



Sustainability@Merck KGaA, Darmstadt, Germany

value creation & protection

Investor Relations
Darmstadt, March 2026





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- 02 value through our products
- 03 value for and through people
- 04 value for nature
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01 strategic overview



ESG Overview

A Message from the Executive Board



Khadija Ben Hammada

Chief People Officer &
Member of the Executive Board

- Site Management
- Group Human Resources
- Corporate Sustainability,
Quality & Trade Compliance
- Inhouse Consulting

“ Sustainability is fundamental to Company’s long-term value creation. We embed sustainable practices across our operations and accelerate the path from innovation to scalable, commercially viable solutions.

Progress happens when ecosystems align – when customer demand, investment, and policy move in concert.

Our approach combines operational rigor with measurable impact, strengthening resilience while delivering sustainable growth. ”

Group Overview

Three Sectors Focusing on Highly-Innovative End-Markets



Life Science²

Diversified industry leader

Process Solutions

Leading product portfolio for bioprocessing, novel templates, chemicals, and formulation materials serving biopharma customers

Advanced Solutions

Delivering specialized lab products and services for a highly regulated markets such as Lab Water, BioM, DxRM, CTS, CDMO

Discovery Solutions

Providing biological and chemical products through a digital-first, e-commerce-driven model that serves a diverse customer base

43%

Sales [% of group]¹



Healthcare

Global specialty innovator

Rare diseases

New strategic pillar for expansion following SpringWorks M&A and Pimicotinib in-licensing

CM&E and Fertility

>100m patients treated with our medicines for diabetes, thyroid, cardiovascular diseases;
>6m babies born with the help of our products

Oncology and N&I

Strong presence in mCRC and mUC; strong legacy in multiple sclerosis

Pipeline

Committed to replenish the pipeline and rebalance its risk profile; lead assets include cladribine MG, enpatoran, and Precem-TcT

41%

Sales [% of group]¹



Electronics

Ecosystem relevant portfolio

Semiconductor Solutions

Integrated innovation leader with one of the strongest portfolios of materials and related equipment and services

Supplying every industry player. Enabling customers to create more complex, smaller and energy-efficient devices

Optronics

Material-related solutions for LC, OLED and AR/VR, with metrology & inspection tools; fast growing semiconductor-related sales

16%

Sales [% of group]¹

Footnotes: 1) Based on FY 2025, excluding Surface Solutions, divested on 31 July 2025; 2) New LS business unit structure: Go-live date January 1st, 2026
Acronym(s): BioM = Bio Monitoring; CDMO = Contract Development and Manufacturing Organization; CTS = Contract Testing Services;
 DxRM = Diagnostics & Regulated Materials; MG = Myasthenia Gravis; mCRC = metastatic Colorectal Cancer; mUC = metastatic Urothelial Carcinoma;
 LC = Liquid Crystals; OLED = organic light-emitting diode, AR/VR = Augmented / Virtual Reality; Precem-TcT = Precemtabart tocentecan



ESG Overview

Integrating Sustainability Across Products, People, and Processes

1

Products

Advancing innovation for humanity

By 2030, we will deliver more sustainable solutions through our portfolio.

Our focus areas



Sustainability in our innovation, services, and technologies



Driving health equity for underserved populations



2

People & Processes

Partnering for sustainable business impact

By 2030, we will fully integrate sustainability into our value chains.

Our focus areas



Sustainability in our ways of working & decision making



Caring for our people and communities



Sustainable and transparent supply chain



3

Planet

Reducing our ecological footprint

By 2040, we will achieve climate neutrality and reduce our resource consumption.

Our focus areas



Climate change and emissions



Water and resource intensity



ESG Overview

Pursuing a Clear Roadmap for Sustainable Impact and Value Creation

Goal	Metric	2025 (2024)	Target
1	Percentage of newly published patent families with positive sustainability impact	50% (34%)	n.a.
	People treated with our Healthcare products*	182 mio (184 mio)	n.a.
	Patients treated with pharma products enabled by Life Science*	408 mio (424 mio)	n.a.
2	Percentage of women in leadership positions	39% ¹ (39%)	workforce balance
	Percentage of relevant suppliers covered by a valid sustainability assessment*	73%/96% (75/94) ²	73%/92% by 2025 ✓
	Environment, Health and Safety (EHS) Incident Rate	1.9 (2.2) ³	as low as possible
	Violations of Global Social and Labor Standards Policy	60 (57) ⁴	n.a.
	Lost Time Injury Rate (LTIR)	0.98 (1.16) ⁵	<1.0 by 2025 ✓
3	Greenhouse gas emissions Scope 1+2*	855 kt (1,085 kt)	-50% by 2030 ⁶ (1,076 kt) 🍊
	Scope 3 intensity: metric tons Greenhouse gas emissions per €m gross profit	316 (359)	-52% intensity by 2030 ⁶ (230)
	Percentage of purchased electricity from renewable sources	64% (52%)	80% by 2030
	Circularity Rate: recycled + avoided vs. total waste	70.1% (69.2%)	70% by 2030 ⁷ 🍊
	Reduction of m ³ water intake per €m revenues	-27% (-28%) ⁸	-50% by 2030 ⁸
	Wastewater quality: share of sites with no harmful emission residues	35% (20%)	100% completion by 2030 ⁹

