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 2023. 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 2023. Both, the Supervisory Board and the Executive Board have jointly prepared the Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) as well as the German Corporate Governance Code in the version dated April 28, 2022. It is formally audited in accordance with section 162 (3) AktG as well as materially audited by Deloitte Wirtschaftsprüfungsgesellschaft GmbH. The Compensation Report and the corresponding audit opinion can be found on our website.

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. Given the structural differences between an AG and a KGaA, several recommendations of the German Corporate Governance Code apply to a KGaA only in a modified form.

Review of fiscal 2023

Fiscal 2023 was a challenging year, which ended with a satisfactory business result despite difficult macroeconomic conditions. These challenging conditions were also evident in the share price development.

Ultimately, the diversified business model had a positive impact on our business results. The Life Science business sector faced a noticeable decline in demand for products and services related to the Covid-19 pandemic and the destocking of our Process Solutions customers, which lasted longer than expected. At the same time, the Electronics business sector was impacted by a prolonged downcycle in Semiconductor Solutions and low customer utilization in Display Solutions. The Healthcare business sector made a positive contribution to the company's success in fiscal 2023. Our new healthcare products led to robust growth. In particular, sales of multiple sclerosis drugs and oncology drugs achieved good sales in our opinion.

In fiscal 2023, we continued to focus on achieving our three core sustainability targets. In the long term, we want to fully integrate sustainability into our value chains, contribute to human progress for more than one billion people through sustainable science and technology, continue to reduce our resource consumption, and achieve climate neutrality. To encourage the implementation of our long-term sustainability targets, corresponding key sustainability indicators and targets were also integrated in the sustainability factor of the Long-term Incentive Plan granted in 2023 (LTIP 2023).

For the members of the Executive Board, the contractually agreed compensation remained unchanged and there were no increases in fiscal 2023. In 2021, the LTIP was revised with a term of four years (previously three years). This extension of the performance cycle results in a one-time payout gap. As a consequence, the members of the Executive Board will not receive any payout from the Long-Term Incentive Plan for fiscal 2023 and there will also be no other payment to bridge the gap. We will report on the target achievement and payout of the LTIP tranche 2021, which runs until December 31, 2024, in the next Compensation Report.

The profit sharing ensures that the Members of the Executive Board act in line with the interests of both the shareholders and owners. It is based on the average of the profit after tax of The Group of E. Merck KG, Darmstadt, Germany, of the current year and the two previous years, to ensure a long-term orientation. Thus, the profit sharing for the 2023 financial year considers the very successful years 2021, 2022 as well as the current challenging year 2023.

In fiscal 2023, Marcus Kuhnert stepped down as Chief Financial Officer and Member of the Executive Board of Merck KGaA, Darmstadt, Germany as of June 30, 2023. On July 1, 2023, Helene von Roeder took over the position of Chief Financial Officer. Since 2019, she had been a member of both the Supervisory Board of Merck KGaA, Darmstadt, Germany, and the Board of Partners of E. Merck KG, Darmstadt, Germany. During that time, she was also Chair of the Audit and Finance Committee. She has resigned from these mandates and left the Supervisory Board effective April 17, 2023. Barbara Lambert was appointed to the Supervisory Board with effect from August 11, 2023.

Approval of the Compensation Report 2022

At the Annual General Meeting 2023, the Compensation Report 2022 was approved with a voting result of 84.63% in accordance with section 120a (4) AktG. Only shareholders of Merck KGaA, Darmstadt, Germany, are entitled to vote at the Annual General Meeting.

In the course of the Annual General Meeting 2023 and in numerous discussions thereafter, we received feedback from investors, all relevant shareholder associations and proxy advisors on the compensation of the Executive Board as well as the presentation of the Compensation Report.

As in the previous year, we are following suggestions from our investors, we are publishing the target corridor of the respective key performance indicators of the sustainability factor for the second time at the beginning of the performance cycle of the Long-Term Incentive Plan (LTIP).

To provide a complete overview of the compensation system, we continue to describe the most important components of the Compensation Report in detail and at the same time have improved the presentation. In addition, we have further clarified the description of the maximum compensation, illustrating how the different compensation components are limited.

Some discussions with investors focused on the level of the compensation of the Executive Board compared with other companies. In this context, it should be noted that the position of the members of the Executive Board as personally liable partners does explain a different level and structure of compensation. On a regular basis, we initiate a compensation benchmark to assess the level of our compensation. To consider, the criteria of country, size and industry as well as our global business activities and the various business sectors, two peer groups were used for comparison: the DAX® companies and a peer group of international competitors. The latter peer group of international competitors represents our three business sectors (Life Science, Healthcare and Electronics) and includes companies which are headquartered in Europe as well as in the USA.

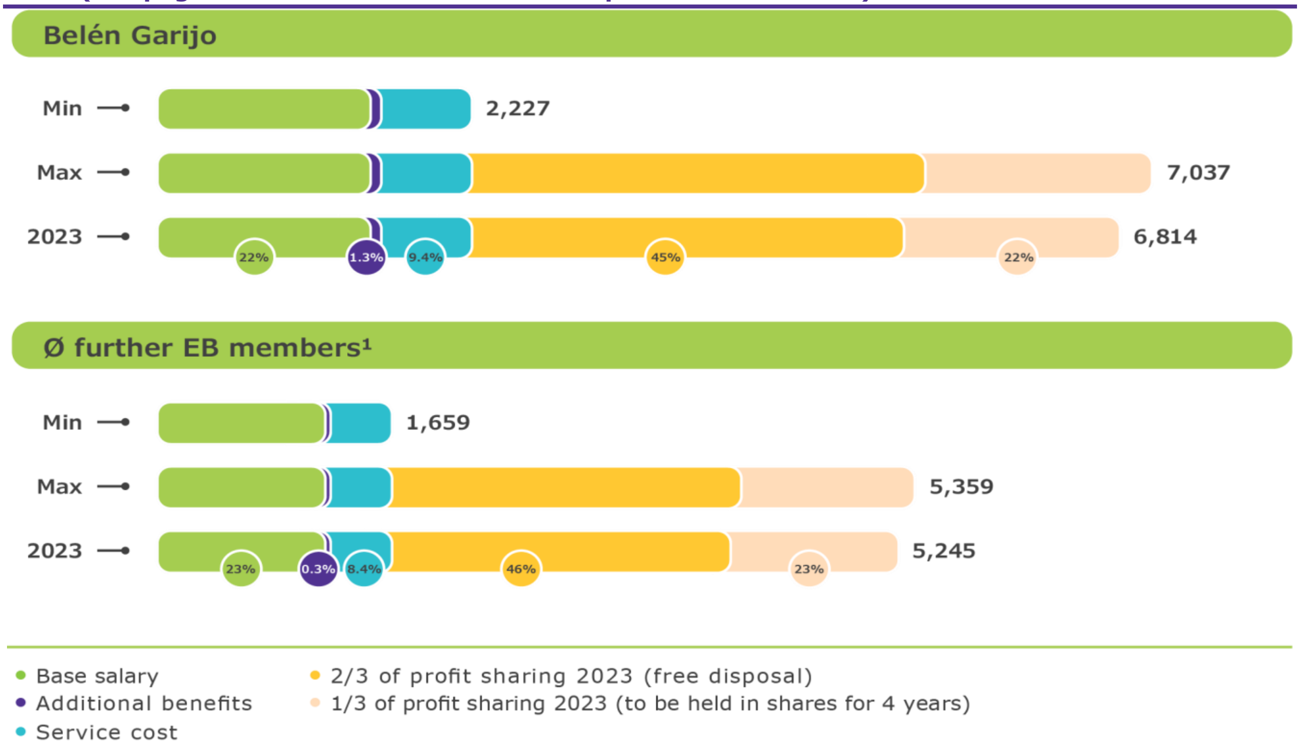
In addition, we have again decided to follow the presentation and interpretation of section 162 (1) of the German Stock Corporation Act (AktG) chosen last year for the compensation tables. In this context, we also monitor the practices of other companies to align with common market practice where necessary.

The exchange with our investors is an important and continuous process. During the Annual General Meeting 2024 and also as part of the review of the compensation system for the Annual General Meeting 2025, we will regularly continue to obtain feedback and stay in dialogue with investors. In this way, we can ensure that we receive constructive and valuable feedback, which can be considered in the upcoming review and potential adjustment to the compensation system and decisions of the Personnel Committee. Accordingly, we will report on the feedback received in the next compensation report.

Compensation for fiscal 2023 – Summary

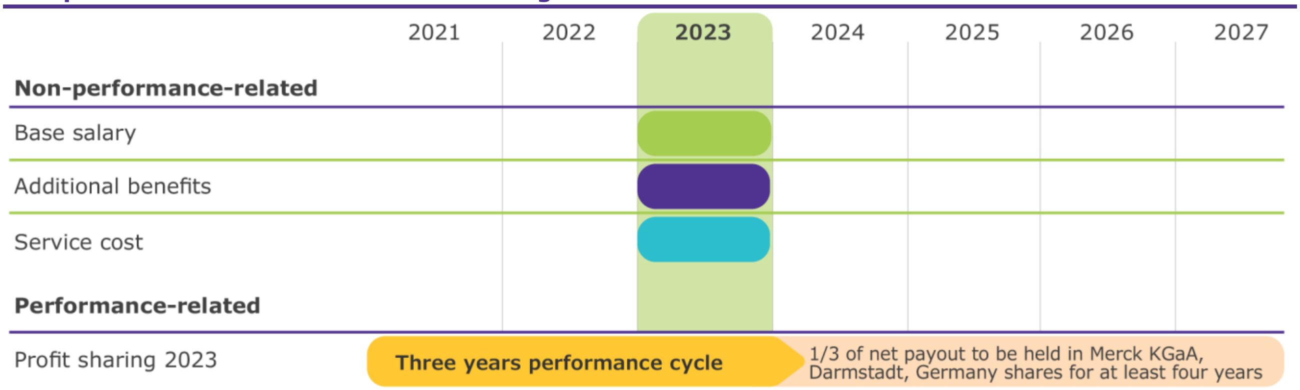
For fiscal 2023, no payment will be made from the LTIP. In 2021, an LTIP was introduced, with a performance period of four years in total (previously three years). As a result, there is a one-time payout gap without bridging payments. The LTIP is therefore not considered in the following graphics below. As a result, the maximum values represent the sum of the base salary, additional benefits and service costs for fiscal 2023 as well as the maximum amount of profit sharing.

Summary of the compensation for the Executive Board members' performance up to December 31, 2023 (see page 8 below "Executive Board Compensation for 2023")



[1] The average calculation includes the compensation of Kai Beckmann, Peter Guenter and Matthias Heinzel. Peter Guenter's compensation payment is not illustrated. Since Marcus Kuhnert left the Executive Board and Helene von Roeder became a member of the Executive Board during the year, their pro-rated compensation would distort the illustration and have therefore not been considered.

Compensation for fiscal 2023[1] – Chronological overview



[1] In 2021, the revised LTIP with a performance cycle of four years (previously three years) was introduced which resulted in a one-time payout gap without bridging payments. The LTIP tranche 2021 runs until December 31, 2024, and will be paid out in April 2025 due to the one-year holding period. That is the reason why the LTIP tranche 2021 is not included in the chronological overview.

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, i.e. structuring and examining of the performance-independent 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 considers the responsibilities and duties of the individual Executive Board members and in particular, their status as personally liable partners, their individual performance and the economic situation as well as the performance and future prospects of the company.

Furthermore, Executive Board compensation is oriented toward the external peer environment of our company, which comprises the DAX® companies as well as a group of selected international competitors:

German peer group

DAX®

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International peer group

- Agilent
- Air Liquide
- AstraZeneca
- Bayer
- Biogen
- Bio-Rad
- Danaher
- DuPont
- Entegris
- GlaxoSmithKline
- Infineon
- Lonza
- MSD
- Novartis
- Philips
- Roche
- Sanofi
- Sartorius
- Thermo Fisher
- UCB

The international peer group was defined considering the size, business area and geographic location of the headquarters of the respective competitors. 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. Based on the size criteria of sales, number of employees and market capitalization, the Group positions itself around the median of this international peer group.

Moreover, for the determination of the specific compensation amounts, the relations between Executive Board compensation, top management compensation and workforce compensation will be considered also 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 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. 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 Long-Term Incentive Plan – are based on a multi-year performance period and as such are fully oriented toward the company’s long-term development. In addition, there is a strong reference to the company’s share price, to provide for special focus on 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 the elements of the compensation system for Executive Board members:

Non-performance-related compensation

Base salary

Additional benefits

Pension entitlement

Performance-related compensation

Profit sharing

- Key performance indicator: Three-year average of the profit after tax of the E. Merck KG, Darmstadt, Germany
- Consideration of individual performance and individual contribution to achieving the sustainability goals via the adjustment factor in a range from 0.8 to 1.2 based on the defined criteria set
- Individual, absolute capped amount

Long-Term Incentive Plan

- Performance Share Plan based on virtual shares (Share Units of Merck KGaA, Darmstadt, Germany)
- Key performance indicators: share price performance relative to the DAX® (50%), EBITDA pre margin (25%), organic sales growth (25%)
- Sustainability factor ranging from 0.8 to 1.2 based on the sustainability goals “Dedicated to human progress”, “Partnering for sustainable business impact” and “Reducing our ecological footprint”
- Absolute capped amount totaling 250% of the individual grant
- Four-year performance period with three-year achievement period and subsequent one-year holding period

Other components

Malus & Clawback

Potential applications:

- Violation of internal regulations and guidelines (Code of Conduct), laws or other binding external specifications in the area of responsibility or considerable violations of due diligence within the meaning of section 93 of the German Stock Corporation Act
- In the event of other grossly non-compliant or unethical behavior or behavior or actions that are contrary to our corporate values.

Share Ownership Guidelines

- Mandatory personal investment amounting to one third of the net payment of the profit sharing in shares of Merck KGaA, Darmstadt, Germany
- Four-year holding period

Executive Board compensation for 2023

The performance-related and performance-independent components of the compensation system for the Executive Board in fiscal 2023 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 for the Executive Board is published on our **Website** and applies to all members of the Executive Board since January 1, 2021. The Personnel Committee ensures compliance with the compensation system by deciding by resolution on the parameters of the compensation elements (e.g. target setting, determination of 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 fiscal 2023 (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, 2023, but whose payment will be made in the following year, is disclosed on a voluntary basis. This enables transparent information and ensures the link between performance and compensation in the fiscal year. This year, the voluntary reporting only concerns profit sharing for 2023. The Personnel Committee has provisionally determined the payout amounts of the profit-sharing by resolution and informed the members of the Executive Board accordingly. The final amount will be paid to the members of the Executive Board after the consolidated financial statements of E. Merck KG, Darmstadt, Germany, have been released. After amending the compensation system of the Executive Board effective January 1, 2021, an additional one-year holding period was introduced for the LTIP, which applies for the first time to the LTIP Tranche 2021. Therefore, the performance period of the LTIP tranche 2021 will run until the end of fiscal 2024 and payout will be made in April 2025. The LTIP tranche 2020, however, ran until the end of fiscal 2022 and was paid out in April 2023. As a result, payout of the LTIP tranche 2021 can only be reported on a voluntary basis in the Compensation Report 2024. The obligation to report on the LTIP tranche 2021 applies for the first time in the Compensation Report 2025.

