845**

The changes in financial assets and liabilities for each of the individual classes of financial instruments allocated to Level 3 and measured at fair value were as follows in fiscal 2025:

2025

	Financial assets					Financial liabilities		
	Subsequent measurement at fair value through profit or loss			Subsequent measurement at fair value through other comprehensive income		Subsequent measurement at fair value through profit or loss		
€ million	Other debt instruments	Contingent consideration	Derivatives without a hedging relationship	Equity instruments	Trade and other receivables	Contingent consideration	Derivatives without a hedging relationship	**Total**
Net carrying amounts as of Jan. 1, 2025	**94**	**151**	**61**	**555**	**24**	**-20**	**-21**	**845**
Additions	33	–	–	76	51	-9	–	**151**
Transfers into Level 3 from Level 1/Level 2	–	–	–	–	–	–	–	**–**
Fair value changes								
Gains (+)/losses (–) recognized in the Consolidated Income Statement (other operating result)	-7	34	6		–	7	-3	**37**
thereof: attributable to assets/liabilities held as of the balance sheet date	-7	34	6		–	5	-3	**35**
Gains (+)/losses (–) recognized in the Consolidated Income Statement (financial income and expenses)	1	6	1		–	-1	–	**7**
thereof: attributable to assets/liabilities held as of the balance sheet date	1	6	1		–	-1	–	**7**
Gains (+)/losses (–) recognized in other comprehensive income				6	–			**6**
Currency translation difference	-5	–	-7	–	–	–	–	**-12**
Disposals	-25	-29	-2	-93	-48	14	2	**-180**
Transfers out of Level 3 into Level 1/Level 2	–	–	–	–	–	–	–	**–**
Other	-18	–	–	-79	–	–	–	**-97**
Net carrying amounts as of Dec. 31, 2025	**72**	**162**	**58**	**465**	**28**	**-9**	**-22**	**755**

Disposals in fiscal 2025 related in particular to equity instruments with subsequent measurement at fair value through other comprehensive income (see also Note (36) **Other financial assets**). In addition, as in the previous year, disposals were made due to payments received in connection with the contingent consideration arising from the disposal of the biosimilars business to a subsidiary of Fresenius SE & Co. KGaA, Bad Homburg vor der Höhe, as well as trade accounts receivable under factoring agreements. The “Other” line item includes loans that were converted into equity instruments in fiscal 2025. The reclassification of the fair value of the shares in Celestial AI Inc., United States, to assets held for sale was also presented in the “Other” line item. The gains and losses from Level 3 assets recognized in other comprehensive income were reported in the Consolidated Statement of Comprehensive Income item “Fair value adjustments”.

(44) Other financial obligations

Other financial obligations comprised the following:

€ million	Dec. 31, 2025	Dec. 31, 2024
Acquisition of intangible assets	916	745
Acquisition of property, plant and equipment	301	325
Other financial obligations	**1,217**	**1,071**

Obligations to acquire intangible assets related to contingent considerations in connection with in-licensing agreements in particular. In these agreements, the Group has entered into an obligation to make milestone payments once specific targets have been reached. In the unlikely event that all of the milestones are achieved, the Group would be obligated to pay up to € 916 million (December 31, 2024: € 745 million) for the acquisition of intangible assets. The table above does not contain any other financial obligations from possible future sales-based royalties and milestone payments.

The expected maturities of the obligations to acquire intangible assets were as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Within 1 year	50	38
In 1-5 years	404	349
After more than 5 years	462	359
Obligations to acquire intangible assets	**916**	**745**

Another component of other financial obligations related to the planned acquisition of the chromatography business of JSR Corporation, Japan, (JSR). This resulted in payment obligations amounting to a low triple-digit million euro amount. Both the final purchase price and its allocation to the individually acquired intangible assets and property, plant and equipment are yet to be finalized. Subject to regulatory clearances and other customary transaction closing conditions, the transaction is expected to close in the first half of 2026.

Other financial obligations were recognized at nominal value.

Other Disclosures

(45) Related party disclosures

Accounting and measurement policies

Related party disclosures

Related parties in respect of the Group within the meaning of IAS 24 are as follows:

- E. Merck KG, Darmstadt, Germany
- E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany
- Emanuel-Merck-Vermögens-KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany
- Direct or indirect subsidiaries of Merck KGaA, Darmstadt, Germany
- Joint ventures and associated companies of the Group
- Pension funds that are classified as defined benefit plans in accordance with IAS 19
- Members of the Executive Board and the Supervisory Board of Merck KGaA, Darmstadt, Germany, close members of their families and companies controlled or jointly controlled by this group of persons
- Members of the Executive Board and the Board of Partners of E. Merck KG, Darmstadt, Germany, close members of their families and companies controlled or jointly controlled by this group of persons

Transactions were conducted with related parties as follows:

	Income		Expenses		Receivables		Liabilities	
€ million	**2025**	2024	**2025**	2024	**Dec. 31, 2025**	Dec. 31, 2024	**Dec. 31, 2025**	Dec. 31, 2024
E. Merck KG, Darmstadt, Germany	3.4	3.1	11.7	16.4	0.0	0.0	1,077.6	1,178.7
E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany	1.7	1.6	42.4	33.4	0.0	0.0	1,660.1	990.1
Joint ventures	2.8	3.3	0.0	0.0	0.6	0.8	0.0	0.0
Associated companies	0.4	0.6	0.0	0.1	5.5	8.9	0.0	0.0
Non-consolidated subsidiaries	0.4	0.4	0.1	0.1	3.1	3.0	0.7	2.9
Majority interest in non-controlled companies	0.3	0.4	0.0	0.1	0.0	0.0	0.5	0.5
Merck Pensionstreuhand e.V., Darmstadt, Germany, a related party of Merck KGaA, Darmstadt, Germany	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Merck Capital Asset Management Limited, Malta, a subsidiary of Merck KGaA, Darmstadt, Germany	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0

As in the previous year, the liabilities of Group companies in respect of E. Merck KG, Darmstadt, Germany, primarily resulted from reciprocal profit transfers between Merck KGaA, Darmstadt, Germany, and E. Merck KG, Darmstadt, Germany, as well as the profit transfer by Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany, to E. Merck KG, Darmstadt, Germany. They also included financial liabilities of € 327.3 million (December 31, 2024: € 435.3 million) that were subject to standard market interest rates. Furthermore, financial liabilities in respect of E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, in the amount of € 1,660.0 million (December 31, 2024: € 990.0 million)

were also subject to standard market interest rates (see Note (37) **Financial debt/capital management**). Neither collateral nor guarantees existed either in favor or to the disadvantage of the Group.

Information on pension funds that are classified as defined benefit plans in accordance with IAS 19 can be found in Note (33) **Provisions for employee benefits**.

Information on Executive Board and Supervisory Board compensation can be found in Note (46) **Executive Board and Supervisory Board compensation**. Above and beyond this, no material activities between companies of the Group and members of the Executive Board or the Supervisory Board of Merck KGaA, Darmstadt, Germany, members of the Executive Board or the Board of Partners of E. Merck KG, Darmstadt, Germany, or members of their immediate families took place in either fiscal 2025 or the previous year.

(46) Executive Board and Supervisory Board compensation

The compensation of the Executive Board of Merck KGaA, Darmstadt, Germany, is recognized by the general partner, E. Merck KG, Darmstadt, Germany, which is not included in these Consolidated Financial Statements. It was composed as follows:

€ million	**2025**	2024
Fixed compensation	7.3	6.3
Variable compensation	22.1	18.2
Additional benefits	0.2	0.7
Short-term benefits	**29.6**	**25.2**
Post-employment benefits	2.2	2.4
Other long-term benefits[1]	-0.1	0.2
Termination benefits	5.6	0.0
Share-based payments	3.8	4.4
Total compensation pursuant to IAS 24.17	**41.0**	**32.2**

[1] In fiscal 2025, the partial reversal of a provision established in the previous year was recognized as income

The total compensation granted to members of the Executive Board within the meaning of section 314 (1) no. 6 a) HGB amounted to € 33.2 million in fiscal 2025 (2024: € 29.8 million). In addition to the short-term benefits shown in the table above, this includes compensation under the standalone long-term incentive plan for the Executive Board. The structure of this plan essentially corresponds to the plans described in Note (33) **Provisions for employee benefits** that are valid until fiscal 2024. There are differences concerning the holding period, the targets to be achieved for the individual indicators and other long-term benefits. On the basis of the long-term incentive plan, 77,879 virtual shares, also referred to as Share Units of Merck KGaA, Darmstadt, Germany (MSUs), were made potentially available in fiscal 2025 (2024: 67,149 MSUs).

Payments to former members of the Executive Board and their surviving dependents in accordance with section 314 (1) no. 6 b) HGB were made as pension payments, as profit sharing under the long-term incentive plan and as the waiting allowance for a post-contractual non-competition clause, and as severance payments. In fiscal 2025, they amounted to € 18.6 million (2024: € 18.3 million). Provisions for defined benefit pension commitments reported by E. Merck KG, Darmstadt, Germany, amounted to € 111.1 million as of December 31, 2025 (December 31, 2024: € 121.5 million).

The compensation of the Supervisory Board was composed as follows:

€ thousand	2025	2024
Fixed portion	1,350	1,163
Meeting attendance fees	78	109
Committee membership compensation	350	265
Total compensation granted in the fiscal year	**1,778**	**1,537**

As in the previous year, no compensation was paid to former members of the Supervisory Board in fiscal 2025.

The members of the Executive Board and the Supervisory Board did not receive any advances or loans from companies included in the Consolidated Financial Statements in fiscal 2025 or 2024. As in the previous year, no contingent liabilities were entered into for the benefit of these persons in fiscal 2025.

Further individualized information and disclosures, as well as a presentation of the compensation system for the members of the Executive Board and the Supervisory Board, can be found in the **Compensation Report**.

(47) Auditor's fees

The costs for the auditor of the Consolidated Financial Statements (Deloitte) were composed as follows:

	2025	
€ million	Group	thereof: Deloitte GmbH Wirtschafts-prüfungs-gesellschaft, Munich
Audits of financial statements	12.2	5.3
Other audit-related services	2.3	2.0
Tax consultancy services	–	–
Other services	–	–
Total	**14.5**	**7.3**

The expenses for other audit-related services in respect of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, primarily related to the audit of the (Group) Sustainability Statement, to the voluntary audit in connection with the divestment of the Surface Solutions business unit, and to services in connection with the issuance of comfort letters.