*LTIP relevant

1) Not applicable for the US; 2) by a) number, b) supplier spend; 3) incidents + severity vs. man-hours; 4) confirmed violations; 5) accidents with min. 1 day of missed work per 1 mio. man-hours; 6) vs. 2020 baseline; 7) excluding waste-to-energy; 8) vs 2020 base line restated 2024+2025 excl. Surface Solutions; 9) emissions below scientific threshold



ESG Overview

All sectors contributing to targets on value creation and protection



Group & Enabling Functions

Sustainability Strategy Goal 1 revised focusing on sustainable portfolio and health equity

96% of relevant spend covered by a valid sustainability assessment – new quality target in place

GHG¹ emissions 2030 target overachieved with **60% reduction** for Scope 1+2

Circularity Rate progressing nicely following new CE² strategy: Target reached, continuing

Climate Transition Plan with additional details

Various **external recognitions** for excellent performance*

Life Science

~310 €m sales from greener products, 5,020 greener products available (+53% yoy)

Supplier sustainability tool kits launched: Best practice on decarbonization [for download](#)

82% deforestation free packaging in 2025
45% packaging designed for circularity

Opening of Blarney (IR), our first Scope 1&2 carbon-neutral facility

PPA³ in South Korea signed and announced

Healthcare

Pediatric Schisto treatment WHO Essential Medicine list (11,000+ children treated)

SHAPE⁴ expansion expanded our '25 reach in LMIC: 70 mio patients treated by HC products

100% of projects assessed by R&D Sustainability Scorecard

Advanced water stewardship, incl. reverse osmosis skids and rainwater harvesting

Circularity: Fertility Pen take back renewed

Electronics

Effectiveness of low GWP⁵ etch gas materials confirmed by industry consortium⁶

1st Process of Records for Fzero™ i-line resist in Company Photoacid Generator

PCF⁷ customer communication started

NF₃ abatement fully operational, driving another 50% reduction in 2025 vs 2024

Continued N₂O recycling technology introduction to further reduce emission rate

*e.g. Deutscher Nachhaltigkeitspreis, Public Trust Award, ESG Transparency Award 2025; **1)** GHG = Greenhouse Gas; **2)** CE = Circular Economy;
3) PPA = Power Purchase Agreement; **5)** GWP = Global Warming Potential; **6)** Semi Climate Consortium; **7)** PCF = Product Carbon Footprint



ESG overview

Value Creation & Protection: CSRD Relevant Topics

The classifications made are based on assumptions within the current global environment and long-term scenario planning.	Value Creation			Value Protection			SDG's
	Profit	People	Planet	Profit	People	Planet	
<u>Decarbonization</u>							
<u>Pollution</u>							
<u>Water & marine resources</u>							
<u>Biodiversity & ecosystems</u>							
<u>Resource use & circular economy</u>							
<u>Own workforce</u>							
<u>Workers in the value chain</u>							
<u>Human Rights</u>							
<u>Business conduct (Governance)</u>							

Elevated Contribution Moderate Contribution

The contributions to Value Creation & Protection presented on this slide differ from those identified in the materiality analysis according to CSRD, as they also encompass contributions that are challenging to measure due to numerous influencing factors or those that will become more effective only in the long term, thus subject to various uncertainties.



ESG overview

Value Creation & Protection: Company Specific Topics

The classifications made are based on assumptions within the current global environment and long-term scenario planning.	Value Creation			Value Protection			SDG's
	Profit	People	Planet	Profit	People	Planet	
<u>More sustainable products</u>							
Product safety							
Cybersecurity							
Digitalization & AI							
<u>Talent management (B&I)</u>							
<u>Animal Welfare</u>							
<u>Ethics</u>							
<u>Supply chain standards (env.)</u>							
<u>Access to medicine</u>							

Elevated Contribution Moderate Contribution

The contributions to Value Creation & Protection presented on this slide differ from those identified in the materiality analysis according to CSRD, as they also encompass contributions that are challenging to measure due to numerous influencing factors or those that will become more effective only in the long term, thus subject to various uncertainties.