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. There was no increase of the base salary in fiscal 2023.

Additional benefits

The additional benefits mainly include company cars for personal use, contributions to insurance policies and expenses for personal protection.

In addition, as compensation for the loss of entitlements to variable compensation from his previous employment relationship, Peter Guenter received upon the initial appointment in fiscal 2021 a commitment to compensation totaling € 1,500,000.00. The entitlement has been verified in the context of his initial appointment based on supporting documents and the amount has been determined accordingly. The compensation is to be paid in cash in four equal installments. The first installment was paid on July 1, 2021, the second installment was paid on July 1, 2022, and the third installment was paid on July 1, 2023. The final installment will be paid out on July 1, 2024, provided the employment relationship continues.

As part of the initial appointment as a member of the Executive Board, compensation commitments were agreed with Helene von Roeder to compensate for the loss of entitlements to both short-term and long-term variable compensation from her previous position on the Management Board at Vonovia SE. The loss of variable compensation claims against Vonovia SE were proven on the basis of corresponding supporting documents. The compensation for the loss of the short-term incentive for the year 2023 covers the period until her appointment to the Executive Board of Merck KGaA, Darmstadt, Germany, (January 1, 2023 to June 30, 2023) and amounts to € 257,125. The amount will be paid out in fiscal 2024. The compensation for the loss of long-term incentive fiscal 2023 covers the period until her appointment to the Executive Board of Merck KGaA, Darmstadt, Germany (January 1, 2023 to June 30, 2023) and is based on the Long-Term Incentive Plan Rules of Vonovia SE for the year 2023, whose performance period runs from the beginning of 2023 to the end of 2026. As a corresponding compensation payment, 50% of the gross amount that would have resulted from Helene von Roeder's complete entitlement to the long-term incentive for the year 2023 is to be reimbursed. However, the maximum payout amount according to Vonovia's Long-Term Incentive Plan Rules will be considered. Therefore, the amount can only be calculated after the publication of the 2026 annual financial statements of Vonovia SE and will be paid out in 2027. Should it not be possible to calculate the payout amount, 50% of the allocation value of Vonovia's long-term incentive for 2023 will be paid out (€ 618,750). In this way, it is ensured that Helene von Roeder is only compensated for the actual loss of long-term incentive. The entitlement to the compensation payment has arisen in full. In fiscal 2023, provisions of € 695,549 were made regarding this compensation.

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 amount 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.

After leaving the Executive Board, Marcus Kuhnert retains a vested entitlement to the pension account, which will be granted to him upon the occurrence of the pension event. In fiscal 2023, no pension contributions were increased.

Pension obligations

		IAS 19			
		Service cost		Present value of the pension obligation as of December 31	
€ thousand	Contribution level	**2023**	2022	**2023**	2022
Belén Garijo	650	638	638	7,858	7,057
Kai Beckmann	450	435	439	6,875	6,309
Peter Guenter	450	435	437	1,357	893
Matthias Heinzel	450	454	462	1,405	832
Marcus Kuhnert (Left: June 30, 2023)[1]	400	396	401	5,197	4,717
Helene von Roeder (Entry: July 1, 2023)	225	268	–	268	–
Total	**2,625**	**2,626**	**2,377**	**22,960**	**19,808**

[1] The pension contribution for 2023 has been fully paid out into the pension account.

Performance-related compensation

Performance-related compensation comprises profit sharing as well as the Long-Term Incentive Plan (LTIP).

Profit sharing

As regards 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 E. Merck KG, Darmstadt, Germany. Fiscal 2023 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.

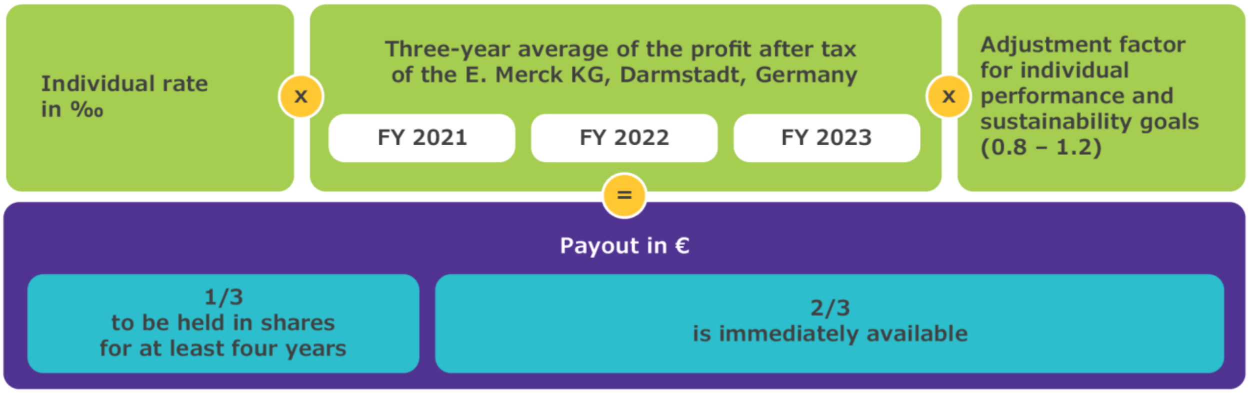
To appropriately consider the individual performance of the Executive Board members, the Personnel Committee may modify the payment by applying a factor ranging from 0.8 to 1.2. In determining the level of this factor, the Personnel Committee applies the following criteria, which also include sustainability goals.

Bonus criteria for increasing profit sharing	Malus criteria for decreasing profit sharing
• Extraordinary contributions to the sustainability goals and performance criteria “Dedicated to human progress”, “Partnering for sustainable business impact” and “Reducing our ecological footprint” (e.g. CO_2 reduction, employee satisfaction, customer satisfaction, Corporate Social Responsibility, diversity)	• Significantly failing to meet the sustainability goals and performance criteria “Dedicated to human progress”, “Partnering for sustainable business impact” and “Reducing our ecological footprint” (e.g. CO_2 reduction, employee satisfaction, customer satisfaction, Corporate Social Responsibility, diversity)
• Extraordinary success in connection with M&A activities of the Group	• Violations of internal rules and regulations (for instance our Code of Conduct), laws or other binding external requirements in the area of responsibility
• Extraordinary success in the sustainable strategic, technical, product-related or structural further development or reorganization of the Group	• Significant breaches of duty of care within the meaning of section 93 of the German Stock Corporation Act or other grossly non-compliant or unethical behavior
• Extraordinary performance in the execution of especially important projects or the achievement of other exceptionally important objectives in the area of responsibility	• Behaviors or actions that are contradictory to our company values
• Extraordinary performance leading to a clear overachievement of targets for relevant key performance indicators in the area of responsibility	• Failure to execute especially important projects or failing to achieve other exceptionally important objectives in the area of responsibility
	• Clear failure to achieve targets for relevant key performance indicators in the area of responsibility

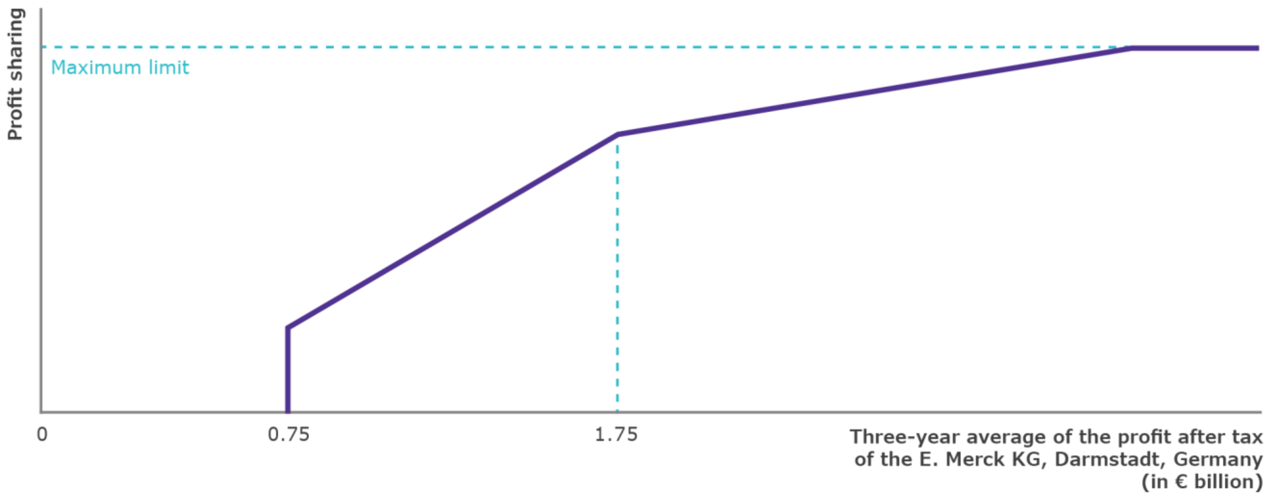
The performance factor makes it possible to recognize outstanding performance by a member of the Executive Board by multiplying profit sharing by a value greater than 1.0 up to 1.2. Similarly, multiplying by a value less than 1.0 down to 0.8 can reduce profit sharing if the circumstances call for it.

The members of the Executive Board are obligated to hold one-third of the payout of the profit sharing in shares of Merck KGaA, Darmstadt, Germany, for at least four years. Further details are provided under the heading “**Share Ownership Guideline**”.

The following illustration shows the profit sharing for fiscal 2023:



An average profit after tax of at least € 0.75 billion must be generated 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 in the following graphic:



The maximum profit-sharing payment is capped individually. It amounts to € 4,810 thousand for Belén Garijo, € 3,500 thousand for Kai Beckmann, € 3,900 thousand for Peter Guenter, € 3,900 thousand for Matthias Heinzel and € 3,300 thousand for both Marcus Kuhnert and Helene von Roeder. In fiscal 2023, the maximum payout for Marcus Kuhnert is € 1,650 thousand due to leaving the Executive Board on June 30, 2023, and for Helene von Roeder it amounts also to € 1,650 thousand due to her entry on July 1, 2023.

The three-year average that is relevant for fiscal 2023 was based on the profit after tax generated by the Group of E. Merck KG, Darmstadt, Germany, in 2021, 2022 and 2023 as illustrated in the following graphic and table:

Profit after tax of the Group of E. Merck KG, Darmstadt, Germany

€ million	2020	2021	2022	**2023**
Profit after tax of the Group of E. Merck KG, Darmstadt, Germany	1,915	3,003	3,288	2,760
Three-year average profit after tax of the Group of E. Merck KG, Darmstadt, Germany (2020–2022)		2,735		
Three-year average profit after tax of the Group of E. Merck KG, Darmstadt, Germany (2021–2023)			3,017	

The Personnel Committee has set the adjustment factor at 1.0 for all members of the Executive Board, taking into account individual performance and contribution to the sustainability targets against the background of the agreed criteria. This is in recognition of the achievements of the members of the Executive Board for fiscal 2023. The Executive Board faced many challenges as a result of difficult macroeconomic conditions, headwinds from competitors, and the fact that studies with Evobrutinib did not achieve the desired success in a late test phase. The Personnel Committee acknowledges that, thanks to the commitment of the members of the Executive Board, fiscal 2023 could be closed satisfactorily under the given conditions. In addition to the economic aspect, the members of the Executive Board continued to focus on our three key sustainability targets. Sustainable leadership and well-thought-out decisions by the Executive Board have ensured that the Group remains focused on long-term growth.

Considering the relevant three-year average of profit after tax for the Group of E. Merck KG, Darmstadt, Germany, the individual sharing rates and the performance factor, the profit sharing and the shareholding obligation for fiscal 2023 are as follows:

Profit sharing 2023 summary

	Three-year average profit after tax of the Group of E. Merck KG, Darmstadt, Germany (€ million)	Average individual profit-sharing rate 2023 (in per mill)[1]	Performance factor for individual performance	Payout amount (€ thousand)	thereof shareholding obligation (1/3) (€ thousand)[2]
Belén Garijo	3,017	1.52	1.0	4,587	1,529
Kai Beckmann		1.10	1.0	3,333	1,111
Peter Guenter		1.23	1.0	3,712	1,237
Matthias Heinzel		1.23	1.0	3,712	1,237
Marcus Kuhnert (until June 30, 2023)[3]		0.52	1.0	1,567	522
Helene von Roeder (since July 1, 2023)[4]		0.52	1.0	1,567	522

[1] Payout amount of profit sharing in relation to the three-year average after tax.
[2] Gross amount - investment is based on net amount.
[3] Pro-rated for January 1, 2023 until June 30, 2023.
[4] Pro-rated for July 1, 2023 until December 31, 2023.

The profit-sharing 2023 will be paid out in April 2024, while one-third must be held in shares of Merck KGaA, Darmstadt, Germany, for at least four years. Further details of the investment obligation can be found under „**Share Ownership Guideline**".