Scope of Consolidation

(48) List of shareholdings

The shareholdings of Merck KGaA, Darmstadt, Germany, as of December 31, 2025, are presented below:

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
I. Fully consolidated companies				
Germany				
Germany	Merck KGaA, Darmstadt, Germany	Darmstadt	Parent company	
Germany	AZ Electronic Materials GmbH A)	Darmstadt	100.00	
Germany	Biochrom GmbH A)	Berlin	100.00	
Germany	Chemitra GmbH A)	Darmstadt	100.00	100.00
Germany	Emedia Export Company mbH	Gernsheim	100.00	
Germany	Merck 12. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck 13. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 15. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 16. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck 20. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck 21. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 24. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck 25. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 39. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck 42. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	0.25
Germany	Merck 45. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck Chemicals GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Consumer Health Holding Germany GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Display Trading GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Electronics KGaA, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Export GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck Financial Services GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Financial Trading GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Gernsheim	100.00	
Germany	Merck Healthcare Germany GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Weiterstadt	100.00	100.00

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Germany	Merck Healthcare Holding GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Holding GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Gernsheim	100.00	100.00
Germany	Merck International GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	38.33
Germany	Merck Internationale Beteiligungen GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	
Germany	Merck Life Science Holding GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Life Science KGaA, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck LS RTU GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Weiterstadt	100.00	100.00
Germany	Merck Patent GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	
Germany	Merck Performance Materials GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Wiesbaden	100.00	
Germany	Merck Performance Materials Holding GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck Real Estate GmbH, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Merck Site Management GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Gernsheim	100.00	100.00
Germany	Merck Vierte Allgemeine Beteiligungsgesellschaft mbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Gernsheim	100.00	
Germany	Merck Wohnungs- und Grundstücksverwaltungsgesellschaft mbH, a subsidiary of Merck KGaA, Darmstadt, Germany A)	Darmstadt	100.00	100.00
Germany	Sigma-Aldrich Biochemie GmbH	Hamburg	99.99	
Germany	Sigma-Aldrich Chemie GmbH	Schnelldorf	99.99	
Germany	Sigma-Aldrich Chemie Holding GmbH	Taufkirchen	99.99	
Germany	Sigma-Aldrich Grundstücks GmbH & Co. KG	Schnelldorf	100.00	
Germany	Sigma-Aldrich Verwaltungs GmbH	Schnelldorf	100.00	100.00
Germany	SpringWorks Therapeutics Germany GmbH	Darmstadt	100.00	
Germany	Unity Semiconductor GmbH	Dresden	100.00	
Germany	Versum Materials Germany GmbH	Darmstadt	100.00	
Other European countries				
Austria	Merck Chemicals and Life Science GesmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Vienna	100.00	
Austria	Merck Gesellschaft mbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Vienna	100.00	
Austria	Sigma-Aldrich Handels GmbH	Vienna	100.00	
Belgium	Merck Chemicals NV/SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Hoeilaart	100.00	
Belgium	Merck Life Science BV, a subsidiary of Merck KGaA, Darmstadt, Germany	Hoeilaart	100.00	
Belgium	Merck NV/SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Hoeilaart	100.00	
Bulgaria	Merck Bulgaria EAD, a subsidiary of Merck KGaA, Darmstadt, Germany	Sofia	100.00	
Croatia	Merck d.o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Zagreb	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Czech Republic	Merck Life Science spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Prague	99.99	
Czech Republic	Merck spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Prague	99.99	
Denmark	Merck A/S, a subsidiary of Merck KGaA, Darmstadt, Germany	Soborg	99.98	
Denmark	Merck Life Science A/S, a subsidiary of Merck KGaA, Darmstadt, Germany	Soborg	99.99	
Estonia	Merck Serono OÜ, a subsidiary of Merck KGaA, Darmstadt, Germany	Tallinn	100.00	
Finland	Merck Life Science OY, a subsidiary of Merck KGaA, Darmstadt, Germany	Espoo	99.99	
Finland	Merck OY, a subsidiary of Merck KGaA, Darmstadt, Germany	Espoo	100.00	
France	Gonnon S.A.S.	Lyon	99.86	
France	Merck Biodevelopment S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Merck Chimie S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Fontenay s/Bois	99.86	
France	Merck Performance Materials S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Trosly Breuil	99.86	
France	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Merck Santé S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Merck Serono S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	99.86	
France	Millipore S.A.S.	Molsheim	99.87	
France	Sigma-Aldrich Chimie S.a.r.l.	Saint Quentin Fallavier	99.87	
France	Sigma-Aldrich Chimie SNC	Saint Quentin Fallavier	99.99	
France	Sigma-Aldrich Holding S.a.r.l.	Saint Quentin Fallavier	99.99	
France	SpringWorks Therapeutics France S.A.S.	Lyon	100.00	
France	Unity-SC SAS	Montbonnot-Saint-Martin	100.00	
France	Unity Semiconductor SAS	Montbonnot-Saint-Martin	100.00	
Greece	Merck Commercial Industrial Pharmaceutical Chemical Single Member S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Maroussi	100.00	
Hungary	Merck Kft., a subsidiary of Merck KGaA, Darmstadt, Germany	Budapest	99.99	
Hungary	Merck Life Science Kft., a subsidiary of Merck KGaA, Darmstadt, Germany	Budapest	99.99	
Ireland	Merck Finance Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Carrigtwohill	100.00	
Ireland	Merck Life Science Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Arklow	99.99	
Ireland	Merck Millipore Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Carrigtwohill	99.99	
Ireland	Merck Serono (Ireland) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Dublin	100.00	
Ireland	Millipore Cork Unlimited Company	Carrigtwohill	99.99	
Ireland	Sigma-Aldrich Ireland Ltd.	Arklow	99.99	
Ireland	SpringWorks Therapeutics Ireland Limited	Dublin	100.00	
Ireland	Versum Materials Ireland Limited	Dublin	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Italy	Istituto di Ricerche Biomediche Antoine Marxer RBM S.p.A.	Colleretto Giacosa	99.74	
Italy	Merck Life Science S.r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Milan	100.00	
Italy	Merck Serono S.p.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Rome	99.74	
Italy	SpringWorks Therapeutics Italy S.r.l.	Rome	100.00	
Italy	Versum Materials Italia S.r.l.	Milan	100.00	
Latvia	Merck Serono SIA, a subsidiary of Merck KGaA, Darmstadt, Germany	Riga	100.00	
Lithuania	Merck Serono, UAB, a subsidiary of Merck KGaA, Darmstadt, Germany	Vilnius	100.00	
Luxembourg	Merck Chemicals Holding S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Finance S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Finanz S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Holding S.à r.l., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	99.99	
Luxembourg	Merck Invest SCS, a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	
Luxembourg	Merck Re S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Luxembourg	100.00	100.00
Luxembourg	Millipore International Holdings S.à r.l.	Luxembourg	100.00	
Luxembourg	Sigma-Aldrich Global S.à r.l.	Luxembourg	100.00	
Luxembourg	Sigma-Aldrich S.à r.l.	Luxembourg	99.99	
Malta	Merck Capital Holding Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Pietà	100.00	50.29
Malta	Merck Capital Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Pietà	100.00	
Netherlands	eyrise B.V.	Veldhoven	100.00	100.00
Netherlands	Hub Organoids B.V.	Utrecht	99.99	
Netherlands	Hub Organoids Holding B.V.	Utrecht	99.99	
Netherlands	Hub Organoids IP B.V.	Utrecht	99.99	
Netherlands	Merck B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Schiphol-Rijk	99.98	
Netherlands	Merck Chemicals B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	100.00	
Netherlands	Merck Europe B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	99.98	
Netherlands	Merck Holding Netherlands B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Schiphol-Rijk	100.00	
Netherlands	Merck Life Science N.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	99.99	
Netherlands	Merck Ventures B.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Amsterdam	99.98	
Netherlands	Serono Tri Holdings B.V.	Schiphol-Rijk	99.98	
Netherlands	Sigma-Aldrich B.V.	Amsterdam	99.99	
Netherlands	Versum Materials Holdings Nederland B.V.	Amsterdam	100.00	
Netherlands	Versum Materials International B.V.	Amsterdam	100.00	
Netherlands	Versum Materials Netherlands B.V.	Amsterdam	100.00	
Netherlands	Versum Materials Netherlands International B.V.	Amsterdam	100.00	
Netherlands	Versum Materials Pacific B.V.	Amsterdam	100.00	
Norway	Merck AS, a subsidiary of Merck KGaA, Darmstadt, Germany	Oslo	100.00	
Norway	Merck Life Science AS, a subsidiary of Merck KGaA, Darmstadt, Germany	Oslo	99.99	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Poland	Merck Business Solutions Europe Sp. z o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Wroclaw	99.98	
Poland	Merck Life Science Sp. z o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Poznan	99.99	
Poland	Merck Sp. z o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Warsaw	99.99	
Portugal	Merck, S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Algés	99.91	
Romania	Merck Romania S.R.L., a subsidiary of Merck KGaA, Darmstadt, Germany	Bucharest	100.00	
Russia	Merck Life Science LLC, a subsidiary of Merck KGaA, Darmstadt, Germany	Moscow	100.00	
Russia	Merck LLC, a subsidiary of Merck KGaA, Darmstadt, Germany	Moscow	100.00	
Serbia	Merck d.o.o. Beograd, a subsidiary of Merck KGaA, Darmstadt, Germany	Belgrade	100.00	
Slovakia	Merck Life Science spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Bratislava	99.99	
Slovakia	Merck spol. s r.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Bratislava	100.00	
Slovenia	Merck d.o.o., a subsidiary of Merck KGaA, Darmstadt, Germany	Ljubljana	100.00	
Spain	Merck Life Science S.L.U., a subsidiary of Merck KGaA, Darmstadt, Germany	Madrid	99.99	
Spain	Merck, S.L.U., a subsidiary of Merck KGaA, Darmstadt, Germany	Madrid	100.00	
Spain	SpringWorks Therapeutics Spain, S.L.	Madrid	100.00	
Sweden	Merck AB, a subsidiary of Merck KGaA, Darmstadt, Germany	Solna	100.00	
Sweden	Merck Life Science AB, a subsidiary of Merck KGaA, Darmstadt, Germany	Solna	100.00	
Switzerland	Ares Trading SA	Aubonne	99.98	
Switzerland	Chord Therapeutics SA	Eysins	99.98	
Switzerland	Merck & Cie KmG, Altdorf, Switzerland, a subsidiary of Merck KGaA, Darmstadt, Germany	Altdorf	51.63	51.63
Switzerland	Merck (Schweiz) AG, a subsidiary of Merck KGaA, Darmstadt, Germany	Zug	99.98	
Switzerland	Merck Performance Materials (Suisse) SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Eysins	100.00	
Switzerland	Merck Serono SA, a subsidiary of Merck KGaA, Darmstadt, Germany	Aubonne	99.98	
Switzerland	SeroMer Holding SA	Eysins	100.00	
Switzerland	Sigma-Aldrich (Switzerland) Holding AG	Buchs	99.99	
Switzerland	Sigma-Aldrich Chemie GmbH	Buchs	99.99	
Switzerland	Sigma-Aldrich International GmbH	Buchs	99.99	
Switzerland	Sigma-Aldrich Production GmbH	Buchs	99.99	
Switzerland	SpringWorks Therapeutics Europe GmbH	Zug	100.00	
Türkiye	Merck Ilac, Ecza Ve Kimya Ticaret Anonim Sirketi, a subsidiary of Merck KGaA, Darmstadt, Germany	Istanbul	99.99	
United Kingdom	BioReliance Limited	Aberdeen	100.00	
United Kingdom	Epichem Group Limited	Gillingham	99.99	
United Kingdom	Merck Holding Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	100.00	
United Kingdom	Merck Investments Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	100.00	
United Kingdom	Merck Life Science UK Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Gillingham	99.99	
United Kingdom	Merck Performance Materials Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
United Kingdom	Merck Serono Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	
United Kingdom	Millipore (U.K.) Limited	Feltham	99.99	
United Kingdom	SAFC Biosciences Limited	Gillingham	99.99	
United Kingdom	SAFC Hitech Limited	Gillingham	99.99	
United Kingdom	Sigma-Aldrich Company Limited	Gillingham	99.99	
United Kingdom	SpringWorks Therapeutics UK Limited	Poole	100.00	
United Kingdom	Versum Materials UK Limited	Feltham	100.00	
North America				
Canada	EMD Inc.	Mississauga	99.98	
Canada	MilliporeSigma Canada Ltd.	Oakville	99.99	
United States	Aldrich Chemical Co. LLC	Milwaukee	100.00	
United States	Aldrich Chemical Foreign Holding LLC	St. Louis	99.99	
United States	Aldrich-APL, LLC	Urbana	100.00	
United States	BioControl Systems, Inc.	Wilmington	100.00	
United States	BioReliance Corporation	Rockville	100.00	
United States	Cell Marque Corporation	Rocklin	100.00	
United States	Cerilliant Corporation	Round Rock	100.00	
United States	Electron Transfer Technologies, Inc.	West Trenton	100.00	
United States	EMD Biotech LLC	Wilmington	100.00	