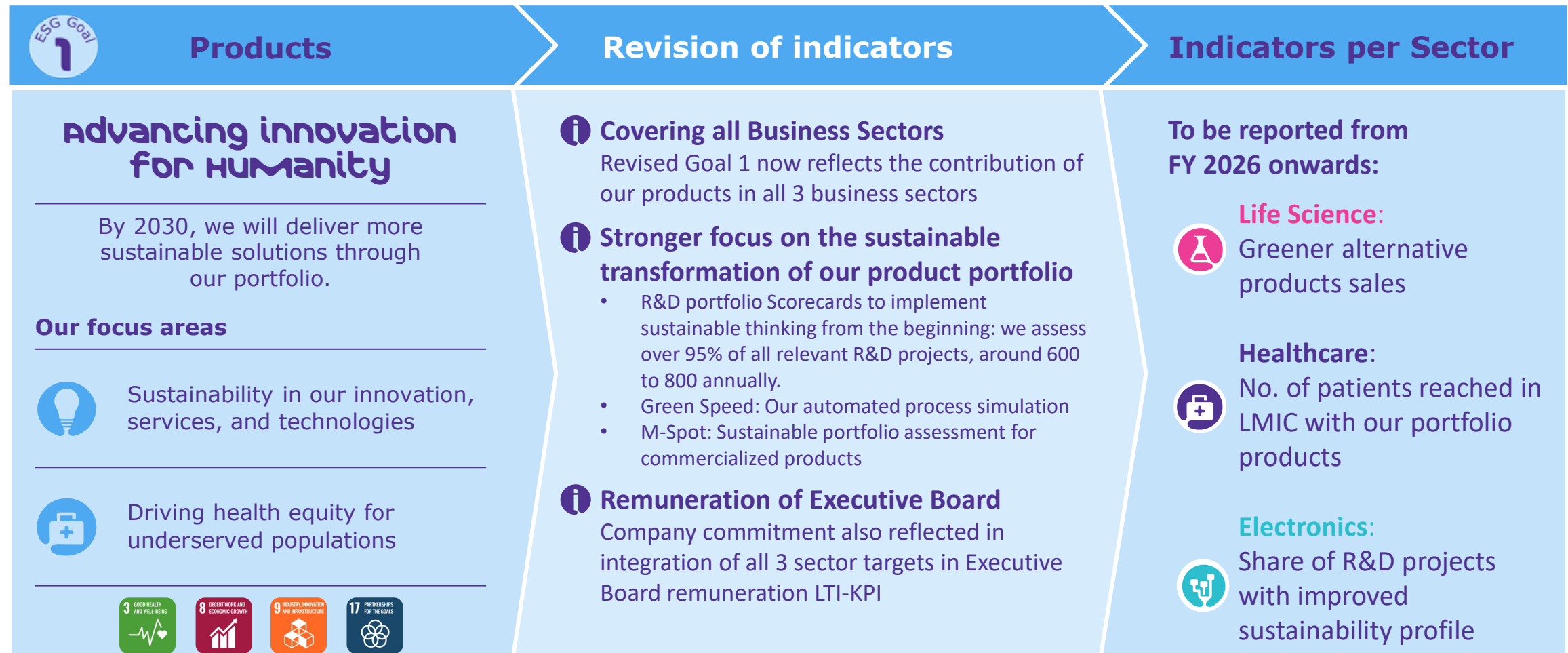


02 value through
our products



Revised Goal 1

Strengthening the Focus on Value Creation Through our Products



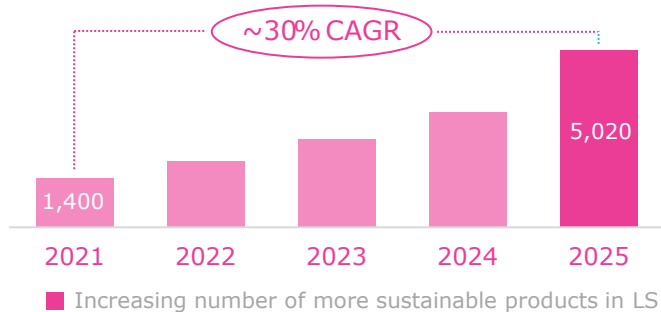
Acronym(s): **LTI-KPI** = Long-term Incentive Key Performance Indicator; **LMIC** = Low- and Middle-Income Countries;

Life Science: More Sustainable Products

Attract Customers with Sustainability Innovations

Strategy

- ❖ **Innovation in Sustainability:** Developing products that align with environmental expectations and sustainability goals of the Group and of our customers
- ❖ **Collaboration:** Partnering with academic and industrial leaders to enhance sustainable practices in research and production



1) vs. 2020 baseline

Key Focus Areas

- 1 Focus on decarbonizing products and further expansion of bio-based solvents
- 2 Development of more sustainable packaging (SMASH)
- 3 Recycling
- 4 Education

GHG Scope 1+2:
-43%¹

Product highlights:

Millipore® Express Ace: New filters that offer customers a 25% reduction in CO₂ footprint and increased production efficiency.

Green Chemistry Solutions: Innovative reagents and solvents that minimize environmental impact

- Market-first bio-based HPLC grade solvents: acetonitrile, methanol and ethanol

Amicon® centrifugal devices: Reducing environmental impact through the use of ISCC+ certified resins that reduce virgin plastic use and CO₂ footprint



Healthcare: More Sustainable Products

Strategic Approach to End-to-End Sustainable Products in Healthcare

Strategy

- ❖ **Strengthen organizational backbone and innovation**
Enhance business integration and steering through R&D Sustainability Scorecard towards low-impact design
- ❖ **Accelerate environmental transformation**
Implement PCF-calculation and Life Cycle Assessment driven decision-making into R&D, procurement, product design, green chemistry, green biotech and circularity

>3600 tons
of waste avoided in 2025 vs. 2024

Key Focus Areas

1 Design for Sustainability:
100% of relevant R&D projects are covered by sustainability scorecard in 2025.

2 Products & Material Design:
Redesigning selected packaging formats to enable reuse, improve recyclability and support zero-waste efforts