In fiscal 2023, the profit sharing for fiscal 2022 already explained in detail in the Compensation Report 2022 was paid out, which is thus reported as compensation awarded or due in fiscal 2023 in accordance with section 162 of the German Stock Corporation Act (AktG). Further details can be found in the following table from the previous year:

Profit sharing 2022 summary

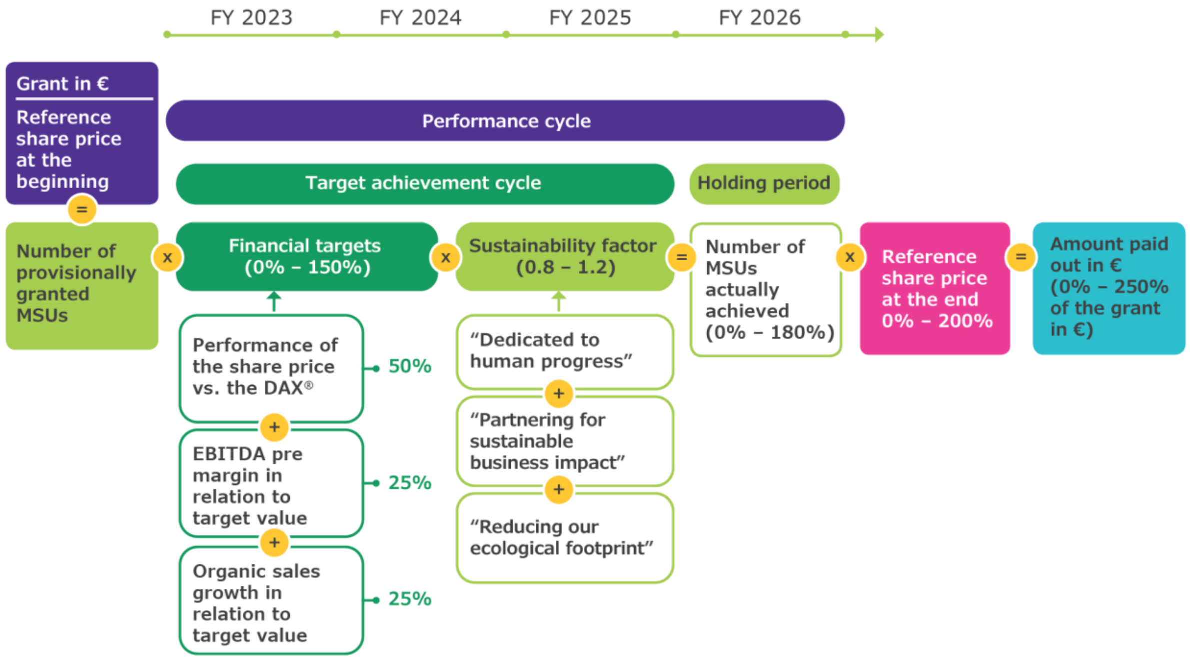
	Three-year average profit after tax of the Group of E. Merck KG, Darmstadt, Germany (€ million)	Average individual profit-sharing rate 2022 (in per mill)[1]	Performance factor for individual performance	Payout amount (€ thousand)	thereof share holding obligation (1/3) (€ thousand)[2]
Belén Garijo	2,735	1.60	1.0	4,390	1,463
Kai Beckmann		1.17	1.0	3,193	1,064
Peter Guenter		1.30	1.0	3,552	1,184
Matthias Heinzel		1.30	1.0	3,552	1,184
Marcus Kuhnert		1.09	1.0	2,993	998

[1] Payout amount of profit sharing in relation to the three-year average after tax.
[2] Gross amount - investment is based on net amount.

Long-Term Incentive Plan (LTIP)

Long-Term Incentive tranche for fiscal 2023

The Long-Term Incentive Plan 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, since the 2021 tranche, a subsequent one-year holding period. In addition to three financial performance indicators, the LTIP has taken sustainability targets into account since fiscal 2022. 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

As part of 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.

In fiscal 2023, the allocation of the LTIP tranche 2023 was made on the basis of the following parameters:

LTIP Tranche 2023 allocation

	Grant amount (€ thousand)	Reference Group share price at the beginning (in €)	Number of provisionally granted MSUs	Maximum payout (€ thousand)
Belén Garijo	2,300	173.46	13,260	5,750
Kai Beckmann	1,715		9,887	4,288
Peter Guenter	1,900		10,954	4,750
Matthias Heinzel	1,900		10,954	4,750
Marcus Kuhnert (until June 30, 2023)[1]	1,400		8,071	3,500
Helene von Roeder (since July 1, 2023)	700		4,036	1,750

[1] Payout will be pro-rated based on the termination agreement.

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.

The 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.

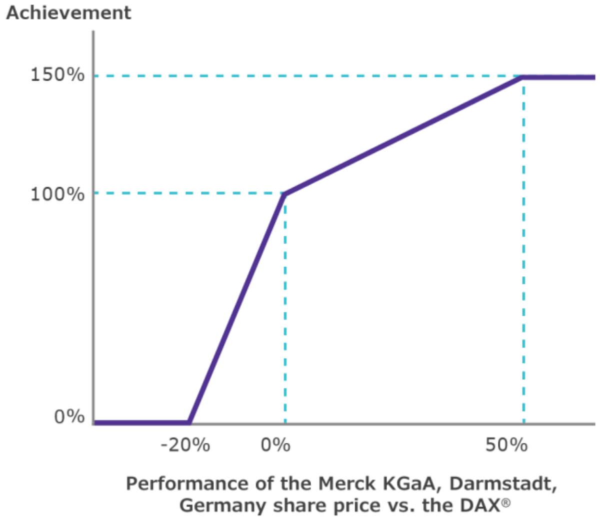
The target achievement cycle is followed by a one-year holding period. The final payout amount may be between 0% and a maximum of 250% of the amount originally granted and depends on the number of MSUs actually allocated and the reference share price at the end of the performance cycle.

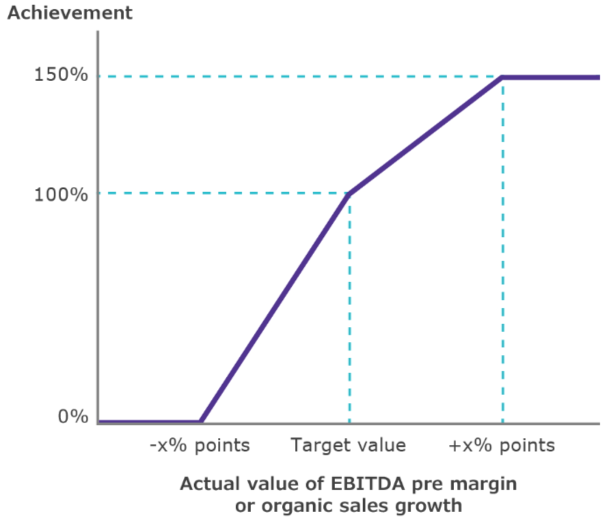
Financial key performance indicators

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 start of the performance cycle and subsequently published in the Compensation Report.





Non-financial key indicators of the sustainability factor

With the introduction of the sustainability factor in fiscal 2022, our sustainability strategy also becomes incorporated into the LTIP. On the basis of the sustainability goals ("Dedicated to human progress", "Partnering for sustainable business impact” and "Reducing our ecological footprint"), 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
- Sustained impact to support long-term solutions and not incentivize short-term actions

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 2023 tranche of the LTIP:

Sustainability Goal	Weighting	Sustainability Key Indicator
Dedicated to human progress	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%	Percentage of relevant suppliers (in terms of number and supplier spend) that are covered by a valid sustainability assessment
Reducing our ecological footprint	40%	Greenhouse gas emissions Scope 1+2

The following table shows the target corridor ex ante for the respective sustainability key indicators of the three overarching goals for the 2023 LTI tranche.

Sustainability Goal/Key Indicator	Minimum	Target	Maximum
Dedicated to human progress			
Number of people treated with our Healthcare products (in million)	555	609	650
Number of people treated as part of the schistosomiasis control program (in million)			
Number of people treated with our Life Science pharmaceutical products (in million)			
Partnering for sustainable business impact			
Relevant suppliers with a valid sustainability assessment (% of all relevant suppliers)	65%	73%	80%
Relevant suppliers with a valid sustainability assessment (% of supplier spend)	85%	92%	100%
Reducing our ecological footprint			
Greenhouse gas emissions in Scope 1+2 worldwide (in kt)	965.0	875.0	805.0

- “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 medical 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. For the LTIP tranche 2023, an additional sustainability key indicator has been introduced that relates to our Life Science business sector. It covers people who are treated with drugs and medical products which are that are manufactured using our key Life Science technologies and products. We intend to continuously increase this sustainability goal and thus contribute to a significant improvement in medical care and the health status of as many people as possible.

- “Partnering for sustainable business impact”

  We measure our progress in embedding sustainability in our supply chains. We achieve this by increasing the transparency of our supply chains and subjecting more suppliers to a sustainability assessment. We are focusing particularly on suppliers for which we see a sustainability risks in the supply chain and those suppliers who cover a relevant share of our supplier spend. In connection with this sustainability assessment, it is important for us to increase the number of suppliers with a valid sustainability assessment.

- “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 2020. This target is to be achieved through the reduction of process-related emissions, energy efficiency measures, and increased purchase of electricity from renewable sources. Particularly in the case of process emissions (Scope 1), we aim to significantly reduce emissions by using new technologies.

Target Achievement Long-Term Incentive Plan

The LTIP tranche allocated in fiscal 2021 was still without a sustainability factor but already included the one-year holding period. Accordingly, the performance cycle is four years, consisting of the target achievement cycle of three years and the one-year holding period which will continue to be influenced by the share price development. Consequently, the target achievement cycle started on January 1, 2021, and was running until December 31, 2023. The final payout amounts of the LTIP Tranche 2021 will be determined after calculating the base price following the holding period and will be paid out in April 2025. The payout amounts will be published in the next compensation report.

The LTIP tranche 2020 was structured according to the former model without a one-year holding period and without a sustainability factor. Consequently, the LTIP tranche 2020 has been paid out in April 2023.

The targets and thresholds, the actual amounts, and the resulting target achievement for the LTI tranche 2020 are as follows:

LTIP 2020 target achievement

	Lower target corridor limit	Target	Upper target corridor limit	Actual achieved value	Target achievement[1]
Share price performance relative to the DAX® (weighting: 50%)	-20.0%	0.0%	50.0%	58.6%	150.0%
EBITDA pre margin (weighting: 25%)	25.6%	28.6%	31.6%	30.5%	131.7%
Organic sales growth (weighting: 25%)	5.1%	8.1%	11.1%	8.7%	110.0%
Total target achievement					**135.4%**

[1] Cap of 150% for the performance indicator "Share price performance relative to the DAX®" was reached.

The resulting final number of MSUs and the payout amounts of the LTIP tranche 2020 are shown in the following table.

LTIP 2020 summary

	Grant amount (€ thousand)	Reference Group share price at the beginning (in €)	Number of provisionally granted MSUs	Total target achievement	Final number of MSUs	Reference Group share price at the end (in €)	Payout amount (€ thousand)[1]
Stefan Oschmann (until April 30, 2021)	2,255	105.53	21,371	135.4%	28,942	173.46	2,226
Udit Batra (until July 13, 2020)	1,705		16,159		21,883		633
Kai Beckmann	1,530		14,500		19,637		3,406
Belén Garijo	1,970		18,670		25,284		3,910
Marcus Kuhnert (until June 30, 2023)	1,320		12,510		16,942		2,939

[1] Payout capped at 250% of the grant value. A pro-rata payout has been made for Stefan Oschmann and Udit Batra. The payout for Belén Garijo was reduced to ensure compliance with the cap on direct compensation.

The performance cycle of the LTIP tranche 2022 is still running until December 31, 2025, and will be paid out in April 2026.

Share Ownership Guideline

Since 2017, the members of the Executive Board are obliged to invest in and hold shares of Merck KGaA, Darmstadt, Germany, as part of the Share Ownership Guideline (SOG) valid until fiscal 2021. Since the introduction of the new compensation system at the beginning of fiscal 2021, the share ownership obligation has been linked to the variable compensation element of profit sharing. Under the revised SOG, members of the Executive Board are required to hold one-third of the net profit-sharing payout in shares for at least four years. The shareholding obligation thus builds up gradually over the first four fiscal years after the introduction of the new compensation system. The aim is that the Chairperson holds 200% of the base salary and the members of the Executive Board to hold 100% of the base salary in shares of Merck KGaA, Darmstadt, Germany. A corresponding investment was made after payout of the profit sharing 2022 in fiscal 2023 as part of an automated purchase via an external provider.

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.

The following table illustrates the investment volume of the members of the Executive Board in accordance with the SOG. The numbers show the shareholding obligation arising from the profit-sharing. No conclusions can be drawn as to the individual shareholdings.

Share Ownership Guideline

	Share holding obligation based on SOG (in € thousand)[1]					
	From profit sharing 2021	From profit sharing 2022	From profit sharing 2023	From profit sharing 2024	Total	In % of Annual Base Salary
Belén Garijo	1,224	1,463	1,529	Investment is made after payout of profit sharing for fiscal year 2024	4,216	281%
Kai Beckmann	951	1,064	1,111		3,126	261%
Peter Guenter	1,055	1,184	1,237		3,476	290%
Matthias Heinzel	795	1,184	1,237		3,216	268%
Marcus Kuhnert	885	998	522		2,405	200%
Helene von Roeder	–	–	522		522	44%

[1] Gross amounts from profit sharing. Shareholding obligation is calculated on the respective net amounts.

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 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 Long-Term Incentive Plan 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 if it subsequently transpires that the payout was made wrongfully, either in full or in part. 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 were exercised in fiscal 2023.

Compensation-related transactions

Contracts with the members of the Executive Board are usually concluded 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 D&O insurance policy under certain circumstances. The D&O 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 may 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 the contract is not renewed 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 2023, a termination agreement was reached with Marcus Kuhnert regarding the early termination of his membership in the Executive Board with effect from June 30, 2023. Initially, the term of his contract would have ended on July 31, 2024. In accordance with the contract as well as with the compensation system, the termination agreement regulates the continued payment of the fixed compensation of € 100,000 per month as well as the payment of profit-sharing and LTI for the initial contract term until July 31, 2024. Furthermore, the additional benefits will be paid out. It was stipulated that the variable compensation elements shall be calculated and paid out according to the initial contractual terms and conditions. As a consequence, Marcus Kuhnert shall receive the pro-rated amount of € 1,566,732 from profit-sharing for the time period from July 1, 2023, until December 31, 2023. According to the Share Ownership Guideline the amount of one third must be invested in our shares and must be held for four years. Regarding fiscal 2024 the respective payout amounts will be calculated at the end of the year and will be published in the Compensation Report 2024.

During the fiscal year, no adjustments or changes were made to the employment contracts of the Executive Board. In particular, the terms of the termination agreement with Marcus Kuhnert did not result in any adjustments or changes to the original contract with Marcus Kuhnert.

Post-contractual non-competition

Post contractual non-competition clauses have been agreed with the members of the Executive Board except for Marcus Kuhnert. His contract provided for the option to agree on a post-contractual non-compete in the event of termination of his membership of the Executive Board. In general, the post-contractual non-competition clause involves the payment of compensation amounting to 50% of the member’s average compensation within the last twelve months and is paid for a period of two years. Other earnings, pension payments and any severance payments are offset against this amount.

Owing to his early termination, a post-contractual non-compete was agreed with Marcus Kuhnert with effect until July 31, 2024. As compensation, the post-contractual non-compete agreement provides for the payment of the fixed compensation as well as for the payment of the variable compensation until July 31, 2024, which means for the regular remaining term of his contract. Further compensation will not be granted.

There was also a post-contractual non-competition agreement with Stefan Oschmann which came into force upon the termination of his membership of the Executive Board. The parties agreed on a monthly compensation of € 343,184 for the period from May 1, 2021, to April 30, 2023. The monthly pension of € 51,569 as well as further additional income has been offset against this amount.

Loans, advances, payments by affiliates of the Group

In fiscal 2023, E. Merck Beteiligungen KG, Darmstadt, Germany, a related party of E. Merck KG, Darmstadt, Germany, granted a loan of € 560,640.00 to Helene von Roeder. The loan bore interest at 4% per annum and had to be repaid within three years of disbursement. The loan was fully repaid in fiscal 2023.