United States	EMD Digital Inc.	Burlington	100.00	
United States	EMD Finance LLC	Wilmington	100.00	
United States	EMD Group Holding, Inc.	Wilmington	100.00	
United States	EMD Holding Corp.	Rockland	100.00	
United States	EMD Invest LLC	Wilmington	100.00	
United States	EMD Millipore Corporation	Burlington	100.00	
United States	EMD Performance Materials Corp.	Wilmington	100.00	
United States	EMD Serono Holding, Inc.	Rockland	100.00	
United States	EMD Serono Research & Development Institute, Inc.	Billerica	100.00	
United States	EMD Serono, Inc.	Wilmington	100.00	
United States	Exelead Inc.	Wilmington	100.00	
United States	FloDesign Sonics, Inc.	Wilmington	100.00	
United States	Intermolecular, Inc.	Wilmington	100.00	
United States	J.C. Schumacher Company	Glendale	100.00	
United States	Millipore Asia Ltd.	Wilmington	100.00	
United States	MilliporeSigma Distribution LLC	Wilmington	100.00	
United States	Mirus Bio, LLC	Wilmington	100.00	
United States	Research Organics, LLC	Cleveland	100.00	
United States	SAFC Biosciences, Inc.	Topeka	100.00	
United States	SAFC Carlsbad, Inc.	Carlsbad	100.00	
United States	SAFC, Inc.	Madison	100.00	
United States	Sigma Chemical Foreign Holding LLC	St. Louis	99.99	
United States	Sigma Redevelopment Corporation	St. Louis	100.00	
United States	Sigma-Aldrich Co. LLC	St. Louis	100.00	
United States	Sigma-Aldrich Corporation	St. Louis	100.00	
United States	Sigma-Aldrich Manufacturing LLC	St. Louis	100.00	
United States	Sigma-Aldrich Missouri Insurance Company	St. Louis	100.00	
United States	Sigma-Aldrich Research Biochemicals, Inc.	Wilmington	100.00	
United States	Sigma-Aldrich, Inc.	Madison	100.00	
United States	Sigma-Genosys of Texas LLC	The Woodlands	100.00	
United States	SpringWorks Subsidiary 1, Inc.	Wilmington	100.00	
United States	SpringWorks Subsidiary 2, Inc.	Wilmington	100.00	
United States	SpringWorks Subsidiary 3, Inc.	Wilmington	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
United States	SpringWorks Subsidiary 4, Inc.	Wilmington	100.00	
United States	SpringWorks Therapeutics Operating Company, Inc.	Wilmington	100.00	
United States	SpringWorks Therapeutics, Inc.	Wilmington	100.00	
United States	SpringWorks Therapeutics, LLC	Wilmington	100.00	
United States	Supelco, Inc.	Bellefonte	100.00	
United States	Unity Semiconductor Inc.	Ashland	100.00	
United States	Versum Materials Manufacturing Company, LLC	Wilmington	100.00	
United States	Versum Materials Technology LLC	Wilmington	100.00	
United States	Versum Materials US International, Inc.	Wilmington	100.00	
United States	Versum Materials US, LLC	Wilmington	100.00	
United States	Versum Materials, Inc.	Wilmington	100.00	
Asia-Pacific				
Australia	Merck Healthcare Pty. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Macquarie Park	99.98	
Australia	Merck Life Science PTY LTD, a subsidiary of Merck KGaA, Darmstadt, Germany	Bayswater	99.99	
Australia	Sigma-Aldrich Oceania Pty. Ltd.	Bayswater	99.99	
China	Merck Chemicals (Shanghai) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	100.00	
China	Merck Display Materials (Shanghai) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	100.00	
China	Merck Electronic Materials (Suzhou) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Suzhou	100.00	
China	Merck Electronics (Zhangjiagang) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Zhangjiagang	100.00	
China	Merck Holding (China) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	100.00	
China	Merck Life Science Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	99.99	
China	Merck Life Science Technologies (Nantong) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Nantong	100.00	
China	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	100.00	
China	Merck Performance Materials Hong Kong Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	100.00	
China	Merck Pharmaceutical (HK) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Hong Kong	100.00	
China	Merck Pharmaceutical Distribution (Jiangsu) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Nantong	100.00	
China	Merck Pharmaceutical Manufacturing (Jiangsu) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Nantong	100.00	
China	Merck Serono (Beijing) Pharmaceutical Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Beijing	100.00	
China	Merck Serono (Beijing) Pharmaceutical R&D Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Beijing	100.00	
China	Merck Serono Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Beijing	100.00	
China	Merck Testing and Certification (Shanghai) Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Shanghai	99.99	
China	SAFC Hitech (Shanghai) Co., Ltd.	Shanghai	99.99	
China	Sigma-Aldrich (Shanghai) Trading Co., Ltd.	Shanghai	99.99	
China	Sigma-Aldrich (Wuxi) Life Science & Technology Co., Ltd.	Wuxi	99.99	
China	Unity Semiconductor China Co., Ltd	Shanghai	100.00	
China	Versum Materials (Dalian) Co., Ltd.	Dalian	100.00	
China	Versum Materials (Shanghai) Co., Ltd.	Shanghai	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
India	Merck Life Science Pvt. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Mumbai	100.00	
India	Merck Performance Materials Pvt. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Mumbai	100.00	
India	Merck Specialities Pvt. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Mumbai	100.00	
India	Sigma-Aldrich Chemicals Private Limited	Bangalore	99.99	
Indonesia	P.T. Merck Chemicals and Life Sciences, a subsidiary of Merck KGaA, Darmstadt, Germany	Jakarta	100.00	
Indonesia	P.T. Merck Tbk., a subsidiary of Merck KGaA, Darmstadt, Germany	Jakarta	86.65	
Japan	Merck Biopharma Co., Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	99.98	
Japan	Merck Electronics Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	100.00	
Japan	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	100.00	
Japan	Merck Semiconductor Solutions Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Tokyo	100.00	
Japan	Sigma-Aldrich Japan G.K.	Tokyo	99.99	
Japan	Versum Materials Japan Inc.	Tokyo	100.00	
Malaysia	Merck Sdn Bhd, a subsidiary of Merck KGaA, Darmstadt, Germany	Kuala Lumpur	100.00	
Malaysia	Sigma-Aldrich (M) Sdn Bhd	Kuala Lumpur	100.00	
Malaysia	Versum Materials Malaysia Sdn Bhd	Kuala Lumpur	100.00	
New Zealand	Merck Life Science Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Auckland	99.99	
New Zealand	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Auckland	99.99	
Philippines	Merck Business Solutions Asia Inc., a subsidiary of Merck KGaA, Darmstadt, Germany	Taguig	100.00	
Philippines	Merck Inc., a subsidiary of Merck KGaA, Darmstadt, Germany	Taguig	99.97	
Republic of Korea	Merck Electronic Materials Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Seoul	100.00	
Republic of Korea	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Seoul	99.99	
Republic of Korea	Merck Performance Materials Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Pyeongtaek-si	100.00	
Republic of Korea	Sigma-Aldrich Korea Ltd.	Seoul	99.99	
Republic of Korea	Versum Materials ADM Korea Inc.	Ansan-si	100.00	
Republic of Korea	Versum Materials HYT Inc.	Ansan-si	100.00	
Republic of Korea	Versum Materials Korea Inc.	Siheung-si	100.00	
Republic of Korea	Versum Materials PM Korea Inc.	Siheung-si	100.00	
Republic of Korea	Versum Materials SPC Korea Ltd.	Pyeongtaek-si	100.00	
Singapore	Merck Performance Materials Pte. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Singapore	100.00	
Singapore	Merck Pte. Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Singapore	99.99	
Singapore	Sigma-Aldrich Pte. Ltd.	Singapore	99.99	
Singapore	Unity Semiconductor Pte.Ltd.	Singapore	100.00	
Singapore	Versum Materials Singapore International Pte. Ltd.	Singapore	100.00	
Singapore	Versum Materials Singapore Pte. Ltd.	Singapore	100.00	
Taiwan	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Taipei	100.00	
Taiwan	Merck Performance Materials Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Taipei	100.00	
Taiwan	SAFC Hitech Taiwan Co., Ltd.	Kaohsiung	99.99	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Taiwan	Unity Semiconductor Limited Company	Zhubei City	100.00	
Taiwan	Versum Materials Taiwan Co., Ltd.	Taipei	74.00	
Thailand	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany B)	Bangkok	45.11	
Vietnam	Merck Healthcare Vietnam Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Ho Chi Minh City	100.00	
Vietnam	Merck Vietnam Company Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Ho Chi Minh City	100.00	
Latin America				
Argentina	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Buenos Aires	99.99	
Argentina	Sigma-Aldrich de Argentina S.R.L.	Buenos Aires	99.99	
Brazil	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Rio de Janeiro	100.00	
Brazil	Sigma-Aldrich Brasil Ltda.	Barueri	100.00	
Chile	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Santiago de Chile	100.00	
Chile	Sigma-Aldrich Quimica Ltda.	Santiago de Chile	100.00	
Colombia	Merck S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Bogota	100.00	
Ecuador	Merck C.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Quito	100.00	
Guatemala	Merck, S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Guatemala City	100.00	
Mexico	Merck Biopharma Distribution S.A. de C.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Naucalpan de Juarez	100.00	
Mexico	Merck, S.A. de C.V., a subsidiary of Merck KGaA, Darmstadt, Germany	Naucalpan de Juarez	100.00	
Mexico	Sigma-Aldrich Quimica, S. de R.L. de C.V.	Toluca	100.00	
Panama	Merck, S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Panama City	100.00	
Panama	Mesofarma Corporation	Panama City	100.00	
Peru	Merck Peruana S.A., a subsidiary of Merck KGaA, Darmstadt, Germany	Lima	100.00	
Uruguay	Ares Trading Uruguay S.A.	Montevideo	99.98	
Middle East and Africa				
Algeria	Merck Algerie SARL, a subsidiary of Merck KGaA, Darmstadt, Germany C)	Algier	49.00	
Egypt	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Cairo	100.00	
Israel	Inter-Lab Ltd.	Yavne	99.98	
Israel	InterPharm Laboratories Ltd.	Yavne	99.98	
Israel	Merck Serono Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Herzliya Pituach	99.98	
Israel	QLight Nanotech Ltd.	Jerusalem	100.00	
Israel	Sigma-Aldrich Israel Ltd.	Rehovot	100.00	
Israel	Versum Materials Israel Ltd.	Tel Aviv	100.00	
Kenya	Merck Healthcare and Life Science Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Nairobi	100.00	
Saudi Arabia	MERCK Limited, a subsidiary of Merck KGaA, Darmstadt, Germany	Riyadh	100.00	
Saudi Arabia	Merck Regional Headquarters Company (A One-Person Limited Liability Company), a subsidiary of Merck KGaA, Darmstadt, Germany	Riyadh	100.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
South Africa	Merck (Pty) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Modderfontein	99.99	
South Africa	Merck Life Science (Pty) Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Modderfontein	99.99	
Tunisia	Merck Promotion SARL, a subsidiary of Merck KGaA, Darmstadt, Germany	Tunis	100.00	
Tunisia	Merck SARL, a subsidiary of Merck KGaA, Darmstadt, Germany	Tunis	100.00	
United Arab Emirates	Merck Serono Middle East FZ-Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Dubai	100.00	
II. Companies accounted for using the equity method				
Other European countries				
United Kingdom	MM Domain Holdco Limited	London	50.00	50.00
North America				
United States	Syntropy Technologies LLC	Wilmington	50.00	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
III. Companies measured at fair value through other comprehensive income in accordance with IFRS 9 due to immateriality and other equity investments				
Germany				
Germany	beeOLED GmbH	Dresden	21.58	
Germany	GreenTech Accelerator Gernsheim GmbH	Gernsheim	20.00	20.00
Germany	Merck 26. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 27. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 28. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 29. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 40. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 41. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 43. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 44. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 46. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 47. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 48. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Germany	Merck 49. Allgemeine Beteiligungs-GmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00
Other European countries				
Belgium	ReWind Therapeutics NV	Leuven-Heverlee	25.72	
France	Merck 3 S.A.S., a subsidiary of Merck KGaA, Darmstadt, Germany	Lyon	100.00	
France	Scipio Bioscience S.A.S.	Montrouge	21.68	
Netherlands	iOnctura B.V.	Amsterdam	20.08	
Russia	Chemical Trade Limited LLC	Moscow	100.00	
Switzerland	CAMAG Chemie-Erzeugnisse und Adsorptionstechnik AG	Muttenz	39.11	
Switzerland	Repronovo SA	Lausanne	24.51	
United Kingdom	Macrophage Pharma Limited	London	22.20	
United Kingdom	Merck Cross Border Trustees Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	100.00	
United Kingdom	Merck Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	
United Kingdom	Merck Pension Trustees Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Feltham	99.99	
United Kingdom	Outrun Therapeutics Limited	Dundee	35.39	
United Kingdom	Sigma Chemical Co. Ltd.	Gillingham	99.99	
North America				
Canada	Future Fertility Inc.	Toronto	29.37	
United States	Altoida, Inc.	Suwanee	26.30	
United States	ActiThera Inc.	Dover	49.99	
United States	ImmuneBridge Inc.	Wilmington	30.05	
United States	Indi Molecular, Inc.	Wilmington	32.15	
United States	MemryX Inc.	Ann Arbor	20.66	
United States	Pictor Labs, Inc.	Los Angeles	22.24	
United States	Polaris Electro-Optics, Inc	Wilmington	24.92	
United States	Prolog Healthy Living Fund II, L.P. D)	St. Louis	44.53	