GHG Scope 1+2:
-35%¹

Product highlights:

Fertility Pen: Injection pen take-back program moved into routine after successful pilot phase

Aluetta Pen: Reusable hormone delivery pen with reduced plastic use

Easy Pod 3: Supplement our digital health platform and providing efficient medication use and enhanced compliance

PVC-free blisters: Assessing material options to meet recyclability criteria



Acronym(s): PCF = Product Carbon Footprint
1) vs. 2020 baseline

Electronics: More Sustainable Products

Strengthen Customer Intimacy with Scalable Solutions

Strategy

- ❖ **Collaboration & Operations:** Optimizing our own operations, while working across the value chain with joint prioritization to address industry challenges and leverage opportunities together.
- ❖ **Innovation in our technology roadmap:** We use data and digital tools to accelerate the development of more sustainable materials.

100% of projects
assessed by applying our R&D
Sustainability Scorecard

Key Focus Areas

1 Process Gases

2 Energy efficient chips and devices

3 GHG emissions, water, energy & waste

GHG Scope 1+2:
-68%¹

Product highlights:

Etch Gases: Developing low-emission, climate-conscious etching and cleaning gases, including innovative low-GWP materials

New FZERO™ brand: Collaborating with customers to introduce fluorine-free photoresists, targeting fluorine elimination from the manufacturing process.

Product Carbon Footprint: Enable transparency and informed decisions for steering towards industry decarbonization, while preparing for new regulatory requirements



1) vs. 2020 baseline

03 value for and through people



Access to Medicine

Systematic Health Access and Patient Enablement (SHAPE)

Deeper

Remove barriers to access, launching equitable pricing strategies and health system strengthening initiatives



Wider

Make our medicines available in more countries, focusing on those with significant disease prevalence



Faster

Reduce the time between the first global launch and regulatory filings in LMIC countries



>80 mio patients per year treated in LMICs with products from our HC portfolio by 2030

Achievements:

- **70 mio patients treated in LMICs in 2025 mio with our HC portfolio products** (+ 75 mio by Schistosomiasis treatment donation)
- ✓ In 2025, we had **15 SHAPE access initiatives** operational in countries such as Argentina, Brazil, Egypt, Indonesia, Mexico, Peru, and several countries in Africa
- ✓ **Improved Bavencio availability¹ in 13 additional LMICs**
- ✓ **“Go Faster” strategy & internal LMIC launch planning toolkit implemented, to accelerate & maximize availability of future innovations in LMICs** based on disease-, asset- and country-specifics

➤ [Company Health Equity White Paper](#)

Acronym(s): **LMIC** = Low- and Middle-Income Countries
¹) via regulatory approvals



R&D (6th): Above average with structured access planning, integrating LMICs for late-stage development candidates

Product Delivery (9th): Strong mechanism to ensure continuous supply in LMICs

Governance Access (11th): New ‘patient reach’ Index requirement sufficiently addressed



Access to Medicine

Committed to the Fight Against Schistosomiasis

Treatment

- 2025: 187 mio tablets donated to treat ~75 mio people mainly school-aged children in Sub-Saharan Africa
- Since 2007 over 2 bn tablets have been donated to treat more than 900 mio patients



Target: By 2030, we aim to treat 90 mio people against Schistosomiasis per year

Praziquantel (schoolers and adults)

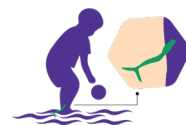
Arpraziquantel (preschoolers)

R&D

- 2023: EMA positive scientific opinion
- 2025: Inclusion in WHO's List of Essential Medicines
- 2025: First preschooler treated!
- 2025: First Marketing Authorization in Tanzania
- 11,000 preschoolers treated in 2025 in Kenya, Cote d Ivoire and Uganda

- Additional intervention for disease awareness: Enact behavior change by providing the knowledge on the transmission and prevention of the disease
- Technology transfer to Kenia for large-scale local production of arpraziquantel

Education



Partnerships

- Developing new distribution channels and partnerships to sustain and possibly scale elimination interventions
- Global Schistosomiasis Alliance
- Partnerships with NALA Foundation, END Fund, local private and governmental health organizations



Human Rights

Protecting Human Rights to Safeguard People, Trust and Value

Highest commitment in following internal standards or external rules

Addressing our impacts via defined responsibilities and management processes

Continuous improvement of our systems to identify and mitigate potential risks

Training and capacity building on human rights in our organization and beyond

Whistleblowing & Compliance Hotline:

- Empowers internal and external stakeholders to report concerns related to human rights violations and other potential risks
- Effective preventive and remedial measures to avert possible harm to the persons affected, our employees and society

Frameworks & Policies

- UN Guiding Principles
- OECD Guidelines
- ILO Declaration
- [Information on Health Equity](#)
- [Company Human Rights Charter](#)
- [Company Human Rights Policy Statement](#)
- [Social and labor Standards Policy](#)
- [Supplier Code of Conduct](#)
- [Information on Ethics Advisory Panels](#)

Complaints	2025	2024
Social & Labor Standards: reported	231	183
Social & Labor Standards: confirmed	60	57
Supply chain: reported	1	4
Supply chain: confirmed	0	0