Besides this, neither loans or advances were paid to other members of the Executive Board during fiscal 2023, 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 2023

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 2023 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 2023.

To ensure a transparent presentation of the relation between business performance and the resulting compensation, variable compensation for fiscal 2023 is also disclosed on a voluntary basis, with the variable compensation components being allocated to the year in which the final performance was rendered, irrespective of the actual date of payment or the legal due date. Owing to the introduction of the holding period, the performance cycle of the LTIP tranche 2021 will run until December 31, 2024. We will report about the performance of the LTIP tranche 2021 for the first time on a voluntary basis in the Compensation Report 2024.

To provide a complete picture of the total compensation of the Executive Board members, pension expense is also reported on a voluntary basis.

The compensation of the current members of the Executive Board is shown in the following tables.

<table>
<tr><th>In fiscal year 2023 pursuant to section 162 AktG</th><th>For fiscal year 2023 as voluntary disclosure</th></tr>
<tr><td colspan="2">Base salary</td></tr>
<tr><td colspan="2">Additional benefits</td></tr>
<tr><td>Profit sharing for fiscal year 2022, payout in fiscal year 2023:
- Payout in cash
- Investment (in shares; 4-year holding period according to Share Ownership Guideline)</td><td>Profit sharing for fiscal year 2023, payout in fiscal year 2024:
- Payout in cash
- Investment (in shares; 4-year holding period according to Share Ownership Guideline)</td></tr>
<tr><td>LTIP tranche 2020 (Jan 1, 2020-Dec 31, 2022),
payout was in fiscal year 2023</td><td></td></tr>
<tr><td colspan="2">Other compensation</td></tr>
<tr><td colspan="2">Service cost as voluntary disclosure</td></tr>
</table>

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)	
	2023		2022	**2023**	2022
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,500	15.2%	1,500	1,500	1,500
Additional benefits	89	0.9%	91	89	91
Profit sharing					
Profit sharing 2021					
Payout in cash	–	–	2,447	–	–
Investment (in shares; 4-year holding period)	–	–	1,224	–	–
Profit sharing 2022					
Payout in cash	2,927	29.6%	–	–	2,927
Investment (in shares; 4-year holding period)	1,463	14.8%	–	–	1,463
Profit sharing 2023					
Payout in cash	–	–	–	3,058	–
Investment (in shares; 4-year holding period)	–	–	–	1,529	–
LTIP[1]					
LTI 2019 (2019 to 2021)	–	39.5%	4,629	–	–
LTI 2020 (2020 to 2022)	3,910		–	–	3,910
Others	–	–	–	–	–
Compensation awarded or due pursuant to section 162 AktG	**9,889**	**100.0%**	**9,891**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**6,176**	**9,891**
Service cost	638	–	638	638	638
Total compensation incl. service cost	**10,527**	**–**	**10,529**	**6,814**	**10,529**

[1] Reduction of LTI 2019 and LTI 2020 payout due to maximum amount of direct compensation.

	Kai Beckmann Member of the Executive Board				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2023		2022	**2023**	2022
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	15%	1,200	1,200	1,200
Additional benefits	22	0.3%	16	22	16
Profit sharing					
Profit sharing 2021					
Payout in cash	–	–	1,903	–	–
Investment (in shares; 4-year holding period)	–	–	951	–	–
Profit sharing 2022					
Payout in cash	2,128	27.2%	–	–	2,128
Investment (in shares; 4-year holding period)	1,064	13.6%	–	–	1,064
Profit sharing 2023					
Payout in cash	–	–	–	2,222	–
Investment (in shares; 4-year holding period)	–	–	–	1,111	–
LTIP					
LTI 2019 (2019 to 2021)	–	43.6%	3,825	–	–
LTI 2020 (2020 to 2022)	3,406		–	–	3,406
Others	–	–	–	–	–
Compensation awarded or due pursuant to section 162 AktG	**7,820**	**100.0%**	**7,895**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**4,555**	**7,814**
Service cost	435	–	439	435	439
Total compensation	**8,255**	**–**	**8,334**	**4,990**	**8,253**

	Peter Guenter Member of the Executive Board (since January 1, 2021)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2023		2022	**2023**	2022
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	23.3%	1,200	1,200	1,200
Additional benefits	17	0.3%	21	17	21
Profit sharing					
Profit sharing 2021					
Payout in cash	–	–	2,110	–	–
Investment (in shares; 4-year holding period)	–	–	1,055	–	–
Profit sharing 2022					
Payout in cash	2,368	46.0%	–	–	2,368
Investment (in shares; 4-year holding period)	1,184	23.0%	–	–	1,184
Profit sharing 2023					
Payout in cash	–	–	–	2,475	–
Investment (in shares; 4-year holding period)	–	–	–	1,237	–
LTIP					
LTI 2019 (2019 to 2021)	–	–	–	–	–
LTI 2020 (2020 to 2022)	–		–	–	–
Others	375	7.3%	375	375	375
Compensation awarded or due pursuant to section 162 AktG	**5,144**	**100.0%**	**4,761**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**5,304**	**5,148**
Service cost	435	–	437	435	437
Total compensation	**5,579**	**–**	**5,198**	**5,739**	**5,585**

	Matthias Heinzel Member of the Executive Board (since April 1, 2021)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2023		2022	**2023**	2022
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	25.2%	1,200	1,200	1,200
Additional benefits	16	0.3%	12	16	12
Profit sharing					
Profit sharing 2021					
Payout in cash	–	–	1,590	–	–
Investment (in shares; 4-year holding period)	–	–	795	–	–
Profit sharing 2022					
Payout in cash	2,368	49.7%	–	–	2,368
Investment (in shares; 4-year holding period)	1,184	24.8%	–	–	1,184
Profit sharing 2023					
Payout in cash	–	–	–	2,475	–
Investment (in shares; 4-year holding period)	–	–	–	1,237	–
LTIP					
LTI 2019 (2019 to 2021)	–	–	–	–	–
LTI 2020 (2020 to 2022)	–		–	–	–
Others	–	–	–	–	–
Compensation awarded or due pursuant to section 162 AktG	**4,768**	**100.0%**	**3,597**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**4,928**	**4,764**
Service cost	454	–	462	454	462
Total compensation	**5,222**	**–**	**4,059**	**5,382**	**5,226**

Marcus Kuhnert
Member of the Executive Board
(until June 30, 2023)

	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2023		2022	**2023**	2022
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	600	9.1%	1,200	600	1,200
Additional benefits	26	0.4%	26	26	26
Profit sharing					
Profit sharing 2021					
Payout in cash	–	–	1,769	–	–
Investment (in shares; 4-year holding period)	–	–	885	–	–
Profit sharing 2022					
Payout in cash	1,995	30.4%	–	–	1,995
Investment (in shares; 4-year holding period)	998	15.2%	–	–	998
Profit sharing 2023					
Payout in cash	–	–	–	1,044	–
Investment (in shares; 4-year holding period)	–	–	–	522	–
LTIP					
LTI 2019 (2019 to 2021)	–	44.8%	3,300	–	–
LTI 2020 (2020 to 2022)	2,939		–	–	2,939
Others	–	–	–	–	–
Compensation awarded or due pursuant to section 162 AktG	**6,558**	**100.0%**	**7,180**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**2,193**	**7,158**
Service cost	396	–	401	396	401
Total compensation	**6,954**	**–**	**7,581**	**2,589**	**7,559**

Helene von Roeder
Member of the Executive Board
(since July 1, 2023)

	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2023		2022	**2023**	2022
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	600	98.5%	–	600	–
Additional benefits	9	1.5%	–	9	–
Profit sharing					
Profit sharing 2021					
Payout in cash	–	–	–	–	–
Investment (in shares; 4-year holding period)	–	–	–	–	–
Profit sharing 2022					
Payout in cash	–	–	–	–	–
Investment (in shares; 4-year holding period)	–	–	–	–	–
Profit sharing 2023					
Payout in cash	–	–	–	1,044	–
Investment (in shares; 4-year holding period)	–	–	–	522	–
LTIP					
LTI 2019 (2019 to 2021)	–	–	–	–	–
LTI 2020 (2020 to 2022)	–		–	–	–
Others[1]	–	–	–	953	–
Compensation awarded or due pursuant to section 162 AktG	**609**	**100.0%**	**–**	**–**	**–**
Compensation for the fiscal year	**–**	**–**	**–**	**3,128**	**–**
Service cost	268	–	–	268	–
Total compensation	**877**	**–**	**–**	**3,396**	**–**

[1] Compensation payment for short-term variable remuneration (€ 257 thousand) and long-term variable remuneration (provision of € 696 thousand; final calculation and payment in 2027).

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 2023 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, 2012.

Compensation awarded or due

	Marcus Kuhnert Member of the Executive Board (until June 30, 2023)		
	2023		2022
	in Tsd. €	in %	in Tsd. €
Others (waiting allowance)	600	100.0%	–
Compensation awarded or due pursuant to section 162 AKtG	**600**	**100.0%**	**–**

	Stefan Oschmann Chair of the Executive Board (until April 30, 2021)		
	2023		2022
	€ thousand	in %	€ thousand
Profit sharing			
Profit sharing 2021			
Payout in cash	–	–	858
Investment (in shares; 4-year holding period)	–	–	429
LTIP			
LTI 2019 (2019 bis 2021)	–	55.5%	4,377
LTI 2020 (2020 bis 2022)	2,226		–
Others	1,166	29.1%	3,953
Pensions	619	15.4%	572
Compensation awarded or due pursuant to section 162 AKtG	**4,011**	**100.0%**	**10,189**

	Udit Batra Member of the Executive Board (until July 13, 2020)		
	2023		2022
	€ thousand	in %	€ thousand
LTIP			
LTI 2019 (2019 to 2021)	–	100.0%	2,131
LTI 2020 (2020 to 2022)	633		–
Others	–	–	–
Pension	–	–	–
Compensation awarded or due pursuant to section 162 AKtG	**633**	**100.0%**	**2,131**

	Walter Galinat Member of the Executive Board (until September 30, 2018)		
	2023		2022
	€ thousand	in %	€ thousand
LTIP			
LTI 2019 (2019 to 2021)	–	–	361
Others	–	–	–
Pension	154	100.0%	334
Compensation awarded or due pursuant to section 162 AKtG	**154**	**100.0%**	**695**

Former members of the Executive Board who only received pension payments in fiscal 2023 are shown in the following table. The compensation awarded or due in fiscal 2023 in accordance with section 162 (1) AktG consists entirely of non-performance-related compensation elements.

Pension payments

€ thousand	2023	2022
Karl-Ludwig Kley	756	695
Bernd Reckmann	443	443

Payments to former members of the Executive Board and their surviving dependents

Payments to former members of the Executive Board and their surviving dependents are 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, as well as compensation for a post-contractual non-compete clause. In the 2023 financial year, they amounted to € 14.4 million (previous year: € 21.7 million). Provisions for defined benefit pension commitments in accordance with IAS 19 amounted to € 123.8 million as of December 31, 2023 (December 31, 2022: € 123.1 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 less any pension payments and plus pension expenses 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. A maximum amount has been set for the amount of profit sharing for all members of the Executive Board (please find more details in the paragraph “profit sharing”). The payout from the Long-Term Incentive Plan 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, if necessary, shall be applied first to the LTIP and then to profit sharing. To ensure compliance with this cap, the 2020 LTIP payment for Belén Garijo was reduced accordingly by € 476,514 thousand.

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
Marcus Kuhnert (until June 30, 2023)	8,000	9,500
Helene von Roeder (since July 1, 2023)	8,000	9,500

Compensation for the Supervisory Board members in fiscal 2023

The compensation of the Supervisory Board members is defined in Article 20 of the Articles of Association of Merck KGaA, Darmstadt, Germany, and corresponds to the compensation system for the Supervisory Board that was adopted by the 2023 Annual General Meeting with 99.64% of the votes cast.

Accordingly, the members of the Supervisory Board receive fixed compensation of € 47,000 per year, which is due and paid out in the reporting year. The Chair receives double, and the Vice Chair receives one and a half times this amount. In addition to their fixed compensation, Supervisory Board members who are also members of the Audit Committee, which was established in the meeting of the Supervisory Board on February 26, 2021, receive annual compensation of € 15,000. The Chair of the Audit Committee receives additional annual compensation of € 30,000. Moreover, the members receive additional compensation of € 750 per meeting they attend. There are no variable compensation components.

The compensation awarded or due and the respective relative share of the total compensation for the current members of the Supervisory Board is presented in the following table. The compensation components are allocated to the year in which the service was rendered, regardless of the actual time of payment or its legal due date.

In fiscal 2023, Helene von Roeder resigned from the Supervisory Board effective April 17, 2023, and Barbara Lambert joined the Supervisory Board effective August 11, 2023. There were no payments to former members of the Supervisory Board in the fiscal year.

Compensation awarded or due

	2023							2022						
	Fixed compensation		**Compensation for committee duties**		**Meeting fees**		**Total compen-sation**	Fixed compensation		Compensation for committee duties		Meeting fees		Total compen-sation
	€ thou-sand	in %	€ thou-sand	in %	€ thou-sand	in %	€ thousand	€ thou-sand	in %	€ thou-sand	in %	€ thou-sand	in %	€ thousand
Wolfgang Büchele	94.0	83%	15.0	13%	3.8	3%	112.8	94.0	84%	15.0	13%	3.0	3%	112.0
Sascha Held	70.5	79%	15.0	17%	3.8	4%	89.3	70.5	80%	15.0	17%	3.0	3%	88.5
Gabriele Eismann	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Barbara Lambert (since August 11, 2023)	18.4	60%	11.3	37%	0.8	3%	30.5	–	–	–	–	–	–	–
Birgit Biermann (since July 14, 2022)	47.0	93%	–	–	3.8	7%	50.8	22.0	–	–	–	1.5	–	23.5
Jürgen Glaser	47.0	72%	15.0	23%	3.8	6%	65.8	47.0	79%	9.5	16%	3.0	5%	59.5
Michael Kleinemeier	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Renate Koehler	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Anne Lange	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Peter Emanuel Merck	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Dietmar Oeter	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Alexander Putz	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Christian Raabe	47.0	72%	15.0	23%	3.8	6%	65.8	47.0	72%	15.0	23%	3.0	5%	65.0
Helene von Roeder (until April 17, 2023)	13.8	59%	8.8	38%	0.8	3%	23.4	47.0	59%	30.0	38%	3.0	4%	80.0
Helga Rübsamen-Schaeff	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0
Daniel Thelen	47.0	72%	15.0	23%	3.8	6%	65.8	47.0	72%	15.0	23%	3.0	5%	65.0
Simon Thelen	47.0	93%	–	–	3.8	7%	50.8	47.0	94%	–	–	3.0	6%	50.0

Supervisory Board member Wolfgang Büchele received an additional € 140,000 (2022: € 140,000) for 2023 in this function as a member of the corporate bodies of E. Merck KG, Darmstadt, Germany.