Footnotes follow at the end of the table.

Country	Company	Registered office	Equity interest (%)	thereof: Merck KGaA, Darmstadt, Germany (%)
Asia-Pacific				
Japan	Resonac Versum Materials Co. LTD E)	Kawasaki	35.00	
Latin America				
Dominican Republic	Merck Dominicana, S.R.L., a subsidiary of Merck KGaA, Darmstadt, Germany	Santo Domingo	100.00	
Middle East and Africa				
Algeria	Novapharm Production SARL	Wilaya de Tipaza	20.00	
Israel	Genopore Ltd.	Ramat-Gan	20.17	
Israel	Metabomed Ltd.	Yavne	20.44	
Israel	PxE Computational Imaging Ltd.	Rehovot	29.18	
Israel	Sentaur Bio Ltd.	Yavne	98.37	
Nigeria	Merck Pharmaceutical and Life Sciences Ltd., a subsidiary of Merck KGaA, Darmstadt, Germany	Lagos	99.98	
IV. Majority interest in non-controlled companies				
Germany				
Germany	Merck Foundation gGmbH, a subsidiary of Merck KGaA, Darmstadt, Germany	Darmstadt	100.00	100.00

A) Companies opting for exemption as provided for by section 264 (3) and section 264b of the German Commercial Code.
B) Fully consolidated due to majority of voting rights.
C) Fully consolidated due to contractual agreement.
D) Closed-end funds classified as debt instruments in accordance with IFRS 9.
E) This is an affiliate within the meaning of IFRS 11 (joint activity).

Darmstadt, February 17, 2026

Belén Garijo

Kai Beckmann **Danny Bar-Zohar** **Khadija Ben Hammada**

Helene von Roeder **Jean-Charles Wirth**

other information

responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements of the Group give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group. The Combined Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Darmstadt, February 17, 2026

Belén Garijo

Kai Beckmann

Danny Bar-Zohar

Khadija Ben Hammada

Helene von Roeder

Jean-Charles Wirth

Reproduction of the Independent Auditor's Report

To MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the Consolidated Financial Statements of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at December 31, 2025, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2025, and the notes to the Consolidated Financial Statements, including material accounting policy information. We have not audited the content of the compensation report in accordance with section 162 German Stock Corporation Act (AktG) referenced in sections 33 and 46 of the notes to the Consolidated Financial Statements. In addition, we have audited the Combined Management Report for the parent and the group of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, for the financial year from January 1 to December 31, 2025. In accordance with the German legal requirements, we have not audited the content of the (Group) sustainability report pursuant to section 289b to section 289e as well as sections 315b and 315c German Commercial Code (HGB) included in the Combined Management Report, nor the corporate governance statement pursuant to sections 289f and 315d HGB referenced in the Combined Management Report. In addition, we have not audited the content of the disclosures in the Combined Management Report that are marked as extraneous to management reports.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying Consolidated Financial Statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2025 and of its financial performance for the financial year from January 1 to December 31, 2025. Our audit opinion on the Consolidated Financial Statements does not cover the content of the compensation report referred to above.
- the accompanying Combined Management Report as a whole provides an appropriate view of the Group's position. In all material respects, this Combined Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Combined Management Report does not cover the content of the statements referred to above and of the disclosures extraneous to management reports.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the Consolidated Financial Statements and of the Combined Management Report.

Basis for the Audit Opinions

We conducted our audit of the Consolidated Financial Statements and of the Combined Management Report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the Consolidated Financial Statements and on the Combined Management Report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year from January 1 to December 31, 2025. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Accounting treatment of the acquisition of SpringWorks Therapeutics, Inc., USA
2. Recoverability of goodwill of the Life Science and Electronics business sectors
3. Completeness and measurement of income tax liabilities

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the Consolidated Financial Statements) and

b) auditor's response

1. Accounting treatment of the acquisition of SpringWorks Therapeutics, Inc., USA

a) On July 1, 2025, the Group acquired all of the shares in SpringWorks Therapeutics, Inc., USA (SpringWorks) for a total purchase price of mUSD 3,778 (mEUR 3,207). The acquisition was accounted for as a business combination in accordance with IFRS 3 using the acquisition method. The acquired assets and liabilities assumed were recognized at fair values at the date of acquisition. These were determined as part of the purchase price allocation on the basis of a preliminary valuation report prepared by an external expert of the executive directors of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany. The identified assets recognized at the acquisition date mainly comprise intangible assets (mEUR 2,696). Taking into account the total purchase price of mEUR 3,207 and the remeasured net assets of mEUR 2,627, goodwill amounted to mEUR 580 (18.1% of the consideration transferred).

The identification and measurement of assets and liabilities, in particular intangible assets, are complex operations and are based on the executive directors' judgment and assumptions. Various assumptions must be made, particularly in the context of measurement, in order to determine future cash flows derived from asset-specific revenue, margin and license rate expectations and the discount interest rate used. Against the background of the aspects explained above and the associated risk of material misstatements in the assets, liabilities, financial position and financial performance, this matter was of particular significance in our audit.

The disclosures of the executive directors on the acquisition of SpringWorks can be found in note 6 in the notes to the Consolidated Financial Statements.

b) As part of our audit of the preliminary accounting treatment of the acquisition of SpringWorks, we first looked into the contractual agreements, obtained an understanding thereof, and compared the determined total purchase price with the evidence presented to us. In addition, we assessed – by calling in our internal valuation specialists – the methodological approach of the external expert of the executive directors with regard to the identification of the acquired assets and liabilities assumed, and assessed the valuation models used, taking into account the requirements of IFRS 3 with respect to methodological appropriateness and mathematical accuracy. We have assessed the significant assumptions and judgment, such as growth rates, discount rates, license rates or residual useful lives, for determining the fair values of the identified assets acquired and the liabilities assumed at the acquisition date, to determine whether these correspond to general and company or industry-specific market expectations. We assessed the corporate planning underlying the measurement and compared the corresponding fair values with the assumptions and expectations of external expert market participants at the time of acquisition. In this respect, an area of audit focus was on the determination of the fair values of the intangible assets. We inspected the measurement report, taking into account our evaluation of the competence, capabilities, and objectivity of the external expert engaged by the executive directors, and used it in the course of our audit. We also reviewed the initial consolidation recorded in the consolidation system and examined whether the disclosures required by IFRS 3 relating to the business combination of SpringWorks in the notes to the Consolidated Financial Statements are appropriate.

2. Recoverability of goodwill of the Life Science and Electronics business sectors

a) In the Consolidated Financial Statements as at December 31, 2025 of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, the amount stated under the balance sheet item "Goodwill" is mEUR 17,934 (34.8% of the Group's total assets), with mEUR 11,605 attributable to the Life Science business sector and mEUR 4,223 attributable to the Electronics business sector. The Life Science and Electronics business sectors each constitute a cash-generating unit.

The recoverability of goodwill of the Life Science and Electronics cash-generating units was a key matter in our audit because we identified an increased impairment risk for these business sectors as part of our risk assessment. The impairment test for the preparation of the Consolidated Financial Statements is based on

a respective valuation of the Life Science and Electronics business sectors that involves discounting the planned future cash flows for these business sectors at the respective weighted average cost of capital using a discounted cash flow model. The planned cash flows are derived from the respective medium-term planning for the business sectors approved by the executive directors, which is extrapolated based on assumed long-term growth rates.

The result of these valuations highly depends on the executive directors' judgmental determination of future cash flows and discount rates for the business sectors and is therefore subject to considerable uncertainties. Therefore, and as a result of our risk assessment, this matter was of particular significance in our audit.