Petra Wicklandt

Human Rights Officer
Head of Sustainability,
Quality & Trade
Compliance



// Human Rights Due Diligence is not just a legal obligation - it is a moral imperative for corporations. By proactively identifying and addressing human rights impacts, we not only protect individuals but also strengthen our business integrity and resilience. Committing to this process is essential for fostering trust and accountability in our global operations. //

Acronym(s): **UN** = United Nations; **ILO** = International Labour Organization; **OECD** = Organisation for Economic Co-Creation and Development



Human Capital

Drive Engagement as Strategic Lever for Talent Stability & Productivity

Our ambition & strategy

- Engagement **fuels innovation, business success** and execution in transformation phases to **enable growth**
- Higher engagement drives **improved retention and productivity**
- An engaged workforce **elevates customer focus, operational quality and compliance** to foster a healthy and safe workplace

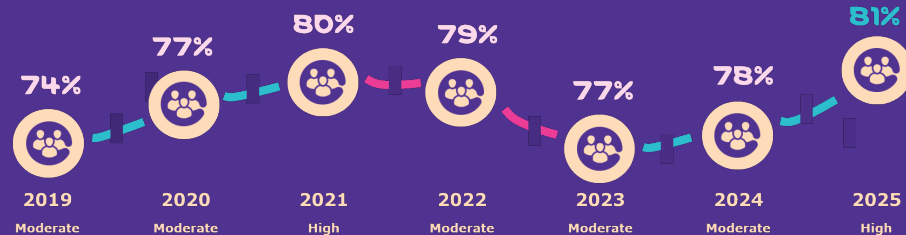
Our actions and priorities

- Leadership Excellence**
 - “Leadership Growth”-Program: Empower teams, foster psychological safety, and embrace change
- Organizational Excellence**
 - “My Growth”-Program: Create a dynamic and agile workforce that is equipped to meet the evolving needs

Ambition moving forward

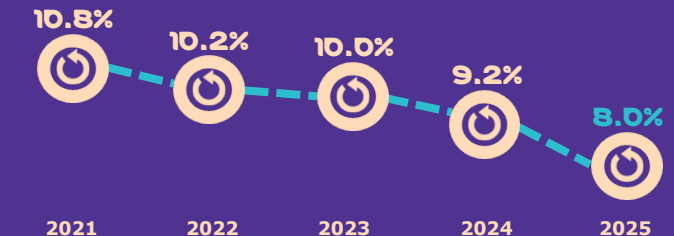
- EES development**
 - Ambition to sustain high engagement levels
 - Continued high participation
 - Annual cadence with stable definitions
- Turnover-rate development**
 - Maintain turnover rate at a healthy level
 - Ensure an innovative culture and mindset, balancing stability with the infusion of fresh perspectives

EES development



Employee engagement supports² talent retention

Turnover-rate development¹



Belonging & Inclusion

Creating a diverse and inclusive workplace to attract talents

We build inclusive leadership and create an environment of belonging and inclusion to:

Enhance Engagement

Offering best working conditions and targeted trainings cultivates an environment of respect for individual strengths



Increase Retention

A culture of belonging ensures employees feel connected and valued, enhancing loyalty and reducing turnover



Enable Innovation

A diverse workforce brings unique perspectives that foster creativity and drive innovative solutions

Ambition

- Workforce representation & equal opportunities
- Pay equity and inclusive benefits: 7.3 % unadjusted gender pay gap in 2025



Action

- Providing inclusive practices training to employees & leaders
- Facilitating open dialogues on belonging and inclusion



Accountability & Achievements*

- We aim to achieve workforce balance, such as gender or ethnicity balance in management positions by 2030.
 - **39% women in leadership** 2025 (+11% since 2015)
- Access to **inclusion trainings**, aiming on a **participation rate** of >90% by 2030: **92%** participation in leadership in 2025 (88% for all employees in 2025)



Our [Belonging & Inclusion Policy](#)

*excluding U.S.

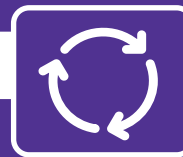
Animal Welfare

Driving Change in Animal Welfare with 4R and 3 Baskets Approach

Our 4R Program & Workstreams

to drive strategic initiatives, ensuring business oversight and alignment with overarching goals, and tracking corporate KPIs for impact and efficiency

Replacement	Reduction	Refinement	Responsibility
of animal work & products from our value creation chains	in the number of animals, we use	of the remaining animal use to the highest standards	for all animal use within our sphere of influence



The 3 Baskets Approach

supports our businesses in creating roadmaps to phase out animal work and responsibly refining methods for animals that cannot yet be eliminated, in accordance with the 4Rs.