Supervisory Board member Helga Rübsamen-Schaeff received an additional € 150,000 (2022: € 150,000) for 2023 in this function as a member of the corporate bodies of E. Merck KG, Darmstadt, Germany, and an additional € 6,000 (2022: € 6,000) for 2023 as a member of the Supervisory Board of Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany.

Supervisory Board member Michael Kleinemeier received an additional € 140,000 (2022: € 140,000) for 2023 in this function as a member of committees of E. Merck KG, Darmstadt, Germany.

Supervisory Board member Helene von Roeder received an additional € 150,000 (2022: € 150,000) for 2023 in this function as a member of the corporate bodies of E. Merck KG, Darmstadt, Germany.

Supervisory Board member Peter Emanuel Merck received an additional € 80,000 (2022: € 80,000) for 2023 in this function as a member of the corporate bodies of E. Merck KG, Darmstadt, Germany.

Supervisory Board member Daniel Thelen received an additional € 140,000 for 2023 in this function as a member of the corporate bodies of E. Merck KG, Darmstadt, Germany (2022: € 140,000).

Supervisory Board member Simon Thelen received an additional € 140,000 (2022: € 140,000) for 2023 in this function as a member of the corporate bodies of E. Merck KG, Darmstadt, Germany, and an additional € 3,000 (2022: € 3,000) for 2023 as a member of the Supervisory Board of Merck Healthcare KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany.

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 Merck KGaA, Darmstadt, Germany, 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 fiscal years 2021, 2022 and 2023 is used in accordance with section 162 AktG. For the years 2020 and 2019, the allocated compensation is used excluding the service costs according to the German Corporate Governance Code (DCGK) sample table in the Compensation Report of the respective fiscal year.

Comparative presentation

in € thousand/change in %	**2023**	2022	**Change 2023/2022**	Change 2022/2021	Change 2021/2020	Change 2020/2019
Member of the Executive Board						
Belén Garijo (Chair since May 1, 2021)	9,889	9,891	–	22.20%	43.30%	-6.90%
Kai Beckmann (since April 1, 2011)	7,820	7,895	-0.90%	25.00%	37.90%	-11.00%
Peter Guenter (since January 1, 2021)	5,144	4,761	8.00%	185.10%	–	–
Matthias Heinzel (since April 1, 2021)	4,768	3,597	32.60%	288.90%	–	–
Marcus Kuhnert (until June 30, 2023)	7,158	7,180	-0.30%	17.00%	43.20%	-9.70%
Helene von Roeder (since July 1, 2023)	609	–	–	–	–	–
Former Member of the Executive Board						
Stefan Oschmann (until April 30, 2021)	4,011	10,189	-60.60%	-11.80%	41.80%	-11.30%
Udit Batra (until July 13, 2020)	633	2,131	-70.30%	-43.80%	-19.40%	-16.30%
Walter Galinat (until September 30, 2018)	154	695	-77.80%	-47.00%	22.30%	-10.10%
Karl-Ludwig Kley (until August 31, 2016)	756	695	8.80%	10.30%	–	67.10%
Bernd Reckmann (until April 29, 2016)	443	443	–	-3.50%	6.70%	-43.00%
Further former members	7,409	6,999	5.90%	-66.00%	85.00%	0.50%
Member of the Supervisory Board						
Wolfgang Büchele	112.8	112.0	0.70%	2.10%	13.10%	–
Sascha Held	89.3	88.5	0.80%	2.70%	17.30%	110.00%
Gabriele Eismann	50.8	50.0	1.50%	–	–	-1.60%
Barbara Lambert (since August 11, 2023)	30.5	–	–	–	–	–
Birgit Biermann (since July 14, 2022)	50.8	23.5	116.00%	–	–	–
Jürgen Glaser	65.8	59.5	10.50%	20.70%	-1.40%	42.00%
Michael Kleinemeier	50.8	50.0	1.50%	–	–	45.30%
Renate Koehler	50.8	50.0	1.50%	–	–	42.00%
Anne Lange	50.8	50.0	1.50%	–	–	45.30%
Peter Emanuel Merck	50.8	50.0	1.50%	–	–	42.00%
Dietmar Oeter	50.8	50.0	1.50%	–	–	-1.60%
Alexander Putz	50.8	50.0	1.50%	–	70.10%	87.30%
Christian Raabe	65.8	65.0	1.20%	3.70%	25.40%	42.00%
Helene von Roeder (until April 17, 2023)	23.4	80.0	-70.80%	6.10%	50.80%	42.00%
Helga Rübsamen-Schaeff	50.8	50.0	1.50%	–	–	–
Daniel Thelen	65.8	65.0	1.20%	3.70%	25.40%	42.00%
Simon Thelen	50.8	50.0	1.50%	–	–	42.00%
Personnel expenses without pension expenses	6,152,000	6,184,000	-0.50%	11.00%	3.90%	8.90%
Average number of employees	63,642	62,552	1.70%	6.60%	2.00%	7.40%
Average compensation of an employee	97	99	-2.20%	4.20%	1.90%	1.40%
Earnings development						
Profit after tax of the Group of Merck KGaA, Darmstadt, Germany (HGB)	284,881	241,958	17.70%	-16.20%	59.40%	7.30%
Profit after tax of the Group of E. Merck KG, Darmstadt, Germany (IFRS)	2,759,954	3,288,000	-16.10%	9.50%	56.80%	52.60%

Report of the Independent 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, 2023, 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 misstatements, whether due to fraud 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, 2023, 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 audit of the content 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 July 24/28, 2023, agreed with the Company as well as the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated January 1, 2017 (IDW-AAB). However, we do not accept or assume liability to third parties.

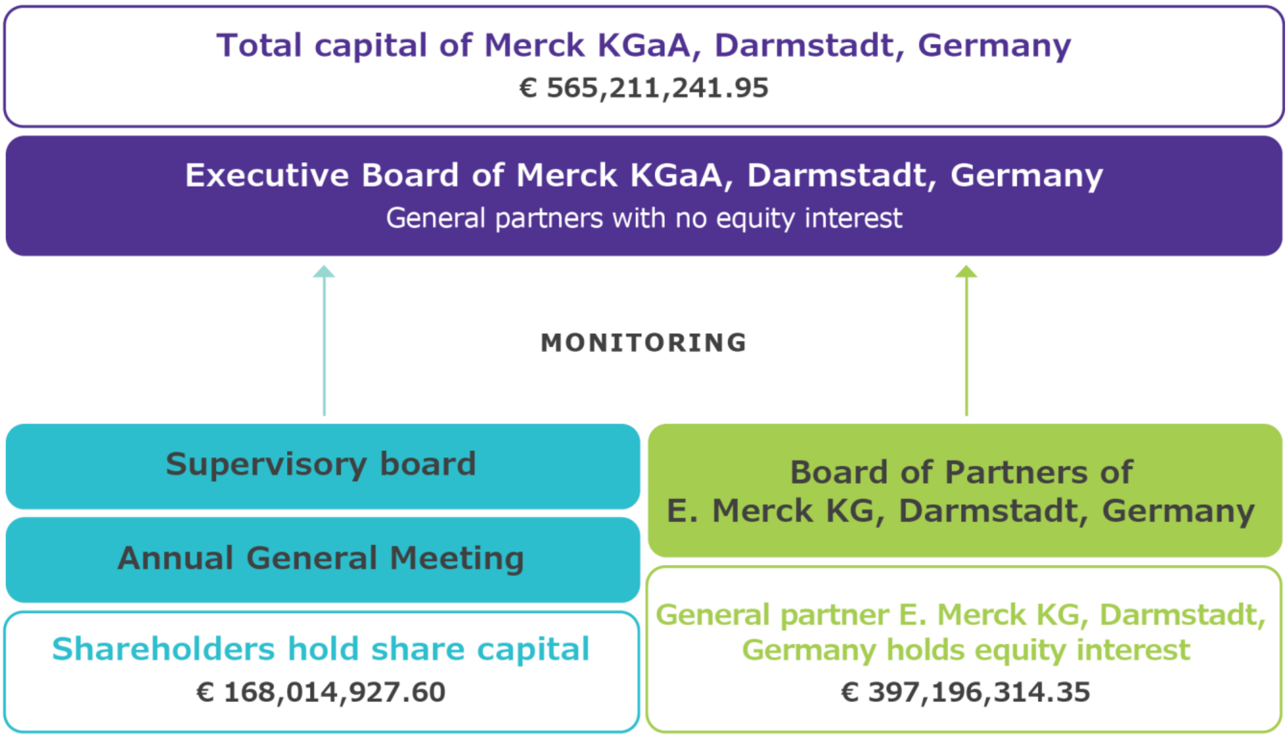
Frankfurt am Main, Germany, February 16, 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Christoph Schenk	Daniel Weise
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Capital Structure and Corporate Bodies of Merck KGaA, Darmstadt, Germany



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) 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 – 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 is not conferred 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 management board, draw up management board contracts, or specify the compensation of the management 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 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 2023.

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 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 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 German Stock Corporation Act, the Articles of Association of Merck KGaA, Darmstadt, Germany, and the rules of procedure of the various committees, 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 General Meeting of Merck KGaA, Darmstadt, Germany

The 28th Annual General Meeting of Merck KGaA, Darmstadt, Germany, was held in Darmstadt, Germany, on April 28, 2023. In 2023, the Executive Board again decided, with the approval of the Supervisory Board, to hold the 2023 Annual General Meeting in virtual form, i.e. without the shareholders and their proxies attending in person. In doing so, it exercised the option that the legislation provided with the transitional provision of section 26n (1) of the Introductory Act to the German Stock Corporation Act (EGAktG) 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 meeting was broadcast audiovisually on the Internet in full. At 72.59%, the proportion of share capital represented at the meeting (including postal votes) was slightly higher than in the previous year. In 2022, the proportion of share capital represented was 70.34%. 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 count takes place.

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 rights at the virtual Annual General Meeting using the Internet-based Annual 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 Annual General Meeting. They were able to exercise their voting rights personally, through an authorized representative or a proxy appointed by the company, or by postal vote. The proxies 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, 2023, 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 2023, we have complied with all 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 2024

For the Executive Board
signed Belén Garijo

For the Supervisory Board
signed Wolfgang Büchele

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 dialog 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, quarterly statements and/or quarterly and half-year 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 dialog. 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 General Meeting are available on the company website. Additionally, at least some parts of the General Meeting are generally webcast live on the Internet. The Annual General Meeting on April 28, 2023, was again held virtually and hence was webcast live on the Internet 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 measures. 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 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. Within the scope of obligatory training courses on the Code of Conduct as well as specific training courses on insider law, all employees are instructed on the key stipulations of insider trading.

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 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 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 2023. 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) of the German Stock Corporation Act (AktG), the audit will also cover the company’s early warning risk identification system. Moreover, the auditor is required to examine and evaluate the accounting-relevant internal control system 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 auditor in charge of 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 identified any conflicts of interest. The Audit Committee reviews the quality of the audit, including the performance of the auditor in charge of the engagement, annually on the basis of objective indicators.

Further reports

The Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group includes a combined non-financial declaration that incorporates the non-financial declaration of the Group in accordance with section 315b HGB and the non-financial declaration of Merck KGaA, Darmstadt, Germany, in accordance with 289b HGB and section 315b (1) HGB in conjunction with section 298 (2) HGB. It is included as a separate chapter of the Combined Management Report. An overview of the information contained in the combined non-financial declaration can be found at “**Topics for the non-financial statement**”. In addition, the Group publishes a sustainability report that meets the requirements of the Global Reporting Initiative (GRI) standards and contains reports in accordance with the standards published by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). This will be available from April 11, 2024, as an online version on the company’s website at **https://www.emdgroup.com/en/sustainability-report/2023**. In addition, the remuneration report, which is also published on the company’s website, is included as a separate item of the disclosures on corporate governance.

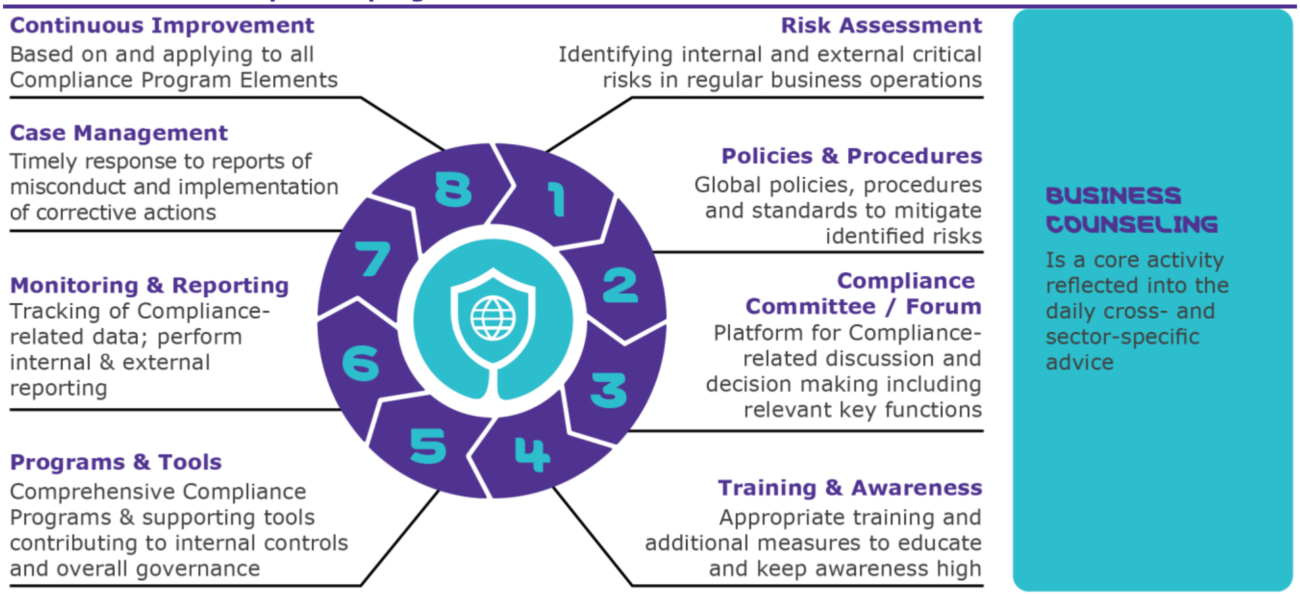
Values and compliance

First and foremost, responsible entrepreneurship means acting in accordance with the law – also known as compliance. All our activities are required to adhere to the applicable laws, regulations, and international ethical standards around the world. Compliance violations would result not only in possible legal action but also could seriously compromise our reputation as an employer and business partner.

Our Group Compliance function is responsible for the core topics: our Code of Conduct, anti-corruption and anti-bribery (including healthcare compliance, third-party 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.