The disclosures of the executive directors on goodwill can be found in note 18 in the notes to the Consolidated Financial Statements.

b) Among others, in our audit we obtained an understanding of the accounting-relevant controls included in the process and reproduced the methodological approach to performing the impairment tests. Where identified controls were relevant for our audit, we had their design and implementation tested. Where estimates were made by the executive directors, we assessed whether the methods applied, assumptions made and data used were acceptable. Regarding the projection of future cash flows, we firstly evaluated the reliability of the respective planning by reviewing the past adherence to planning, walked through the underlying planning process and conducted a critical assessment. Subsequently, we evaluated the appropriateness of the future cash flows used in the valuation, especially by comparing these figures with the medium-term planning approved by the executive directors and by reconciling selected planning assumptions with general, company and industry-specific market expectations. We obtained a deep understanding of the parameters applied in determining the discount rates used, evaluated the completeness and accuracy of the calculation schemes and had them compared with general and industry-specific market expectations. Furthermore, due to the material significance of goodwill, we performed an additional own sensitivity analysis for the cash-generating units (comparison of carrying amount with recoverable amount). As part of our audit, we were supported by internal valuation experts. With their help, we reproduced the methodological approach to impairment testing, the arithmetical correctness of the valuation models as well as the determination of the discount rates used

3. Completeness and measurement of income tax liabilities

a) As at December 31, 2025, the amount recognized for income tax liabilities including liabilities for uncertain tax obligations is mEUR 1,614.

The Group operates in different jurisdictions with different legal systems. The application of local tax regulations and tax incentives as well as transfer pricing rules is very demanding given their complexity. The recognition and measurement of income tax liabilities require the executive directors to exercise judgment in assessing tax matters and to make estimates regarding uncertain tax positions. In order to reinforce and/or validate their own risk assessment, the executive directors have engaged external experts on a case-by-case basis. There is a risk for the Consolidated Financial Statements that income tax liabilities are not fully recognized or not appropriately measured. For these reasons, this matter was of particular significance in our audit.

The disclosures of the executive directors on the recognition and measurement of income tax liabilities can be found in note 15 in the notes to the Consolidated Financial Statements.

b) Among other things, as part of our audit we obtained an understanding of the process and of the accounting-relevant controls included in the process and involved our own tax experts in the audit team regarding national and international tax law in order to evaluate the executive directors' judgments and estimates as well as the assessment of the engaged external experts, if applicable. Where identified controls were relevant for our audit, we had their design and implementation tested.

We obtained an understanding of existing tax risks through inquiries of employees in the tax department. We assessed the competence, capabilities and objectivity of the external experts and evaluated their expert opinions.

Furthermore, we analyzed the correspondence with the competent tax authorities and assessed the assumptions for determining income tax liabilities based on our knowledge and experience of how the relevant legal requirements are currently applied by tax authorities and courts. We used a risk-based audit approach to audit the accuracy of the calculation of the income tax liabilities.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the compensation report pursuant to section 162 AktG,
- the (Group) sustainability report
- the corporate governance statement referred to in the Combined Management Report,
- the TCFD reporting referred to in the Combined Management Report,
- the other content of the Combined Management Report marked as extraneous to management reports,
- the executive directors' confirmations in accordance with section 297 (2) sentence 4 and section 315 (1) sentence 5 HGB regarding the Consolidated Financial Statements and the Combined Management Report, and
- all other parts of the annual report,
- but not the Consolidated Financial Statements, not the audited content of the disclosures in the Combined Management Report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to section 161 AktG concerning the German Corporate Governance Code, which is part of the corporate governance statement, and for the compensation report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the Consolidated Financial Statements and on the Combined Management Report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information:

- Is materially inconsistent with the Consolidated Financial Statements, with the audited content of the disclosures in the Combined Management Report or our knowledge obtained in the audit, or
- Otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the Consolidated Financial Statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB, and that the Consolidated Financial Statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the Consolidated Financial Statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the Combined Management Report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the Consolidated Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Combined Management Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Combined Management Report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and of the Combined Management Report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Combined Management Report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the Consolidated Financial Statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the Consolidated Financial Statements and on the Combined Management Report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and this Combined Management Report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and of the Combined Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of arrangements and measures relevant to the audit of the Combined Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements and in the Combined Management Report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to section 315e (1) HGB.

- Plan and perform the audit of the Consolidated Financial Statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the Consolidated Financial Statements and on the Combined Management Report. We are responsible for the direction, supervision and review of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the Combined Management Report with the Consolidated Financial Statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the Combined Management Report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to section 317 (3a) HGB

Asssurance Opinion

We have performed assurance work in accordance with section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the Consolidated Financial Statements and of the Combined Management Report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value b9920d75a2c2f7ae303eb16e445967d07f4fd0eac99df391aa23814647823fa2, meet, in all material respects, the requirements for the electronic reporting format pursuant to section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this assurance work only covers the conversion of the information contained in the Consolidated Financial Statements and the Combined Management Report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions, nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the Consolidated Financial Statements and of the Combined Management Report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to section 328 (1) HGB. Beyond this assurance opinion and our audit opinions on the accompanying Consolidated Financial Statements and on the accompanying Combined Management Report for the financial year from January 1 to December 31, 2025 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Assurance Opinions

We conducted our assurance work on the electronic reproductions of the Consolidated Financial Statements and of the Combined Management Report contained in the file identified above in accordance with section 317 (3a) HGB and on the basis of the IDW Assurance Standard: Assurance Work on the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the Consolidated Financial Statements and of the Combined Management Report according to section 328 (1) sentence 4 no. 1 HGB and for the tagging of the Consolidated Financial Statements according to section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited Consolidated Financial Statements and to the audited Combined Management Report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on April 25, 2025. We were engaged by the supervisory board on June 27, 2025. We have been the group auditor of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited Consolidated Financial Statements and the audited Combined Management Report as well as with the assured ESEF documents. The Consolidated Financial Statements and the Combined Management Report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited Consolidated Financial Statements and the audited Combined Management Report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Daniel Weise.

Frankfurt am Main, Germany, February 18, 2026

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:
Christoph Schenk
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Daniel Weise
Wirtschaftsprüfer
(German Public Auditor)

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Sustainability Statement

To MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability Statement of MERCK Kommanditgesellschaft auf Aktien, Darmstadt, Germany, combining the Consolidated Sustainability Statement and the Non-Financial Statement of the parent, included in section **(Group) Sustainability Statement** of the Combined Management Report for the parent and the group, for the financial year from January 1 to December 31, 2025 (hereafter referred to as "the Combined Sustainability Statement"). The Combined Sustainability Statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 289b to 289e, 315b and 315c German Commercial Code (HGB) for a combined non-financial statement.

Not subject to our assurance engagement are

- the references to information of the Company outside of the Combined Management Report marked as unassured, and
- the following references in the Combined Sustainability Statement to assurance reports or long-form reports of other practitioners in relation to the assurance of information from sources within the value chain contained in the Combined Sustainability Statement:
    - ISO certifications issued by external audit firms (ISO 14001, ISO 45001, ISO 9001 and ISO 5001)
    - Supplier audits by the Together for Sustainability (TfS) initiative including publicly available information provided by EcoVadis
    - Audit evaluations in accordance with the Responsible Minerals Assurance Process (RMAP) standard
    - Audits at mica suppliers conducted by the Indo-German Export Promotion project (IGEP)

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Combined Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 289b to 289e, 315b and 315c HGB for a combined non-financial statement, and the specifying criteria presented by the executive directors of the Company.

This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the Consolidated Sustainability Statement included in the accompanying Combined Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Consolidated Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section General Disclosures of the Consolidated Sustainability Statement, or
- that the disclosures in the Combined Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the above-mentioned parts of the Combined Sustainability Statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Sustainability Statement".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Combined Sustainability Statement

The executive directors are responsible for the preparation of the Combined Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a combined sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent reporting in the Combined Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Combined Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Sustainability Statement.

Inherent Limitations in Preparing the Combined Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Combined Sustainability Statement.

The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the Combined Sustainability Statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Combined Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Combined Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also

- obtain an understanding of the process used to prepare the Combined Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Work Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Sustainability Statement, and about the internal controls related to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Sustainability Statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Combined Sustainability Statement.
- conducted site visits.
- considered the presentation of the information in the Combined Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated January 1, 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Frankfurt am Main, Germany, February 18, 2026

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed	Signed
Daniel Weise	Daniel Oehlmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

GRI content index

General disclosures

GRI 2: General Disclosures 2021

GRI Standard and Disclosure		Reference
2-1	Organizational details	Fundamental information about the Group List of shareholdings
2-2	Entities included in the organization's sustainability reporting	List of shareholdings ESRS 2 BP-1
2-3	Reporting period, frequency and contact point	Assurance report
2-4	Restatements of information	ESRS 2 BP-2
2-5	External assurance	Assurance report
2-6	Activities, value chain and other business relationships	Fundamental information about the Group Macro-economic and sector-specific environment ESRS 2 SBM-1
2-7	Employees	ESRS 2 SBM-1 S1-6
2-9	Governance structure and composition	Management Statement on corporate governance Procedures of the Boards Objectives of the Supervisory Board ESRS 2 GOV-1
2-10	Nomination and selection of the highest governance body	Procedures of the Boards Objectives of the Supervisory Board Promote women in management positions Diversity policy
2-11	Chair of the highest governance body	Statement on corporate governance
2-12	Role of the highest governance body in overseeing the management of impacts	Report of the Supervisory Board Report on Risks and Opportunities ESRS 2 GOV-1 ESRS 2 SBM-2
2-13	Delegation of responsibility for managing impacts	ESRS 2 GOV-1
2-14	Role of the highest governance body in sustainability reporting	ESRS 2 GOV-2 ESRS 2 IRO-1
2-15	Conflicts of interest	Information on corporate governance practices
2-17	Collective knowledge of the highest governance body	Information on corporate governance practices ESRS 2 GOV-1
2-18	Evaluation of the performance of the highest governance body	Procedures of the Boards Articles of association Compensation report
2-19	Remuneration policies	Compensation report ESRS 2 GOV-3
2-20	Process to determine remuneration	Compensation report Voting results Annual General Meeting 2025 ESRS 2 GOV-3
2-22	Statement on sustainable development strategy	ESRS 2 SBM-1
2-23	Policy commitments	ESRS 2 GOV-4 S1-1 S2-1 S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) G1-1 (Corporate culture) G1-1 (Animal welfare)

GRI Standard and Disclosure		Reference
2-24	Embedding policy commitments	Information on corporate governance practices ESRS 2 GOV-2 S2-4 G1-1 (Corporate culture) G1-1 (Anti-corruption and bribery) G1-1 (Animal welfare)
2-25	Processes to remediate negative impacts	Report on Risks and Opportunities S1-1 S1-3 S2-1 S2-3 S2-4 S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-3 (Health and safety of our patients) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information)
2-26	Mechanisms for seeking advice and raising concerns	G1-1 (Corporate culture) G1-1 (Anti-corruption and bribery) G1-1 (Animal welfare)
2-27	Compliance with laws and regulations	Other provisions S1-17 S4-3 (Health and safety of our patients)
2-28	Membership associations	S2-4 G1 MDR-A (Animal welfare)
2-29	Approach to stakeholder engagement	ESRS 2 SBM-2 S1-1 S1-2 S2-1 S2-2 S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Health and safety of our patients) S4-2 (Access to our products and services and access to (quality) information)
2-30	Collective bargaining agreements	S1-8

GRI 3: Material Topics 2021

GRI Standard and Disclosure		Reference
3-1	Process to determine material topics	ESRS 2 IRO-1
3-2	List of material topics	ESRS 2 SBM-3