The Corporate 4R Ambitions

and indicators provide direction and guide our decisions and investments across all operations for

Replacement	Reduction ¹	Refinement	Responsibility
Animal work & derived products 3B-sorted	Animal use -50% 2032, -75% 2040	NAH completed, SSN on track	Evidence for impact

**-25%
in 2025¹**

3B = 3 Basket Approach; NAH = non-aversive handling; SSN = species-specific needs; ¹4R KPI reduction baseline is 2021



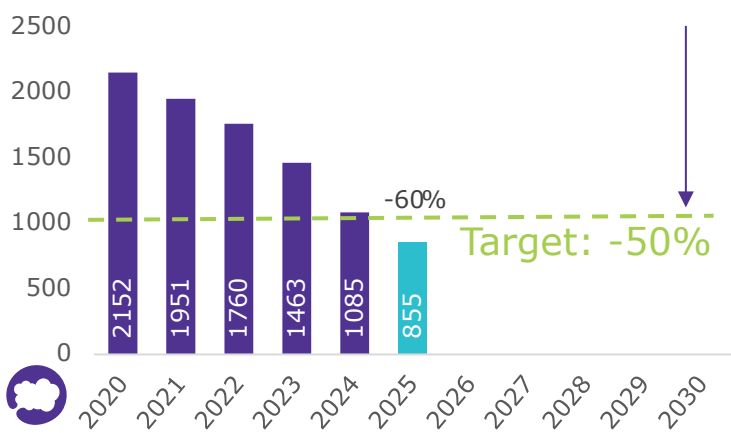


04 value for nature

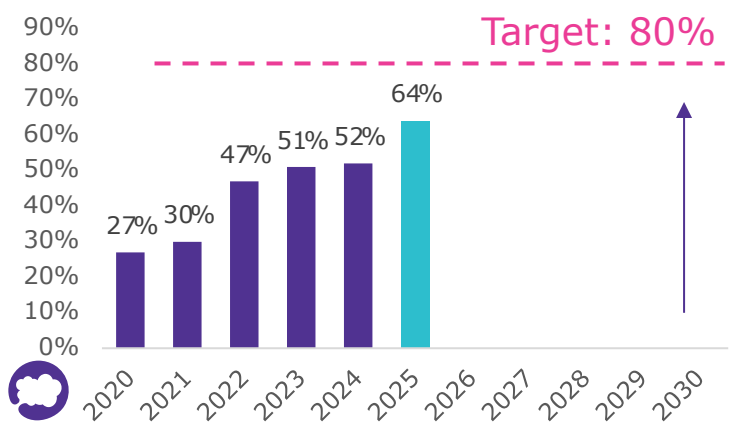


Responsible Use of Natural Resources Improving

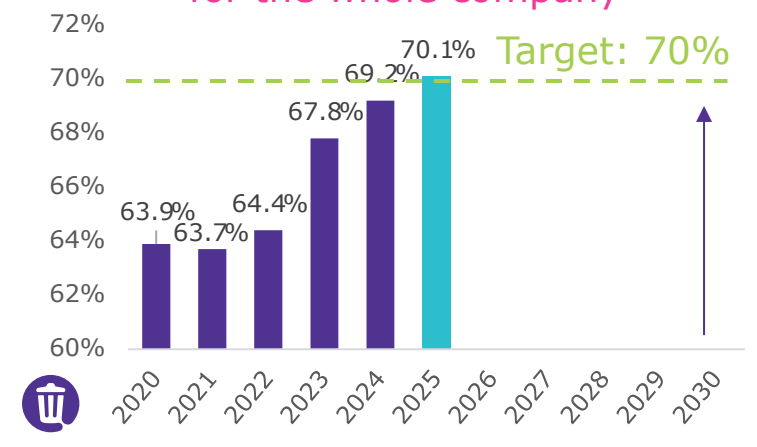
kt Scope 1+2 GHG emissions:
-50% absolute reduction by 2030^{1,2}



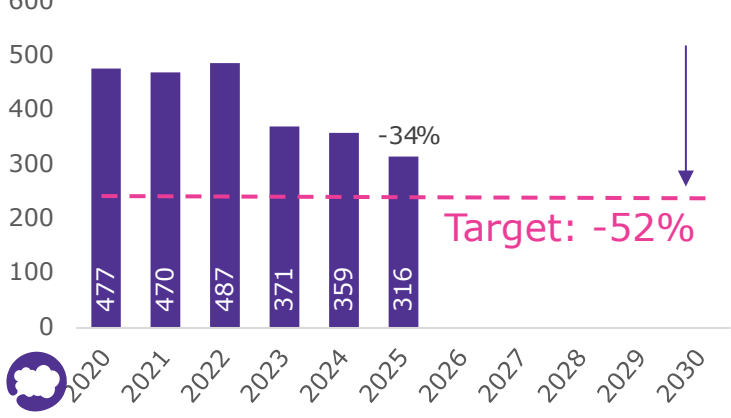
80% of purchased electricity from renewable sources by 2030
Target: 80%