Our compliance management system encompasses eight core elements and ongoing consultation with the business fields that make up our compliance portfolio:

Elements of our compliance program



Living our values together is the underlying principle of our compliance management system. The Compliance department adopts a specific brief in this respect.

A global framework for ethical and legally compliant business processes serves to minimize risk. We achieve this by identifying specific compliance risks and requirements. Suitable policies and effective controls are implemented in order to reduce risk. Our goals also focus on our employees. We achieve this by informing employees about the applicable compliance rules and ethical standards and by giving them the responsibility for complying with these requirements. This serves to strengthen employees' sense of responsibility and accountability. As compliance is the second line of defense against risks, it is important that we consistently safeguard what really matters. This is why we regularly monitor key indicators that allow us to assess risks and the effectiveness of controls. Compliance not only contributes to company growth but also creates targeted value added by allowing us to advise the business sectors and help them to navigate the respective compliance requirements. Our advice takes into account and adapts to changing business requirements.

Based on a corporate culture that places the fundamental company values – courage, achievement, responsibility, respect, integrity, and transparency – at the center of our entrepreneurial actions, our Code of Conduct (**https://www.emdgroup.com/company/responsibility/us/regulations-and-guidelines/code-of-conduct.pdf**) helps us implement these when dealing with one another daily. The Code of Conduct applies to all Group employees in all countries and at all levels of our organization.

With our Code of Conduct, we have established a set of rules intended to help our employees to act responsibly and to make the right decisions in their daily work.

The Code of Conduct explains the company principles for dealings with business associates, shareholders, colleagues, and employees, and within the scope of our responsibility for society. Therefore, it supports all employees in acting ethically – not only in their dealings with one another but also outside the company. Accordingly, the Code of Conduct is also the main set of rules for our Compliance Program. We have aligned the content of its Code of Conduct with our values and integrated important topics such as data privacy, healthcare compliance, and bioethics.

For us, compliance means observing legal and internal regulations and the basic ethical principles anchored in the company's values. With the Code of Conduct and the various unit-specific ethical compliance rules, the values are integrated into daily work and business practice. We also expect our business partners (e.g. customers, suppliers, distributors etc.) to comply with these principles or to have their own comparable principles. Our Business Partner Code of Conduct describes our expectations and requirements regarding human rights, health and safety, integrity, environmental protection, and continuous improvement. While supplier management ensures compliant behavior of suppliers, global business partner risk management encompasses the relations with sales-related business associates such as distributors, commercial agents, dealers and high-risk suppliers.

The Compliance department monitors observance of the Code of Conduct with support from corresponding monitoring and training programs throughout the company. Suitable controls and tailored training programs across the company ensure monitoring of the Code of Conduct. All employees are called upon to report potential compliance violations, so that the necessary and appropriate action can be taken. In cooperation with Group Internal Auditing, the Compliance Office regularly reviews the implementation of Group-wide compliance measures at the subsidiaries. The audits regularly focus on the local compliance structure, the compliance measures taken, and the existence of corresponding compliance guidelines and processes.

The Group Compliance Officer is responsible for the establishment, maintenance, and further development of our global Compliance Management System. Among other things, the Group Compliance Officer and its 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 implement the compliance program across our company globally. Our Compliance Center of Expertise is a central body responsible for designing and structuring our compliance program in all business areas and Group functions.

Our Group Compliance Officer reports on the status of our compliance activities, potential risks and serious compliance violations to the Executive Board and Audit Committee twice a year at a minimum. As part of our regular reporting processes, we compile a comprehensive compliance and data privacy report annually for the Executive Board. This includes the status of our compliance program, continuous improvement initiatives and key figures on compliance and data privacy cases. Additionally, we prepare a mid-year update to highlight ongoing developments and the status of relevant projects and initiatives.

A further focus area of the Compliance Program is ensuring legally and ethically correct dealings with medical stakeholders and adhering to the transparency requirements. The Compliance organization has agreed on extensive measures with the affected areas of the company in order to establish an internal framework of rules as well as the corresponding processes for approving and documenting interactions with healthcare professionals that ensure our company complies with reporting obligations. We, of course, also ensure compliance with the respectively valid data protection regulations.

The importance of compliance is also reflected in the subsidiaries, which ensure via country representatives that compliance measures are implemented effectively in the countries. Compliance tasks in the countries are largely performed by full-time compliance officers. In terms of the functional structure, compliance officers in the countries report directly and indirectly to the Group Compliance Officer. A separate responsibility was created for Group functions. Regular regional and global compliance meetings are held to promote the exchange of information within the Compliance organization. This is supplemented by a global concept for local compliance forums and global compliance committees, at which relevant compliance-related topics are discussed with senior management. These constitute an important element of risk assessment and quality assurance.

Newcomer trainings are run for newly appointed compliance officers. These seminars serve to build up compliance expertise and strengthen cooperation within the Compliance organization. This Group-wide network is used to steer the global Compliance Program. The Compliance organization is also involved in the relevant due diligence processes for the incorporation of new business units as well as possible divestments and acquisitions, and the subsequent integration of companies. Within the scope of the global compliance program, a high degree of importance is given to regular compliance trainings of our Compliance Training Plan, which are conducted as web-based training courses and classroom sessions. The various training topics addressed, particularly on the Code of Conduct, anti-corruption and bribery, conflicts of interest, anti-money laundering, antitrust and competition law, and healthcare compliance, serve to sensitize employees and management on the consequences of compliance violations.

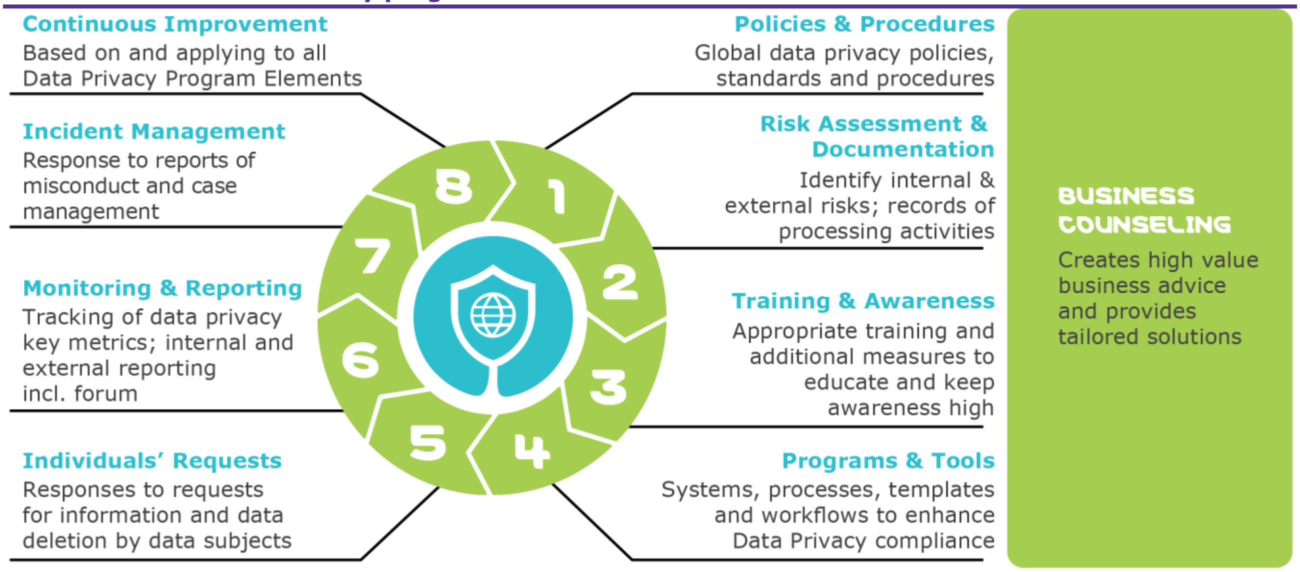
As described in various compliance training courses and the Code of Conduct, whistleblowers may choose from various reporting channels. The choice of reporting channel may depend on the reason for the report and the whistleblower's preferences in the respective circumstances. Reports to the central reporting channels, including the Compliance hotline, are received directly by an independent and qualified team at Group Compliance and 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 anonymous, two-way communication. If there is evidence of a compliance violation, corresponding corrective measures are taken based on concrete action plans. If necessary, disciplinary measures are taken which can range from a simple verbal 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 members from various Group governance functions; they are involved in reviewing certain compliance violations and initiating appropriate and necessary measures. The joint work in the Compliance Case Committee enables processes between the various Group functions to be coordinated optimally and designed efficiently and potential risks to be addressed adequately.

Data privacy

Our 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. The department regularly prepares data privacy updates and produces a comprehensive data privacy report at regular intervals as part of our broader compliance reporting efforts. The Group Data Privacy Officer has a team of dedicated local data privacy officers working in countries that are particularly privacy-sensitive for the Group. Other individuals around the world also serve as local Data Privacy Officers 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 policy 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 also 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 to ensure that Data Privacy processes comply with the relevant regulations. 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 privacy when it comes to processing the data of our employees, contract partners, customers, suppliers, patients, healthcare practitioners, 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 privacy regulations.

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, e.g. interactive training for certain subsets of employees and standardized training sets focusing on specific topics and tailored to corresponding groups of companies.

Risk and opportunity management

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 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, the Chief Financial Officer until June 30, 2023, Marcus Kuhnert, and the Chief Financial Officer from July 1, 2023, Helene von Roeder, are also members of the Executive Board of E. Merck KG, Darmstadt, Germany. This does not, however, create conflicts of interest.

In its report to the 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 2023, there were neither conflicts of interest nor consultancy agreements or other service or work contracts with Merck KGaA, Darmstadt, Germany, 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 up 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 the 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 throughout the entire value chain by 52% (per € of value added) 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. By receiving this confirmation, we are helping limit global warming to 1.5 °C, meeting the requirements of the Paris Agreement.
- In addition, we are aiming to source 80% of our purchased electricity from 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 of value added) by 50%.
- To improve occupational safety, we aim to lower the lost time injury rate (LTIR) to below 1 by 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 the EHS Policy, many 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 standards issued by 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 of statutory supervisory boards and comparable German and foreign supervisory bodies (section 285 no. 10 HGB in conjunction with section 125 (1) sentence 5 AktG).

Member	Memberships of (a) statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations
Belén Garijo Frankfurt am Main, Chair	(b) • Banco Bilbao Vizcaya Argentaria S. A., Bilbao, Spain (listed) • L'Oréal S. A., Clichy, France (listed)
Kai Beckmann Darmstadt, CEO Electronics	(a) • Bundesdruckerei GmbH, Berlin, Germany (not listed) • Bundesdruckerei Gruppe GmbH, Berlin, Germany (not listed)
Peter Guenter Berlin, CEO Healthcare	(b) • Galapagos N.V., Mechelen, Belgium (listed) • Zentiva Group a.s., Prague, Czech Republic (not listed)
Matthias Heinzel Weinheim, CEO Life Science	No mandates
Marcus Kuhnert (until June 30, 2023) Königstein, Chief Financial Officer	(b) • Döhler Group SE, Darmstadt, Germany (not listed)
Helene von Roeder (as of July 1, 2023) Frankfurt am Main, Chief Financial Officer	No mandates

The general partners with no equity interest (Executive Board) manage the business activities in accordance with the laws, the Articles of Association, and the 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 his or her 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-year 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, risk situation, risk management, and compliance. The rules of procedure of the Executive Board and of the Supervisory Board regulate 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 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. The Supervisory Board was composed as follows in fiscal year 2023:

Member	Memberships of (a) other statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations	Member of the Supervisory Board since	Attendance of meeting of the Supervisory Board
Wolfgang Büchele (Chair of the Supervisory Board) Römerberg, Chair of Exyte GmbH, Stuttgart (Independent Shareholder Representative)	(a) • Gelita AG, Eberbach, Germany (Chair) (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] (Chair) (not listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed) • Wegmann Unternehmens-Holding GmbH & Co. KG, Fürstenfeldbruck, Germany (Chair) (not listed) • KNDS NV, Amsterdam, Netherlands (not listed)	Jul. 1, 2009	5/5
Sascha Held (Vice Chair of the Supervisory Board) Riedstadt, Application Consultant (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, Member of the Central Board of Executive Directors of the German Mining, Chemical and Energy Industrial Union (IG BCE), Hannover	(a) • adidas AG, Herzogenaurach, Germany (listed)	Jul. 14, 2022	5/5
Gabriele Eismann Seeheim-Jugenheim, full-time member of the Works Council	No board positions	May 09, 2014	5/5
Jürgen Glaser Bingen, former Regional Director of the German Mining, Chemical and Energy Industrial Union (IG BCE), Darmstadt	(a) • SIRONA Dental Systems GmbH, Wals, Austria (not listed) (b) • The BKK of Merck KGaA, Darmstadt, Germany (not listed)	Apr. 26, 2019	5/5
Michael Kleinemeier Heidelberg, Managing Director of e-mobiligence GmbH, Heidelberg	(a) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany[1] (Chair) (not listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed) • SRH Holding (SdbR), Heidelberg (not listed)	Apr. 26, 2019	5/5
Renate Koehler Darmstadt, Pharmacist and until January 02, 2024, Manager of Engel-Apotheke pharmacy, Darmstadt (Independent Shareholder Representative)	No board positions	Apr. 26, 2019	5/5
Barbara Lambert Givrins (Switzerland), Supervisory and Administrative Board Member (Independent Shareholder Representative)	(a) • Deutsche Börse AG, Eschborn, Germany (listed) • Synlab AG, Munich, Germany (listed) (b) • Implenia AG, Opfikon, Switzerland (listed) • UBS Switzerland AG / Credit Suisse AG (Group Mandate), Zurich, Switzerland (not listed)	Aug. 11, 2023	1/1
Anne Lange Riedstadt, Application Engineer (full-time member and Vice-Chair of the Joint Works Council of Merck KGaA, Darmstadt, Germany)	No board positions	Apr. 26, 2019	5/5

Footnotes follow at the end of the table.