Economic standards

GRI 201: Economic Performance 2016

GRI Standard and Disclosure		Reference
201: 3-3	Management of material topics	Statement on Corporate Governance Economic performance Pension schemes Report on Risks and Opportunities ESRS 2 SBM-1 ESRS 2 SBM-3 S1-2 S1-4 S1-5 S2-2 S2-4 S2-5 S4-2 (Health and safety of our patients) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)
201-1	Direct economic value generated and distributed	Consolidated Income Statement Consolidated Cash Flow Statement Operating Activities Personnel expenses ESRS 2 SBM-1
201-2	Financial implications and other risks and opportunities due to climate change	CDP Climate change CDP Water Security Report on Risks and Opportunities ESRS 2 SBM-3 E1-3
201-3	Defined benefit plan obligations and other retirement plans	Pension schemes
201-4	Financial assistance received from government	Property, plant and equipment Research and development costs

GRI 203: Indirect Economic Impacts 2016

GRI Standard and Disclosure		Reference
203: 3-3	Management of material topics	S2-2 S2-4 S2-5 S4-2 (Health and safety of our patients) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)
203-2	Significant indirect economic impacts	S2-4 S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information)

GRI 205: Anti-corruption 2016

GRI Standard and Disclosure		Reference
205: 3-3	Management of material topics	Anti-corruption and anti-bribery
205-1	Operations assessed for risks related to corruption	G1-3
205-2	Communication and training about anti-corruption policies and procedures	G1-3
205-3	Confirmed incidents of corruption and actions taken	G1-4

GRI 206: Anti-competitive Behavior 2016

GRI Standard and Disclosure		Reference
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Report on Risks and Opportunities

Environmental standards

GRI 301: Materials 2016

GRI Standard and Disclosure		Reference
301: 3-3	Management of material topics	E5-1 E5-2 E5-3
301-1	Materials used by weight or volume	E5-4
301-2	Recycled input materials used	E5-4
301-3	Reclaimed products and their packaging materials	E5-1 E5-2 E5-3 E5-4 E5-5

GRI 302: Energy 2016

GRI Standard and Disclosure		Reference
302: 3-3	Management of material topics	E1-2 E1-3 E1-4
302-1	Energy consumption within the organization	E1-5
302-3	Energy intensity	E1-5
302-4	Reduction of energy consumption	E1-2 E1-3 E1-4 E1-5
302-5	Reductions in energy requirements of products and services	E1-2 E1-3 E1-4 E1-5

GRI 303: Water and Effluents 2018

GRI Standard and Disclosure		Reference
	Management of material topics	E2-1 (Pollution of water) E2-2 (Pollution of water) E2-3 (Pollution of water) E3-1 E3-2 E3-3
	Interactions with water as a shared resource	ESRS 2 IRO-1 E3-2 E3-3
	Water withdrawal	E3 MDR-M

GRI 305: Emissions 2016

GRI Standard and Disclosure		Reference
305: 3-3	Management of material topics	**E1-2** **E1-3** **E1-4** **E1-7** **E2-1 (Pollution of water)** **E2-1 (Pollution of soil)** **E2-1 (Substances of concern and substances of very high concern)** **E2-2 (Pollution of water)** **E2-2 (Pollution of soil)** **E2-2 (Substances of concern and substances of very high concern)** **E2-3 (Pollution of water)** **E2-3 (Pollution of soil)** **E2-3 (Substances of concern and substances of very high concern)**
305-1	Direct (Scope 1) GHG emissions	**E1-4** **E1-6**
305-2	Energy indirect (Scope 2) GHG emissions	**E1-4** **E1-6**
305-3	Other indirect (Scope 3) GHG emissions	**CDP Climate change** **E1-4** **E1-6**
305-4	GHG emissions intensity	**E1-6**
305-5	Reduction of GHG emissions	**CDP Climate change** **E1-7**
305-6	Emissions of ozone-depleting substances (ODS)	**E2-5 (Substances of concern and substances of very high concern)**
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	**E2-4 (Pollution of water)**

GRI 306: Waste 2020

GRI Standard and Disclosure		Reference
306: 3-3	Management of material topics	**E5-1** **E5-2** **E5-3**
306-1	Waste generation and significant waste-related impacts	**E5 SBM-3** **E5-4**
306-2	Management of significant waste-related impacts	**E5-2** **E5-5**
306-3	Waste generated	**E5-5**
306-4	Waste diverted from disposal	**E5-5**
306-5	Waste directed to disposal	**E5-5**

GRI 306: Effluents and Waste 2016

GRI Standard and Disclosure		Reference
306-3	Significant spills	**E2-1 (Pollution of water)** **E2-1 (Pollution of soil)** **E2-1 (Substances of concern and substances of very high concern)** **E2-2 (Pollution of water)** **E2-2 (Pollution of soil)** **E2-2 (Substances of concern and substances of very high concern)** **E2-3 (Pollution of water)** **E2-3 (Pollution of soil)** **E2-3 (Substances of concern and substances of very high concern)** **E2-4 (Pollution of water)** **E2-5 (Substances of concern and substances of very high concern)**

Social standards

GRI 401: Employment 2016

GRI Standard and Disclosure		Reference
401: 3-3	Management of material topics	S1-1 S1-2 S1-4 S1-5 S1-17 S2 SBM-3 S2-1 S2-2 S2-5
401-1	New employee hires and employee turnover	S1-6
401-3	Parental leave	S1-15

GRI 402: Labor/Management Relations 2016

GRI Standard and Disclosure		Reference
402: 3-3	Management of material topics	S1-1 S1-2 S1-4 S1-5 S1-17 S2 SBM-3 S2-1 S2-2 S2-4 S2-5

GRI 403: Occupational Health and Safety 2018

GRI Standard and Disclosure		Reference
403: 3-3	Management of material topics	S1-1 S1-2 S1-4 S1-5 S1-17 S2 SBM-3 S2-1 S2-2 S2-4 S2-5
403-1	Occupational health and safety management system	S1-1
403-2	Hazard identification, risk assessment, and incident investigation	S1-3
403-4	Worker participation, consultation, and communication on occupational health and safety	S1-1 S1-4 S1-5 S1-MDR-M
403-5	Worker training on occupational health and safety	S1-1 S1-4 S1-5 S1-MDR-M
403-6	Promotion of worker health	S1-1 S1-4 S1-5 S1-MDR-M
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	S2-4
403-8	Workers covered by an occupational health and safety management system	S1-14
403-9	Work-related injuries	S1-4 S1-14
403-10	Work-related ill health	S1-4 S1-14

GRI 404: Training and Education 2016

GRI Standard and Disclosure		Reference
404: 3-3	Management of material topics	S1-1 S1-2 S1-4 S1-5 S1-17 S2 SBM-3 S2-1 S2-2 S2-4 S2-5
404-2	Programs for upgrading employee skills and transition assistance programs	S1-1
404-3	Percentage of employees receiving regular performance and career development reviews	S1-13

GRI 405: Diversity and Equal Opportunity 2016

GRI Standard and Disclosure		Reference
405: 3-3	Management of material topics	Objectives of the Supervisory Board S1-1 S1-2 S1-4 S1-5 S1-17 S2 SBM-3 S2-1 S2-2 S2-4 S2-5
405-1	Diversity of governance bodies and employees	Executive Board Supervisory Board Objectives of the Supervisory Board Diversity policy GOV-1 S1-9
405-2	Ratio of basic salary and remuneration of women to men	S1-16

GRI 406: Non-discrimination 2016

GRI Standard and Disclosure		Reference
406: 3-3	Management of material topics	S1-1 S1-2 S1-4 S1-5 S1-17 S2 SBM-3 S2-1 S2-2 S2-4 S2-5 S4 SBM-3 S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Health and safety of our patients) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)
406-1	Incidents of discrimination and corrective actions taken	S1-17

GRI 407: Freedom of Association and Collective Bargaining 2016

GRI Standard and Disclosure		Reference
407: 3-3	Management of material topics	**S1-1** **S1-2** S1-4 **S1-5** **S1-17** **S2 SBM-3** **S2-1** **S2-2** **S2-4** **S2-5**
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	**S1-1** S1-4 **S1-5** **S2-1** **S2-2** **S2-4** **S2-5**

GRI 408: Child Labor 2016

GRI Standard and Disclosure		Reference
408: 3-3	Management of material topics	**S1-1** **S1-2** S1-4 **S1-5** **S1-17** **S2 SBM-3** **S2-1** **S2-4** **S2-5**
408-1	Operations and suppliers at significant risk for incidents of child labor	**S1 SBM-3** **S1-1** **S2 SBM-3** **S2-1**

GRI 409: Forced or Compulsory Labor 2016

GRI Standard and Disclosure		Reference
409: 3-3	Management of material topics	**S1-1** **S1-2** S1-4 **S1-5** **S1-17** **S2 SBM-3** **S2-1** **S2-2** **S2-4** **S2-5**
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	**S1 SBM-3** **S1-1** **S2 SBM-3** **S2-1**

GRI 416: Customer Health and Safety 2016

GRI Standard and Disclosure		Reference
416: 3-3	Management of material topics	Report on Risks and Opportunities S4 SBM-3 (Health and safety of our patients) S4 SBM-3 (Access to our products and services and access to (qualiyt) information) S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Health and safety of our patients)
416-1	Assessment of the health and safety impacts of product and service categories	S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Report on Risks and Opportunities S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information)

GRI 417: Marketing and Labeling 2016

GRI Standard and Disclosure		Reference
417: 3-3	Management of material topics	S4 SBM-3 (Health and safety of our patients) S4 SBM-3 (Access to our products and services and access to (quality) information) S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Health and safety of our patients) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)
417-1	Requirements for product and service information and labeling	S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)
417-2	Incidents of non-compliance concerning product and service information and labeling	Report on Risks and Opportunities S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information)
417-3	Incidents of non-compliance concerning marketing communications	Report on Risks and Opportunities S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information)

GRI 418: Customer Privacy 2016

GRI Standard and Disclosure		Reference
418: 3-3	Management of material topics	S4 SBM-3 (Health and safety of our patients) S4 SBM-3 (Access to our products and services and access to (quality) information) S4-1 (Health and safety of our patients) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Health and safety of our patients) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Health and safety of our patients) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Health and safety of our patients) S4-5 (Access to our products and services and access to (quality) information)

Additional material topics

Clinical studies

GRI Standard and Disclosure		Reference
3-3	Management of material topics	S4 SBM-3 (Health and safety of our patients) S4-1 (Health and safety of our patients) S4-2 (Health and safety of our patients) S4-4 (Health and safety of our patients) S4-5 (Health and safety of our patients)

Animal welfare

GRI Standard and Disclosure		Reference
3-3	Management of material topics	G1-1 (Animal welfare) G1 MDR-A (Animal welfare) G1 MDR-T (Animal welfare) G1 MDR-M (Animal welfare)

Access to health

GRI Standard and Disclosure		Reference
3-3	Management of material topics	S4 SBM-3 (Access to our products and services and access to (quality) information) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Access to our products and services and access to (quality) information)

Prices of medicines

GRI Standard and Disclosure		Reference
3-3	Management of material topics	S4 SBM-3 (Access to our products and services and access to (quality) information) S4-1 (Access to our products and services and access to (quality) information) S4-2 (Access to our products and services and access to (quality) information) S4-4 (Access to our products and services and access to (quality) information) S4-5 (Access to our products and services and access to (quality) information)

Product-related crime

GRI Standard and Disclosure		Reference
3-3	Management of material topics	S4 SBM-3 (Health and safety of our patients) S4-1 (Health and safety of our patients) S4-2 (Health and safety of our patients) S4-4 (Health and safety of our patients) S4-5 (Health and safety of our patients)

Bioethics

GRI standard and disclosure		Reference
3-3	Management of material topics	Bioethics SBM-3 Bioethics MDR-P Bioethics MDR-A Bioethics MDR-T

Digital ethics

GRI standard and disclosure		Reference
3-3	Management of material topics	Digital ethics SBM-3 Digital ethics MDR-P Digital ethics MDR-A Digital ethics MDR-T

SASB Index

We voluntarily report information on the disclosures pursuant to the SASB industry standards “Biotechnology & Pharmaceuticals”, “Medical Equipment & Supplies” and “Semiconductors”. We thus cover our three business sectors. With our voluntary SASB disclosures, we want to meet the increasing demands of our investors and other stakeholders. The reported data provide transparent, financially material and meaningful information on sustainability. To meet the evolving interests and requirements of our stakeholders in the future as well, we will continuously develop and expand our SASB reporting.