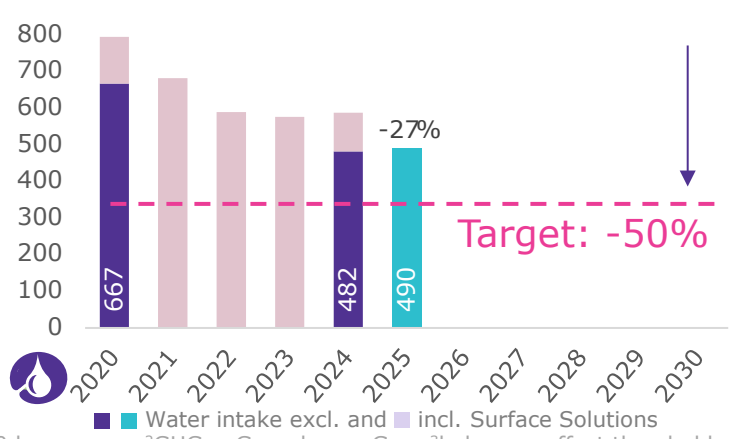
Circularity Rate⁵ of 70% for the whole company
Target: 70%



Reduction of t Scope 3 GHG emissions per €m gross profit by -52% until 2030^{1,2,4}



-50% reduction of m³ water intake per €m revenues by 2030^{1,5}



Environmental targets on track !

- 50% reduction target for Sc. 1+2 reached -> maintain despite growth
- 70% Circularity Rate reached -> mitigate future portfolio shift
- VPPAs expansion contribute to increased share of renewable energy
- Wastewater target on track: 29 of sites without potentially harmful residues (16 in 2024)

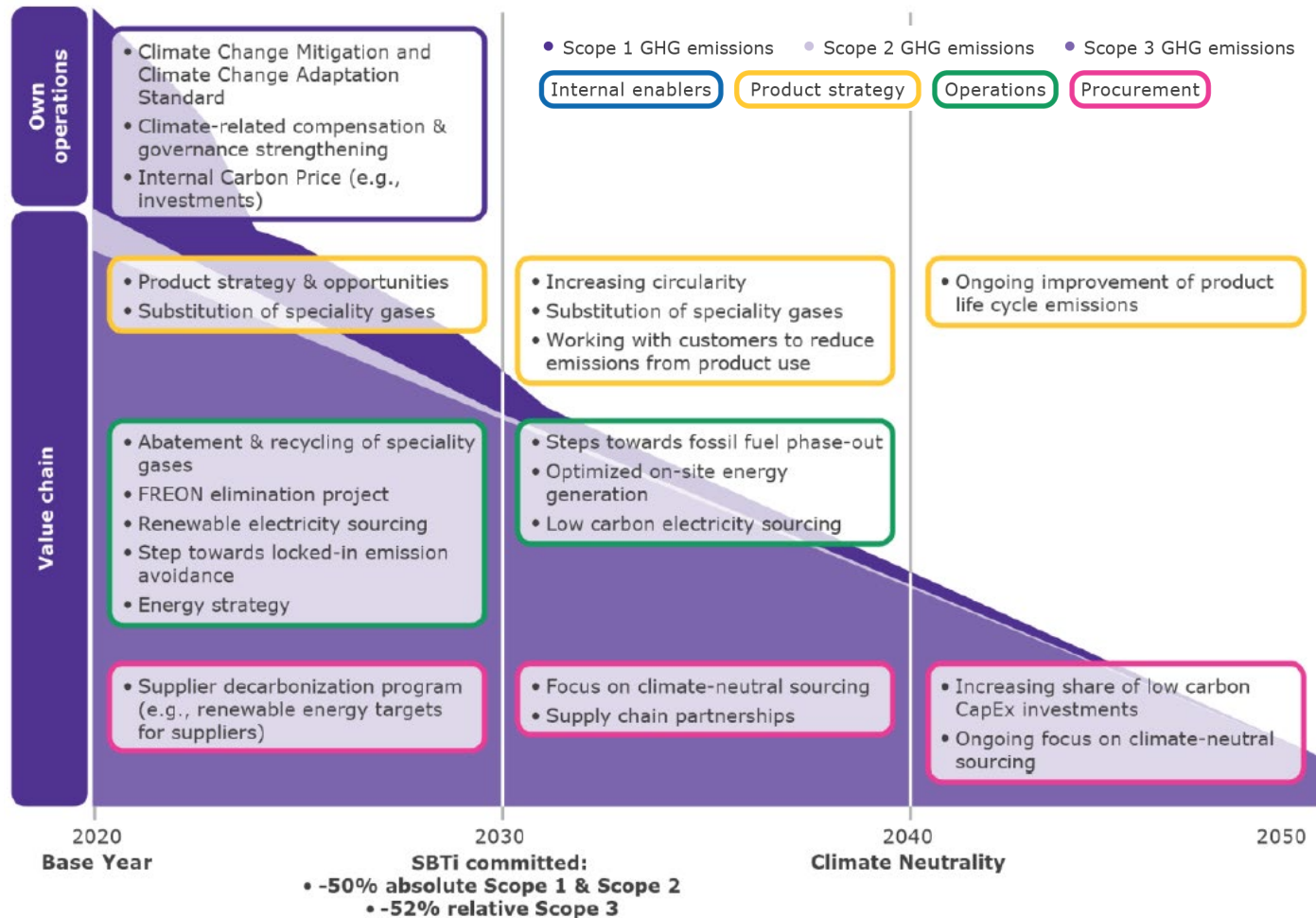


¹vs. 2020 base year; ²GHG = Greenhouse Gas; ³below no-effect threshold; ⁴Calculations 2023 modified according to ESRS rep.; ⁵excluding "waste to energy"; ⁶Divestment of Surface Solutions in 2025