Member	Memberships of (a) other statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations	Member of the Supervisory Board since	Attendance of meeting of the Supervisory Board
Peter Emanuel Merck[2] Hamburg, Managing Partner of Golf-Lounge GmbH, Hamburg (Independent Shareholder Representative)	No board positions	Apr. 26, 2019	5/5
Dietmar Oeter Seeheim-Jugenheim, Vice President Corporate Quality Assurance	No board positions	May 09, 2014	5/5
Alexander Putz Michelstadt, Chemical Laboratory Assistant (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, IT Business Partner Darmstadt Site	No board positions	Apr. 26, 2019	5/5
Helene von Roeder Frankfurt am Main, at that time Member of the Executive Board (CTO) of Vonovia SE, Bochum (Independent Shareholder Representative)	(a) • AVW Versicherungsmakler GmbH, Hamburg, Germany (not listed) • Deutsche Wohnen SE, Berlin, Germany (listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed) • AVW Versicherungsmakler GmbH, Hamburg, Germany (not listed)	Apr. 26, 2019 until Apr. 17, 2023	1/1
Helga Rübsamen-Schaeff Düsseldorf, Member of the Supervisory Board of AiCuris Anti-infective Cures AG, Wuppertal	(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) • 4SC AG, Martinsried, Germany (listed) • AiCuris Anti-Infective Cures AG, Wuppertal, Germany (not listed) (b) • E. Merck KG, Darmstadt, Germany[1] (not listed)	May 09, 2014	5/5
Daniel Thelen Cologne, Program Manager Infrastructure at DB InfraGO AG, Frankfurt am Main (Independent Shareholder Representative)	(b) • E. Merck KG, Darmstadt, Germany[1] (not listed)	Apr. 26, 2019	5/5
Simon Thelen[2] Cologne, Senior Physician at the Clinic for Trauma and Hand Surgery, University Hospital Düsseldorf (Independent Shareholder Representative)	(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

[1] Internal board position.

[2] Members delegated according to article 6 (5) of the Articles of Association.

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).

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, taking into account the auditor’s reports. Moreover, the Audit Committee discusses the quarterly statements and the half-year 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 a 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. In exceptional cases a resolution may be passed by other means, details of which are given in the rules of procedure.

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 chairpersons of the two boards.

The Supervisory Board has adopted rules of procedure for its activities that are available on the company’s website at: **https://www.emdgroup.com/company/who-we-are/management-and-company-structure/supervisory-board/US/Rules-of-Procedure-Supervisory-Board-US.pdf**.

The rules of procedure prescribe that the Supervisory Board may form committees. The Supervisory Board has formed a Nomination Committee and an Audit Committee.

The Nomination Committee comprises three shareholder representatives. Its members are Wolfgang Büchele (Chair), Helga Rübsamen-Schaeff, 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, the objectives of the Supervisory Board with respect to its composition, the qualification matrix, and the diversity policy must be taken into consideration.

The Audit Committee comprises three shareholder representatives and three employee representatives. The members of the Audit Committee are Helene von Roeder (Chair) until April 17, 2023, and Barbara Lambert (Chair) since August 11, 2023, Wolfgang Büchele, Jürgen Glaser, Sascha Held, Christian Raabe, and Daniel Thelen.

The German Stock Corporation Act 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 its audit and assurance. The Chair of the Audit Committee should have professional expertise in at least one of the two areas. As financial experts, Helene von Roeder and Barbara Lambert both have particular knowledge and experience of the application of reporting principles and internal control and risk management systems. They are also familiar with auditing and, in this context, with sustainability reporting. Helene von Roeder’s aforementioned knowledge is based, among other things, on her previous role as a member of the Management Board of Vonovia SE, to which she belonged first as Chief Financial Officer (CFO) and later as Chief Technology Officer (CTO). She was also the Chair of the Audit Committee of the company’s Supervisory Board and the Finance Committee of the

Board of Partners of E. Merck KG, Darmstadt, Germany (stepping down on April 17, 2023). Helene von Roeder thus qualifies as a financial expert within the meaning of section 100 (5) of the German Stock Corporation Act (AktG) and Recommendation D.3 of the German Corporate Governance Code. Barbara Lambert’s aforementioned knowledge is based, among other things, on her education and many years of activity as an auditor and a member of the Board of Directors of Banque Pictet & Cie SA until 2022. Among other things, 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) of the German Stock Corporation Act (AktG) and Recommendation D.3 of the German Corporate Governance Code. Furthermore, the Vice Chair of the Audit Committee, Daniel Thelen, qualifies as a financial expert within the meaning of section 100 (5) of the German Stock Corporation Act (AktG) and Recommendation D.3 of the German Corporate Governance Code. A fully qualified lawyer with a Master of Business Administration (MBA) and many years of experience as a member of the Audit Committee, he has particular knowledge and experience of the application of reporting principles and internal control and risk management systems. Finally, Wolfgang Büchele also has expertise in the area of accounting. His expertise results from his role as CEO of Exyte GmbH, his many years as a member of the executive boards of other companies, and his membership of other supervisory bodies. Wolfgang Büchele thus also qualifies as a financial expert within the meaning of section 100 (5) of the German Stock Corporation Act (AktG) and Recommendation D.3 of the German Corporate Governance Code.

Defining the required knowledge in more detail, a further provision of the German Stock Corporation Act also 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 an internal efficiency review based on an extensive questionnaire. The questionnaire includes feedback on cooperation within the Supervisory Board, corporate governance, accounting, risk management, and the dialog with the Executive Board and the Audit Committee. The next self-assessment of the Supervisory Board is scheduled for 2024.

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. The Board of Partners was composed as follows in fiscal 2023:

Member	Memberships of (a) statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations
Johannes Baillou **(Chair of the Board of Partners)** Vienna, Austria, Vice Chair of the Executive Board and General Partner of E. Merck KG, Darmstadt, 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 (not listed)
Simon Thelen **(Vice Chair of the Board of Partners)** Cologne, Senior Physician at the Clinic for Trauma and Hand Surgery, University Hospital Düsseldorf, Düsseldorf	(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)
Wolfgang Büchele Römerberg, Chair of Exyte GmbH, Stuttgart	(a) • Merck KGaA, Darmstadt, Germany (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 (Chair) (not listed) • Gelita AG, Eberbach, Germany (Chair) (not listed) (b) • Wegmann Unternehmens-Holding GmbH & Co. KG, Fürstenfeldbruck, Germany (Chair) (not listed) • KNDS NV, Amsterdam, Netherlands (not listed)
Michael Kleinemeier Heidelberg, Managing Director of e-mobiligence GmbH, Heidelberg	(a) • Merck KGaA, Darmstadt, Germany (listed) • Merck Life Science KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (Chair) (not listed) (b) • SRH Holding (SdbR), Heidelberg (not listed)
Katharina Kraft Mannheim, Senior Strategy Manager at BASF SE, Ludwigshafen	No board positions
Helene von Roeder (until April 2, 2023) Frankfurt am Main, at that time Member of the Executive Board (CFO) of Vonovia SE, Bochum	(a) • Merck KGaA, Darmstadt, Germany (listed) • AVW Versicherungsmakler GmbH, Hamburg, Germany (not listed) • Deutsche Wohnen SE, Berlin, Germany (listed) (b) • AVW Versicherungsmakler GmbH, Hamburg, Germany (not listed)
Helga Rübsamen-Schaeff Düsseldorf, Member of the Supervisory Board of AiCuris Anti-infective Cures AG, Wuppertal	(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) • 4SC AG, Martinsried, Germany (listed) • AiCuris Anti-Infective Cures AG, Wuppertal, Germany (not listed)
Frank Stangenberg-Haverkamp Darmstadt, Chair of the Executive Board and General Partner of E. Merck KG, Darmstadt, Germany	(a) • Fortas GmbH, Rösrath, Germany (Chairman) (not 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 (Vice Chair) (not listed) • Merck Electronics KGaA, Darmstadt, Germany, a subsidiary of Merck KGaA, Darmstadt, Germany (Vice Chair) (not listed) (b) • Travel Asset Group Ltd., London, United Kingdom (Chair) (not listed)
Daniel Thelen Cologne, Program Manager Infrastructure at DB InfraGO AG, Frankfurt am Main	(a) • Merck KGaA, Darmstadt, Germany (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 a 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 resolves 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 chairpersons 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: Johannes Baillou (Chair), Wolfgang Büchele, Michael Kleinemeier, and Frank Stangenberg-Haverkamp. 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 a 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: Wolfgang Büchele (Chair) since May 9, 2023, and Helene von Roeder (Chair) until April 2, 2023, Johannes Baillou, Daniel Thelen, and Simon Thelen. The Finance Committee holds at least four meetings a year, some of which are joint meetings with the Audit Committee of the Supervisory Board of Merck KGaA, Darmstadt, Germany. 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, as well as the half-year financial report and the quarterly statements. In addition, the Finance Committee addresses Our 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 a simple majority. The Chair of the Committee regularly informs the Board of Partners of its activities.

Research and Development Committee

The Research and Development Committee has four members: Helga Rübsamen-Schaeff (Chair), Johannes Baillou, Katharina Kraft, and Simon Thelen. The Research and Development Committee is convened as and when necessary but holds at least two meetings a 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 Life Science, Healthcare, and Electronics business sectors. It passes its resolutions with a simple majority. The Chair of the Committee reports to the Board of Partners on the insights gained from the meetings.

Stipulations to promote the percentage of management positions held by women pursuant to section 76 (4) and section 111 (5) of the German Stock Corporation Act (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 foster diversity within the company, which also includes ensuring a balance of genders in management. To this end, we pursue both voluntary and legally required objectives, and we work continuously and sustainably to achieve them. As a global company with correspondingly aligned global (leadership) structures, we are striving to increase the proportion of management positions held by women (managers, experts, and project managers in roles 4 and above)[1] as a voluntary goal. Our aim is to achieve gender parity by the end of 2030.

In addition, Merck KGaA, Darmstadt, Germany, is subject to the statutory obligations under section 76 (4) AktG.

On December 21, 2021, the Executive Board of Merck KGaA, Darmstadt, Germany, therefore set the new targets to be achieved by December 31, 2024, 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: 35.5% 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: 31.8% 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 Board of companies that are listed or subject to codetermination must stipulate binding targets for the percentage of positions on the Supervisory Board and on the Management Board held by women. However, 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 5 AktG).

In turn, the obligation to stipulate a target for the percentage of positions held by women on the Executive Board pursuant to section 111 (5) AktG and the minimum composition requirement for the Executive 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. Rather, 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.

[1] This group makes up around 7% of the total workforce; see the description under "Diversity and management".

Diversity policy pursuant to section 289f (2) no. 6 of the German Commercial Code (HGB)

We are pursuing a Group-wide, global diversity strategy. Within the Group, diversity stands for a culture of inclusion, mutual esteem, and respect. To demonstrate this open and dynamic company culture, we promote diversity, equal opportunity, and inclusion throughout the Group – and do so 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 furthering a culture of diversity independent of factors such as age, gender, disability, ethnic or cultural background, religion, industry experience, and educational background. As part of our global diversity strategy, we have developed a diversity policy to strategically steer the topics of diversity and inclusion in our corporate bodies; this focuses on the following key criteria:

The Group-wide diversity strategy encompasses both voluntary as well as legally defined objectives that we continuously and sustainably work to achieve (see also the “**Diversity and Inclusion**” section of the Non-Financial Statement and the Sustainability Report for 2023). 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 qualification matrix of the Supervisory Board (see the information under “**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. Maximum age limits apply to both boards. A maximum age of 70 applies to members of the Executive Board, while the standard age limit for Supervisory Board members is 75. 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 the Executive Board and the Supervisory Board satisfies this objective. The age range of the Supervisory Board is 35 years, while the age range of the Executive Board is currently ten years.

Gender

Gender diversity 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.

Additionally, 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. This means that women account for 40% 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.

Internationality and global mindset

As a science and technology company with global operations and major markets on five continents with more than 64,000 employees at locations in 66 countries, internationality and the associated global mindset is one of our key success factors. According to our diversity policy, the Executive Board's internationality derives from leadership experience or national origin, 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 these regions, e.g. in the following countries: Denmark, United Kingdom, Malaysia, Singapore, Spain, and United States. In addition, 40% of the Executive Board members are not German citizens.

Management experience

The key prerequisites for high-performance leadership teams are the diversity of the individual competency profiles 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 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 competency profile are covered by at least one member of the Executive Board. Likewise, two members of the Executive Board possess multiple years of experience working within the Group prior to their appointment to the Executive Board.

Industry experience

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. For each of the areas Life Science, Healthcare, and Electronics, there should be at least one member of the Executive Board with in-depth expertise in accordance with the diversity concept.

The Executive Board covers 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.

The members of the Executive Board contribute knowledge of various fields including medicine (pharmacology, physical education), (astro)physics, information technology, and electrical engineering. In addition, the majority of members of the Executive Board hold a university and doctorate degree.

Moreover, the members of the Supervisory Board have a background in one or more of the following fields of specialization: chemistry, pharmaceutics, mathematics, law, business administration and economics, physics, process technology, and computer sciences.

Seven Supervisory Board members are university graduates and hold doctorates.

Report of the Supervisory Board

The Supervisory Board again properly executed its duties in 2023 in accordance with the law as well as the company's Articles of Association and rules of procedure. 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 dialog on the basis of mutual trust. During fiscal 2023, 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 Supervisory Board was informed about the market and sales situation of the company in the context of macroeconomic developments, and the financial position of the company and its subsidiaries, along with their earnings development and corporate planning. Within the scope of quarterly reporting, the sales and operating results were presented for the Group as a whole and broken down by business sector. In addition to the Supervisory Board meetings, the Chair of the Supervisory Board also maintained, and continues to maintain, a regular exchange of information with the Chair of the Executive Board.

Key topics of the Supervisory Board meetings

A total of five Supervisory Board meetings were held in fiscal 2023. All of the meetings were held in person. At four of these five meetings, the Supervisory Board intensely discussed the reports of the Executive Board, as well as company developments and strategic issues together with the Executive Board. The Chair of the Audit Committee or, in the case of the meetings in May and July 2023, the Vice Chair reported comprehensively on the previous meetings of the Audit Committee at these meetings of the Supervisory Board.

At the meeting in February 2023, the Supervisory Board intensively addressed the Annual Financial Statements and Consolidated Financial Statements for 2022, the Combined Management Report, the reports of the auditor (KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, "KPMG"), including the audit report on the non-financial declaration for fiscal 2022, and the proposal for the appropriation of net retained profit. The auditor (KPMG) explained the audit reports including the focus areas of the audit. The Executive Board and the Head of Group Accounting reported on the financial statements. Furthermore, the Supervisory Board resolved on the report and the objectives of the Supervisory Board with respect to its composition and the profile of skills and expertise including the qualification matrix, the Declaration of Conformity with the German Corporate Governance Code, and the Statement on Corporate Governance. The Supervisory Board also adopted the proposals to be made to the Annual General Meeting (including the creation of new Contingent Capital II) and approved the plan to hold the Annual General Meeting in virtual form. The Executive Board reported on business performance in 2022 and presented the plans for fiscal 2023, which was likely to be challenging in light of geopolitical tensions in particular.

The Supervisory Board met in April 2023 to resolve on the amendment to the rules of procedure of the Audit Committee and the election of Daniel Thelen as the Vice Chair of the Audit Committee. The meeting was held after Helene von Roeder stepped down as a member of the Supervisory Board and the Audit Committee effective April 17, 2023. The Chair of the Supervisory Board informed the Supervisory Board members about this development at the meeting. As part of the amendment to the rules of procedure of the Audit Committee, the Supervisory Board transferred the responsibility for resolving on sustainability topics of relevance to the company to the Audit Committee.