The SASB disclosures were not part of the limited assurance engagement conducted by an independent auditor for our 2024 Combined Sustainability Statement.

Biotechnology & Pharmaceuticals

Safety of Clinical Trial Participants

SASB Code	SASB Metrics	Reference/Comment
HC-BP-210a.1	Discussion, by region, of management process for ensuring quality and patient safety during clinical trials	**S4 (Patient health and safety)** **S4-1 (Patient health and safety)** **S4-2; S4-3 (Patient health and safety)** **S4-4 (Patient health and safety)** **R&D: Positions & Policies (Healthcare)**
HC-BP-210a.2	Number of inspections related to clinical trial management and pharmacovigilance that resulted in: (1) entity voluntary remediation or (2) regulatory or administrative actions taken against the entity	In 2025, there were 13 inspections related to clinical trial management and pharmacovigilance that resulted in entity voluntary remediation and none that resulted in regulatory or administrative actions taken against our company.
HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Not reported due to confidentiality constraints/legal prohibitions.

Access to Medicines

SASB Code	SASB Metrics	Reference/Comment
HC-BP-240a.1	Description of actions and initiatives to promote access to healthcare products for priority diseases and in priority countries as defined by the Access to Medicine Index	**Our strategy to improve health equity** **S4-2; S4-3 (Patient health and safety)** **S4-4 (Access to our products and services and access to (quality) information)**
HC-BP-240a.2	List of products of the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	In 2025, two products for schistosomiasis were included in the WHO's List of Prequalified Medicinal Products: praziquantel (Cesol® 600mg) and arpraziquantel.

Affordability & Pricing

SASB Code	SASB Metrics	Reference/Comment
HC-BP-240b.2	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	The following overview shows the percentage change (2025 vs. 2024) in the average list price (WAC*) of our Healthcare U.S. product portfolio compared to the previous year (numbers in brackets: 2024 vs. 2023): Rebif®: 4.0% (6.5%) Mavenclad®: 6.6% (6.6%) Bavencio®: 7.7% (5.4%) Gonal-f®: 0.0% (0.0%) Cetrotide®: 5.0% (5.0%) Ovidrel®: 7.5% (7.5%) Serostim®: 3.0% (5.5%) Tepmetko®: 5.5% (5.5%) We do not report any net price for confidentiality reasons. *Wholesale acquisition cost (WAC) means, with respect to a drug or biological, the manufacturer's list price for the drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other rebates, discounts or reductions in price, for the most recent month for which the information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. WAC is the U.S. equivalent for Ex-Factory (EXF) wholesale price that our company uses globally to label the price from the manufacturer to the wholesaler.
HC-BP-240b.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous reporting period	We only report the percentage change in average list price across our U.S. product portfolio. The largest increase compared with the previous year amounted to 7.5% for Ovidrel®. We do not report any net price for confidentiality reasons.

Drug Safety

SASB Code	SASB Metrics	Reference/Comment
HC-BP-250a.1	Products listed in public medical product safety or adverse event alert databases	Products included in public medical product safety or adverse event alert databases, are those where adverse reactions are reported by patients/consumers, healthcare professionals, or by companies to health authorities who maintain such databases. Due to different products being investigated or marketed in different countries, we do not have one comprehensive a list of all products. As an example, for products investigated or marketed in USA, information can be found on the US FDA website: **Safety information and adverse event reporting program** **Adverse event reporting system (FAERS) public dashboard**
HC-BP-250a.2	Number of fatalities associated with products	Due to different products being investigated or marketed in different countries by different companies (business partners), we do not have a simple count of number of fatalities associated with products. As an example, the count of fatalities reported per product can be found on the US FDA website: **Adverse event reporting system (FAERS) public dashboard**
HC-BP-250a.3	(1) Number of recalls issued, (2) total unites recalled	In 2025, we had 3 drug product recalls affecting 446689 units in total. None of the recalls were related to the USA. None of the recalls were related to serious injury or fatality, all were either Class II or III. According to our internal policies, any recall type is reported and discussed with the relevant national regulatory authority, including the U.S. FDA. All recall processes are managed under a Global Standard Procedure "Product Recall and Withdrawal Management" which is applied worldwide for medicinal products (pharmaceutical prescription, biological) and devices. See also: **S4-2; S4-3 (Patient health and safety)**
HC-BP-250a.4	Total amount of product accepted for take-back, reuse, or disposal	We do not take back products for reuse. In line with legal requirements in each country, we take back products for disposal. The take back for disposal is organized on a local level and not tracked at global level.
HC-BP-250a.5	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	In 2025 we had no such enforcement actions.

Counterfeit Drugs

SASB Code	SASB Metrics	Reference/Comment
HC-BP-260a.1	Descriptions of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	**S4-2; S4-3 (Patient health and safety)**
HC-BP-260a.2	Discussion of process for alerting customers and business partners to potential or known risks associated with counterfeit products	We have implemented processes and procedures to ensure that all suspected counterfeit medicines are assessed by a team of experts. The scope of any notification that we provide is the outcome of strategic alignment between relevant functions (e.g. Medical, Procurement, Legal, Quality, Corporate Security, Regulatory Affairs, Communications). Levels of details and format of any notification, including the HA information and collaboration, dedicated patient communication, information/awareness communication to distributors, pharmacies, physicians etc. about the presence of counterfeit or diverted products in the market, is decided on a case-by-case basis in accordance with the identified risks and taking into account corporate, legal and regulatory responsibilities. See also: **S4-2; S4-3 (Patient health and safety)**
HC-BP-260a.3	Number of actions that led to raids, seizure, arrests, or filing of criminal charges related to counterfeit products	We report the number of actions that lead to filed cases related to counterfeit products to the authorities. For our Group-wide approach to counterfeit products, please see: **S4-2; S4-3 (Patient health and safety)**

Ethical Marketing

SASB Code	SASB Metrics	Reference/Comment
HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Not reported due to confidentiality constraints/legal prohibitions.
HC-BP-270a.2	Description of code of ethics governing promotion of off-label use of products	**S4-1 (Patient health and safety)**

Employee Recruitment, Development & Retention

SASB Code	SASB Metrics	Reference/Comment
HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development staff	We are a diverse company with three business sectors. Our Group approach to talent recruitment and retention efforts applies to everyone and does not differentiate between non-scientist and scientist employees. **S1** **S1-4**
HC-BP-330a.2	(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, (c) professionals, and (d) all others	We report the overall turnover rate (including voluntary as well as involuntary fluctuation). **S1-6**

Supply Chain Management

SASB Code	SASB Metrics	Reference/Comment
HC-BP-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients	Our Healthcare business sector does not participate in the Rx-360 International Pharmaceutical Supply Chain Consortium. However, our facilities are frequently audited by the respective health authorities of the countries in which we distribute our healthcare products. Furthermore, our commitment to operational excellence is validated through regular audits for ISO 14001 (Environmental Management), ISO 9001 (Quality Management), and ISO 45001 (Occupational Health and Safety). As a major supplier to the pharmaceutical industry, our Life Science business sector continues to participate in the Rx-360 audit program. Reflecting our commitment to sustainability performance, we achieved an EcoVadis Platinum medal in 2025, placing us among the top 1% of companies assessed globally. Regarding our supplier base, we ensure the integrity of our supply chain through memberships in the industry initiatives "Together for Sustainability" (**TfS**) and the "Pharmaceutical Supply Chain Initiative" (**PSCI**). We have streamlined our supplier sustainability assessments by leveraging EcoVadis to gain deep insights into our partners' ESG performance. We have paused utilizing Integrity Next or Sustainalytics for these specific supplier assessments. See also: **S2-4**

Business Ethics

SASB Code	SASB Metrics	Reference/Comment
HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Not reported due to confidentiality constraints/legal prohibitions.
HC-BP-510a.2	Description of code of ethics governing interactions with health care professionals	**Our strategy to improve patient health** **Our strategy to improve health equity** **Dealing with medical professionals and transparency reporting** **Our values and Code of Conduct**

Activity Metrics

SASB Code	SASB Metrics	Reference/Comment
HC-BP-000.A	Number of patients treated	In 2025, our Healthcare products were used to treat around 108 million patients, thereof more than 70 million patients in low- and middle-income countries. Additionally, we donated more than 187 million praziquantel tablets, enough to treat schistosomiasis in around 75 million school-aged children in 2025. See also: **S4-4 (Access to our products and services and access to (quality) information)**
HC-BP-000.B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	We disclose our drug portfolio and R&D pipeline in the Annual Report and our website: **Our Healthcare portfolio** **Research & Development (Healthcare)** **Our Healthcare pipeline**

Medical Equipment & Supplies

Affordability & Pricing

SASB Code	SASB Metrics	Reference/Comment
HC-MS-240a.2	Description of how price information for each product is disclosed to customers or to their agents	We disclose price information for our products via our **website** (excluding custom requests): **Life Science portfolio**
HC-MS-240a.3	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	We disclose price information for our products via our **website** (excluding custom requests): **Life Science portfolio**

Product Safety

SASB Code	SASB Metrics	Reference/Comment
HC-MS-250a.1	(1) Number of recalls issued, (2) total units recalled	We conduct monthly reviews of Key Quality indicators which include a review of multiple quality metrics including number of recalls. Quarterly trends are evaluated and reported through management reviews. In 2025, there were no recalls.
HC-MS-250a.2	Products listed in any public medical product safety or adverse event alert database	In 2025, there were no life Science products listed in any public medical product safety or adverse event alert database.
HC-MS-250a.3	Number of fatalities associated with products	In 2025, there were no fatalities related to our life science products.
HC-MS-250a.4	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	In 2025, Life Science received five FDA inspections with each concluding Voluntary Action indicated with no enforcement actions.

Ethical Marketing

SASB Code	SASB Metrics	Reference/Comment
HC-MS-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Not reported due to confidentiality constraints/legal prohibitions.
HC-MS-270a.2	Description of code of ethics governing promotion of off-label use of products	Before any products can be purchased from our Life Science platform, we use a customer screening process to guard against the purchase of our products for illegal purposes. Core steps of this process cover data sourcing, hazard assessment, safe-use/risk assessment and labels/safety data sheets. Besides our own process, we cooperate with responsible authorities in the U.S. (FBI and the Bureau of Alcohol, Tobacco, Firearms and Explosives, ATF), as well as international authorities (Interpol). If we become aware that any of our Life Science products is used beyond our marketed intention, we evaluate the situation to determine whether to continue sales or not. Proper use of our products is included in our **Terms and Conditions** under "Use of Products". See also: **S4-1 (Patient health and safety)**

Product Design & Lifecycle Management

SASB Code	SASB Metrics	Reference/Comment
HC-MS-410a.1	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	We assess environmental, human health, and further sustainability aspects of chemical products that we source and/or produce and sell. Furthermore, we screen our entire Life Science portfolio against growing demands arising from external stakeholders. For example, we work in alignment with the European Chemicals Strategy for Sustainability (CSS) to develop a more sustainable product portfolio. Our Product Stewardship Council drives the transformation of existing products by considering appropriate measures like the substitution of chemical substances. Regarding future products, the selection of benign substance alternatives is done during ideation and early R&D through our Design for Sustainability framework. In support of this, we have developed a tool which monitors latest chemical regulations. Besides flagging banned substances, it also flags substances that are already considered critical but not yet regulated. In addition to this, experts of the Chemicals Regulations teams are directly consulted for further insights and advice. See also: **E2-1** **E2-2** **E5-3**
HC-MS-410a.2	Total amount of products accepted for take-back and reused, recycled or donated, broken down by: (1) devices and equipment and (2) supplies	Since 2013, we have partnered with Seeding Labs, a non-profit organization dedicated to equipping scientists in resource-limited countries with scientific equipment and support. In 2025, we donated 207 items of scientific equipment valued at more than US$ 255,360. See also: **E5-1** **E5-2** **Sustainability and Social Business Innovation**

Supply Chain Management

SASB Code	SASB Metrics	Reference/Comment
HC-MS-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	As a major supplier to the pharmaceutical industry, our Life Science business participates in the Rx-360 audit program. The Life Science facilities are regularly audited by customers and respective health authorities for regulated products. (1) Rx-360 audit programs are conducted across the Life Science business on a multi-year cycle with approximately 17% of our manufacturing facilities audited annually. (2) Approximately 1.7% of our tier 1 supplier facilities participated in third party audit programs such as Rx-360.
HC-MS-430a.2	Description of efforts to maintain traceability within the distribution chain	**Product safety (Life Science)** **Quality & regulatory management (Life Science)** For our Group-wide approach see also: **S2-4** **S4-4 (Patient health and safety)**
HC-MS-430a.3	Description of the management of risks associated with the use of critical materials	**Business-related risks and opportunities** **E5-2** **S2-3** **S2-4**

Business Ethics

SASB Code	SASB Metrics	Reference/Comment
HC-MS-510a.1	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Not reported due to confidentiality constraints/legal prohibitions.
HC-MS-510a.2	Description of code of ethics governing interactions with health care professionals	**S4 SBM-3** **Our strategy to improve health equity** **Our values and Code of Conduct**

Activity Metrics

SASB Code	SASB Metrics	Reference/Comment
HC-MS-000.A	Number of units sold by product category	Not reported

Semiconductors

Greenhouse Gas Emissions

SASB Code	SASB Metrics	Reference/Comment
TC-SC-110a.1	(1) Gross global Scope 1 emissions	**E1-6**
TC-SC-110a.1	(2) amount of total emissions from perfluorinated compounds	**CDP Climate change**
TC-SC-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	**E1-1** **E1-4**

Energy Management in Manufacturing

SASB Code	SASB Metrics	Reference/Comment
TC-SC-130a.1	(1) Total energy consumed	**E1-5**
TC-SC-130a.1	(2) percentage grid electricity	42% See also **E1-5**
TC-SC-130a.1	(3) percentage renewable	**E1-5**

Water management

SASB Code	SASB Metrics	Reference/Comment
TC-SC-140a.1	(1) Total water withdrawn	**E3 MDR-M**
TC-SC-140a.1	(2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	**CDP Water security**

Waste management

SASB Code	SASB Metrics	Reference/Comment
TC-SC-150a.1	(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	**E5-5**

Employee Health & Safety

SASB Code	SASB Metrics	Reference/Comment
TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards	**S1-1** **S1-3** **S1-4** **S1-5** **E2-1**
TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Not reported due to confidentiality constraints/legal prohibitions.

Recruiting & Managing a Global & Skilled Workforce

SASB Code	SASB Metrics	Reference/Comment
TC-SC-330a.1	Percentage of employees that require a work visa	We embrace talent in all its forms. We recruit for excellence. We develop with purpose. We support with care. We report the number of employees by countries for countries where we have more than 50 employees, representing 10% of our total number of employees. We also report the number of employees by region. See also: **S1-5** **S1-6** **ESRS 2 SBM-1**

Product Lifecycle Management

SASB Code	SASB Metrics	Reference/Comment
TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Not reported
TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Not applicable

Materials Sourcing

SASB Code	SASB Metrics	Reference/Comment
TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	**Research & Development (Electronics)** **Report on Risks and Opportunities**

Intellectual Property Protection & Competitive Behavior

SASB Code	SASB Metrics	Reference/Comment
TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Not reported due to confidentiality constraints/legal prohibitions.

Activity Metrics

SASB Code	SASB Metrics	Reference/Comment
TC-SC-000.A	Total production	Not reported
TC-SC-000.B	Percentage of production from owned facilities	Not reported

TCFD Index

Climate change is one of the most profound challenges facing society in the 21st century. In our efforts to support the transition to a low emission future we follow the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). Our TCFD index provides insights into our governance frameworks, strategic approaches, risk management practices, resilience assessments, metrics and targets, as well as a summary of our environmental performance.

The TCFD disclosures were not part of the limited assurance engagement conducted by an independent auditor for our **Sustainability Statement 2025**.

Governance

TCFD core elements	Required information	Reference
Disclosure of the organization's governance around climate-related risks and opportunities.	A. Executive Board's oversight of climate-related risks and opportunities	**ESRS 2 GOV-1** **ESRS 2 GOV-2**
	B. Management's role in assessing and managing climate related risks and opportunities	**ESRS 2 GOV-1** **ESRS 2 IRO-1**

Strategy

TCFD core elements	Required information	Reference
Disclosure of the actual and potential impacts of climate related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	A. Description of climate-related opportunities and risks the organization has identified over the short, medium and long term	**ESRS 2 SBM-3** **ESRS 2 IRO-1** **E1 SBM-3**
	B. Impact of climate-related risks on the organization's businesses, strategy, and financial planning	**ESRS 2 SBM-3** **ESRS 2 IRO-1** **E1 SBM-3** **E1-1**
	C. Resilience of the organization's strategy, taking into consideration different climated-related scenarios	**ESRS 2 SBM-3** **ESRS 2 IRO-1** **E1 SBM-3** **E1-1**

Risk management

TCFD core elements	Required information	Reference
Disclosure of how the organization identifies, assesses, and manages climate-related risks.	A. Organization's processes for identifying and assessing climate-related risks	**ESRS 2 IRO-1**
	B. Organization's processes for managing climate-related risks	**E1 SBM-3** **E1-2**
	C. Integration of processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	**ESRS 2 IRO-1** **E1 SBM-3** **E1-2**

Metrics and targets

TCFD core elements	Required information	Reference
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A. Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	**E1-5** **E1-6**
	B. Disclosure of Scope 1, Scope 2, and, Scope 3 greenhouse gas (GHG) emissions, and the related risks	**E1 SBM-3** **E1-6**
	C. Targets used by the organization to manage climate-related risks and opportunities and performance against targets	**E1-1** **E1-4**

Business Development 2021 – 2025

This overview may include historically adjusted values in order to ensure comparability with the reporting period.

€ million	2021	2022	2023	2024	2025	Change in %
Results of operations						
Net sales	19,687	22,232	20,993	21,156	21,102	-0.3%
Operating result (EBIT)[1]	4,179	4,474	3,609	3,645	3,601	-1.2%
Margin (% of net sales)[1]	21.2%	20.1%	17.2%	17.2%	17.1%	
EBITDA[2]	5,946	6,504	5,489	5,779	5,899	2.1%
Margin (% of net sales)[1]	30.2%	29.3%	26.1%	27.3%	28.0%	
Adjustments[1]	157	345	390	293	210	-28.4%
EBITDA pre[1]	6,103	6,849	5,879	6,072	6,109	0.6%
Margin (% of net sales)[1]	31.0%	30.8%	28.0%	28.7%	28.9%	
Profit before income tax	3,924	4,287	3,484	3,536	3,308	-6.5%
Profit after tax	3,065	3,339	2,834	2,786	2,615	-6.1%
Earnings per share (in €)	7.03	7.65	6.49	6.39	6.00	-6.1%
Assets and liabilities						
Total assets	45,362	48,535	48,495	51,596	51,527	-0.1%
Non-current assets	34,380	36,334	36,102	38,146	38,298	0.4%
thereof:						
Goodwill	17,004	18,389	17,845	19,107	17,934	-6.1%
Other intangible assets	7,612	7,335	6,551	6,351	7,662	20.6%
Property, plant, and equipment	7,217	8,204	9,056	10,025	9,940	-0.9%
Current assets	10,982	12,201	12,393	13,450	13,230	-1.6%
thereof:						
Inventories	3,900	4,632	4,637	4,484	4,562	1.7%
Trade receivables and other current receivables	3,646	4,114	4,004	3,947	3,947	–
Cash and cash equivalents	1,899	1,854	1,982	2,517	2,740	8.8%
Equity	21,416	26,005	26,754	29,989	28,660	-4.4%
Financial liabilities	10,801	10,428	9,941	10,301	11,968	16.2%
Non-current	8,270	9,200	9,239	6,997	10,730	53.4%
Current	2,531	1,228	702	3,304	1,238	-62.5%
Liquidity						
Payments for investments in intangible assets[3]	355	275	216	482	373	-22.5%
Payments for investments in property, plant, and equipment[3]	1,066	1,531	1,807	1,702	1,585	-6.9%
Operating cash flow[3]	4,616	4,259	3,784	4,586	3,932	-14.3%
Net financial debt[1]	8,753	8,328	7,500	7,155	8,619	20.5%
Other key data						
Equity ratio (in %)[1]	47.2%	53.6%	55.2%	58.1%	55.6%	
Research and development costs	2,426	2,521	2,445	2,279	2,415	5.9%
Dividend per share (in €)	1.85	2.20	2.20	2.20	2,20[4]	–
Employees (number as of December 31)	60,334	64,232	62,908	62,557	62,461	-0.2%

[1] Not defined by IFRS Accounting Standards.

[2] Not defined by IFRS Accounting Standards; EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

[3] According to the Consolidated Cash Flow Statement.

[4] Proposal on the appropriation of profits for 2025.

financial calendar

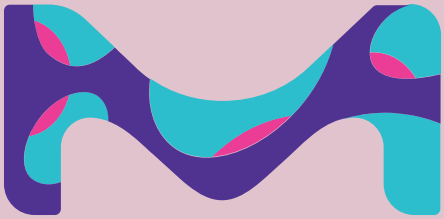
March
5
2026
Annual Press Conference

April
24
2026
Annual General Meeting

May
13
2026
Quarterly Statement Q1

August
6
2026
Half-yearly
Financial Report

November
12
2026
Quarterly Statement Q3



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