The meeting in May 2023 focused on the report of the Executive Board on business performance in the first quarter and the forecast for fiscal 2023. The Executive Board discussed developments in the first quarter of 2023 and provided an outlook concerning expected business performance in 2023 as a whole. The Supervisory Board extensively discussed the contributions of the individual business sectors to the company's financial performance. The report of the Research and Development Committee of the Board of Partners of E. Merck KG, Darmstadt, Germany, for Life Science and Electronics was an additional focus of the meeting. Finally, the Supervisory Board addressed our global strategy.

At the meeting in July 2023, the Executive Board reported on the comparatively good business performance in the second quarter of 2023 in spite of the challenging environment. The non-financial statement, which forms part of the Combined Management Report, was a further topic of discussion. The Supervisory Board resolved to commission the auditor (Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich) to conduct a limited assurance review of the non-financial declaration for fiscal 2023. In addition, the auditor (Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich) was commissioned to conduct the formal and material audit of the compensation report for fiscal 2023. Another topic addressed by the meeting was the amendment to the Articles of Association of Merck KGaA, Darmstadt, Germany, following the departure of Marcus Kuhnert and the appointment of Helene von Roeder to the Executive Board. All of the training undertaken by the Supervisory Board was on the subject of sustainability.

At the Supervisory Board meeting in November 2023, the Executive Board provided an overview of business performance in the third quarter of 2023 in an extremely challenging business environment. The background to this business performance was then discussed in detail by the Supervisory Board. Other topics discussed included the report by the Research and Development Committee for Healthcare and 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. This was followed by an overview and an intensive discussion of the Group and business sector strategies, also in the context of external developments. The Chair of the Executive Board also reported on the Global Leadership Summit (GLS), at which Group managers discussed the geopolitical environment and its impact on the Group as well as the priorities of the Group.

In parts of its meetings, the Supervisory Board regularly meets 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 topics which should be placed on the agenda for the next Supervisory Board meeting.

Annual Financial Statements and Consolidated Financial Statements

The Annual Financial Statements of Merck KGaA, Darmstadt, Germany, the Consolidated Financial Statements of the Group, and the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, including the accounts, were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich.

The auditors 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 prepared in accordance with International Financial Reporting Standards and for the Combined Management Report, the auditors 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 of Merck KGaA, Darmstadt, Germany, in the profit of E. Merck KG, Darmstadt, Germany, in accordance with Article 27 (2) of the Articles of Association, as well as the combined non-financial declaration. The Annual Financial Statements of Merck KGaA, Darmstadt, Germany, the Consolidated Financial Statements of the Group, and the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, including the non-financial declaration and the proposal of the Executive Board for the appropriation of net retained profit, were submitted firstly to the Audit Committee and then to the Supervisory Board together with the auditor's reports.

The Audit Committee assessed 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 as well as the Combined Management Report for Merck KGaA, Darmstadt, Germany, and the Group, including the non-financial declaration, and took note of the auditor’s reports of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. In particular, it 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. On completion of its assessment, the Audit Committee raised no objections and thus recommended that the Supervisory Board approve 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.

At its meeting in February 2024 to approve the financial statements, the Supervisory Board also assessed the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, the proposal for the appropriation of net retained profit, the auditor’s report presented in accordance with Article 27 (2) of the Articles of Association, the Consolidated Financial Statements of the Group, and the Combined Management Report of Merck KGaA, Darmstadt, Germany, and the Group in accordance with Article 14 (2) of the Articles of Association, and took note of the auditor’s reports of Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. The discussion of the relevant agenda item at this meeting 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. This was also 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, 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. The Supervisory Board gave its consent to the proposal of the Executive Board for the appropriation of net retained profit after conducting its own review.

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. There were no conflicts of interest as defined by the German Corporate Governance Code involving Supervisory Board members during the year under review. Dialog 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. For example, we take the related investor suggestions extremely seriously. In fiscal 2023, the Chair of the Supervisory Board held discussions with investors on Supervisory Board-specific topics, including investor meetings with Allianz Global Investors GmbH and DWS Investment GmbH. In particular, the topics discussed included the qualification matrix and the independence of the Supervisory Board with a view to the Supervisory Board election in 2024 as well as the remuneration of the Supervisory Board. Mr. Büchele stated that the qualification matrix plays a significant role in the selection of candidates and that a particular focus has been placed on sustainability and digitalization. Independence, internationality and diversity are other important factors. Mr. Büchele also stated that the company is planning to reduce the term of office of the Supervisory Board members. Mr. Büchele reported that consideration was being given to possibly adjusting Supervisory Board compensation to reflect the development of the market in recent years in order to remain competitive with regard to attracting the best candidates. Ahead of the Supervisory Board election in 2024, the Supervisory Board also actively engaged in dialog with the biggest investors in order to determine their expectations and opinions. Among others, initial meetings with Blackrock, Amundi and Union Invest already took place in December 2023.

The Supervisory Board has an onboarding process aimed at enabling the quick and efficient induction of new members. Most recently, Barbara Lambert received corresponding training upon joining the Supervisory Board.

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 2024. The statement is permanently available on the website of Merck KGaA, Darmstadt, Germany (**https://www.emdgroup.com/en/investors/corporate-governance/reports.html**). 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.

Committees

The Supervisory Board of Merck KGaA, Darmstadt, Germany, had a Nomination Committee and an Audit Committee in fiscal year 2023.

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 regularly discusses the progress of the audit with the auditor and reports back to the committee. The other responsibilities of the Audit Committee include assessing the performance of the auditor, and especially the performance of the auditor in charge of the engagement. The Audit Committee is also tasked with sustainability. This topic was assigned to it at the Supervisory Board meeting in April 2023.

The Audit Committee prepares the negotiations and resolutions of the Supervisory Board on the approval of the Annual Financial Statements and Consolidated Financial Statements 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, assigns the audit mandate to the auditor, and determines the focus areas of the audit and 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, and compliance. The Chair of the Audit Committee and the auditor also engage in a regular dialog outside of the meetings of the Audit Committee.

At the meeting in February 2023, which was held in person, the Chief Financial Officer and the Head of Group Accounting reported on the 2022 Consolidated Financial Statements and the Annual Financial Statements of Merck KGaA, Darmstadt, Germany, which were then discussed in detail by the Audit Committee. This included a discussion of the sustainability topics contained in the non-financial statement. The auditor (KPMG) also reported on the audit of the financial statements and discussed the focus areas of the audit. The declaration of auditor independence was acknowledged and evaluated. The meeting also 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 2022. Furthermore, the Audit Committee acknowledged and discussed the written risk report. In addition, the Audit Committee proposed that the Supervisory Board resolve the creation of a new authorization to issue convertible bonds and/or bonds with warrants, accompanied by the simultaneous creation of new Contingent Capital II. The Head of Group Internal Auditing then presented the report from Group Internal Auditing for 2022. The compliance and data protection report was also presented and discussed. The details of the non-audit services approved in fiscal 2022 were also discussed.

The report on the net assets, financial position, and results of operations of the Group for the first quarter of 2023 was presented to the meeting in May 2023, which was held in person. The Audit Committee then discussed the report in detail. The Audit Committee also discussed the start date of the audit period with the auditors (Deloitte). The auditors shared their initial impressions following the handover of the audit engagement and provided an overview of the planning for the audit review of the half-year financial report.

The meeting of the Audit Committee in July 2023, which was also held in person, began with a detailed discussion of the report on the net assets, financial position, and results from operations of the Group for the second quarter of 2023. The auditors (Deloitte) shared their initial impressions following the handover of the audit engagement and presented the results of the audit review of the half-year financial report. The auditors also presented an overview of the process planning for the audit of the Annual Financial Statements and the planned focal points. Next, the Audit Committee resolved on the list of the individual audit and non-audit related services. A further focal point was the report on the key developments regarding the accounting-related internal control system (ICS), which the Audit Committee discussed in detail. This was followed by the risk management status report for the first half of 2023.

At the meeting in November 2023, which was held in person, the Chief Financial Officer presented the initial observations and findings of the financial reporting health check. In particular, this included a discussion of the internal control system and the IT systems used to support financial reporting. The Chief Financial Officer and the Head of Group Accounting then reported on the net assets, financial position, and results of operations of the Group in the third quarter of 2023. It was noted that the income statement was showing lower net sales than in the same quarter of the previous year due to the sustained difficult environment. The Audit Committee discussed the report on the third quarter in detail. It then reviewed the contractual terms for the annual audit of the financial statements and evaluated the audit of the financial statements and non-audit services following an extensive presentation by the Head of Group Accounting. Finally, the planned scope of the audit of the financial statements on the basis of the statutory provisions and the provisions of the European Securities and Markets Authority (ESMA) and the defined schedule were discussed with Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. The reports on Group Internal Auditing and compliance and data protection were then presented.

Nomination Committee

The Nomination Committee met twice in fiscal 2023.

At the meeting in July 2023, which was held as a video conference, the members of the Nomination Committee met with the aim of recommending a suitable replacement for Helene von Roeder to the Supervisory Board. Following a brief discussion regarding potential candidates, Barbara Lambert was proposed to the Supervisory Board of Merck KGaA, Darmstadt, Germany, as a suitable candidate for its proposal for election by court appointment.

The meeting in October 2023, which was held as a video conference, heard a report on the search for candidates for the Supervisory Board to be proposed for election at the 2024 Annual General Meeting. In particular, a well-known headhunting firm was commissioned in order to ensure that the criteria of the candidate profiles were satisfied to the greatest possible extent. Potential candidates were selected on the basis of several selection interviews and discussed at the meeting. The Nomination Committee then resolved to propose the candidates it deemed most suitable to the Supervisory Board of Merck KGaA, Darmstadt, Germany, for election at the 2024 Annual General Meeting.

Personnel matters and training

The Supervisory Board attended all of the meetings in full. Helene von Roeder attended the meeting in February prior to stepping down from the Supervisory Board, while Barbara Lambert attended the meeting in November following her appointment to the Supervisory Board. The members of the Audit Committee attended all meetings of the Audit Committee. Helene von Roeder attended the meeting in February, while her successor Barbara Lambert attended the meeting in November. The members of the Nomination Committee attended all meetings of the Nomination Committee.

For the purposes of targeted further training, the Supervisory Board is offered an information event with internal and external speakers at least once a year. In fiscal 2023, a training event on sustainability for all Supervisory Board members was held on May 10, 2023. The event, which featured high-profile internal and external speakers, encompassed the topics of “Sustainability in the Corporate Environment” as well as the legal dimensions of aspects and developments in the area of sustainability and ESG that are relevant to the Supervisory Board (e.g. climate-related litigation, greenwashing, due diligence obligations in supply chains, and sustainability reporting in accordance with the CSRD). The company generally covers the cost of training measures for the Supervisory Board.

New members of the Supervisory Board – including Barbara Lambert in 2023 – also undergo an onboarding process prepared by employees of the Legal department in accordance with the onboarding plan.

Darmstadt, February 2024

The Supervisory Board of Merck KGaA, Darmstadt, Germany

Wolfgang Büchele
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 as well as preparing a qualification matrix for the entire board. In its composition, the Supervisory Board shall take into account the number of independent members, consider the principle of diversity, specify an age limit, and disclose the term of Supervisory Board membership. The qualification matrix for the Supervisory Board shall also comprise expertise regarding sustainability issues relevant to the enterprise.

General notes on the composition of the Supervisory Board

The Supervisory Board of Merck KGaA, Darmstadt, Germany, currently comprises 16 members, of whom eight represent the shareholders and a further eight 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 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 2024 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 German Stock Corporation Act, 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 and assurance. 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

Six women are currently members of the Supervisory Board of Merck KGaA, Darmstadt, Germany. This corresponds to a share of women of 37.5%. 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 37.5% 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. In any case, 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 consider the following members to be independent: Wolfgang Büchele, Michael Kleinemeier, Renate Koehler, Barbara Lambert, Peter Emanuel Merck, Helene von Roeder (until stepping down from the Supervisory Board on April 17, 2023), Helga Rübsamen-Schaeff, Daniel Thelen, and Simon Thelen. In determining the independence of Wolfgang Büchele, the shareholder representatives took account of the fact that he has been a member of the Supervisory Board for more than twelve years, which the German Corporate Governance Code considers to be an indicator of a lack of independence.

Exercising their own professional judgment, the shareholder representatives satisfied themselves that this indicator does not contradict their assessment that Wolfgang Büchele is, on the whole, independent of the company and its Executive Board. In his work on the Supervisory Board and its committees and in the exercise of his duties, Mr. Büchele continues to demonstrate the necessary critical distance from the company and its Executive Board, along with the capacity for objective judgment. Moreover, Mr. Büchele has confirmed in a personal statement that he considers himself to be independent of the company and its Executive Board.

In addition, 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 complement 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 material and not merely temporary conflicts of interest. 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 strong interest in the businesses of Merck KGaA, Darmstadt, Germany, operating efficiently and in compliance with procedures, 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

Moreover, 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.

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 (with the exception of Wolfgang Büchele; see the discussion under “Independence” above). 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 and LS/EL)	Management Experience	Accounting incl. Sustainability Reporting[1,2]	Auditing[2]	External Supervisory or Control Bodies[3]	Sustainability	Business Adminis-tration	Data and Digital
Wolfgang Büchele (Chair)	•	•	•	•	•	•	•	•
Sascha Held (Vice Chair)	•	•	-	-	-	•	•	•
Birgit Biermann	-	•	-	-	•	•	-	•
Gabriele Eismann	•	•	-	-	-	•	•	•
Jürgen Glaser		•	-	-	•	-	•	-
Michael Kleinemeier	•	•	-	-	•	•	•	•
Renate Koehler	•	•	-	-	-	-	-	-
Barbara Lambert (from Aug. 11, 2023)	-	•	•	•	•	-	•	•
Anne Lange	•	•	-	-	-	•	•	•
Peter Emanuel Merck	•	•	-	-	•	•	•	-
Dietmar Oeter	•	•	•	-	-	•	•	•
Alexander Putz	•	•	-	-	-	•	•	-
Christian Raabe	•	•	•	-	-	•	•	•
Helene von Roeder (until Apr. 17, 2023)	-	•	•	•	•	-	•	•
Helga Rübsamen-Schaeff	•	•	•	-	•	•	•	•
Daniel Thelen	•	•	•	-	•	-	•	•
Simon Thelen	•	•	-	-	-	-	•	•

[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.

• Criterion met, based on a self-assessment by the Supervisory Board. A dot means at least “good knowledge” and thus 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 Life Science and Healthcare/Electronics business sectors. This requirement is met at the present time. 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 also have executive experience in companies that also or exclusively operate in the Life Science and Healthcare/Electronics business sectors.

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 supervisory bodies of German or foreign companies of this size.

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 met at the present time.

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 comprise expertise regarding sustainability issues relevant to the enterprise. The majority of the Supervisory Board members have such expertise.