Climate

Climate Transition: Process Optimization and Responsible Sourcing



Physical risks mitigation:

- The impact of physical for us is limited under a 4°C scenario until 2050
- Risk limitation due to diversified businesses and broad geographic footprint
- Risk monitoring at own and suppliers' sites, ensuring continuity of plant and equipment
- Investing in insurance premiums

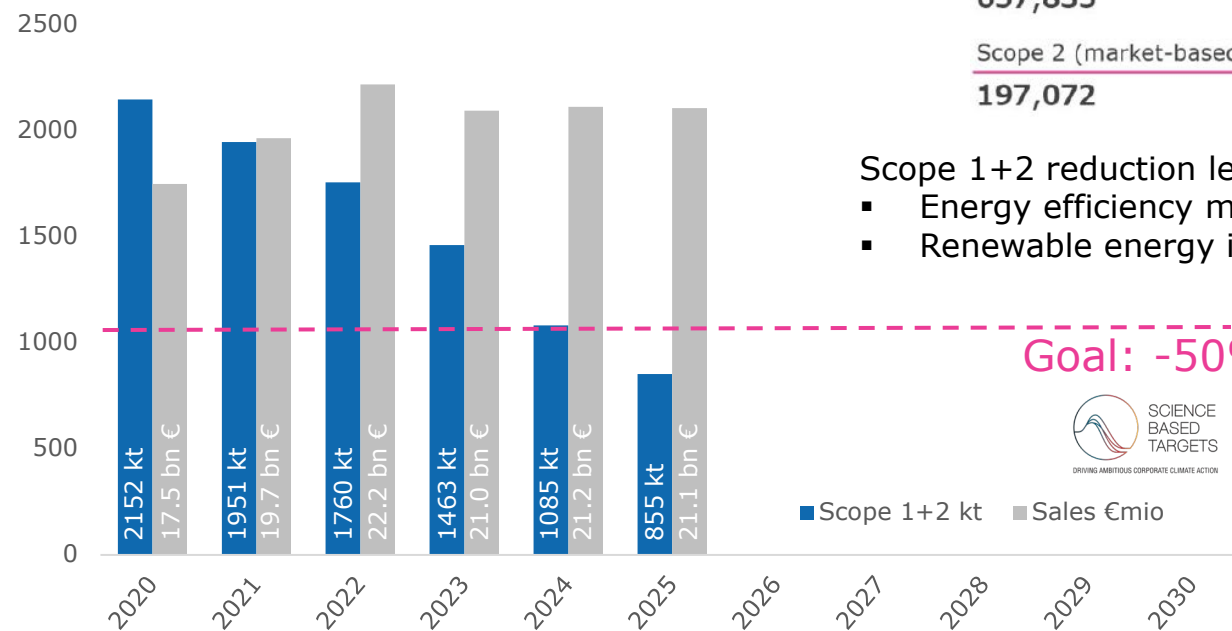
Transitional risks mitigation:

- Climate transition plan to deliver on SBTi-approved targets, following TCFD
- Energy saving and green energy initiatives
- Process optimization and responsible sourcing
- Opportunities from increased customer intimacy and more sustainable products

Climate

Emissions Cut by 60% - Prove of Transitional Effectiveness

Scope 1+2 emissions vs. sales



Scope 1 -64% vs. 2020

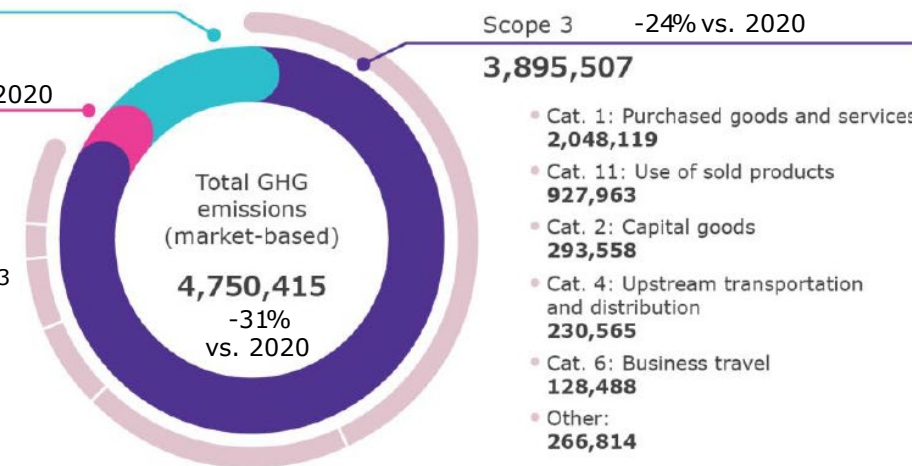
657,835

Scope 2 (market-based) -39% vs. 2020

197,072

Scope 1+2 reduction levers:

- Energy efficiency measures
- Renewable energy incl. VPPA³



Scope 3 reduction levers:

- Data quality improvements on PCF⁴
- Supplier decarbonization program
- Validation phase for product carbon footprints

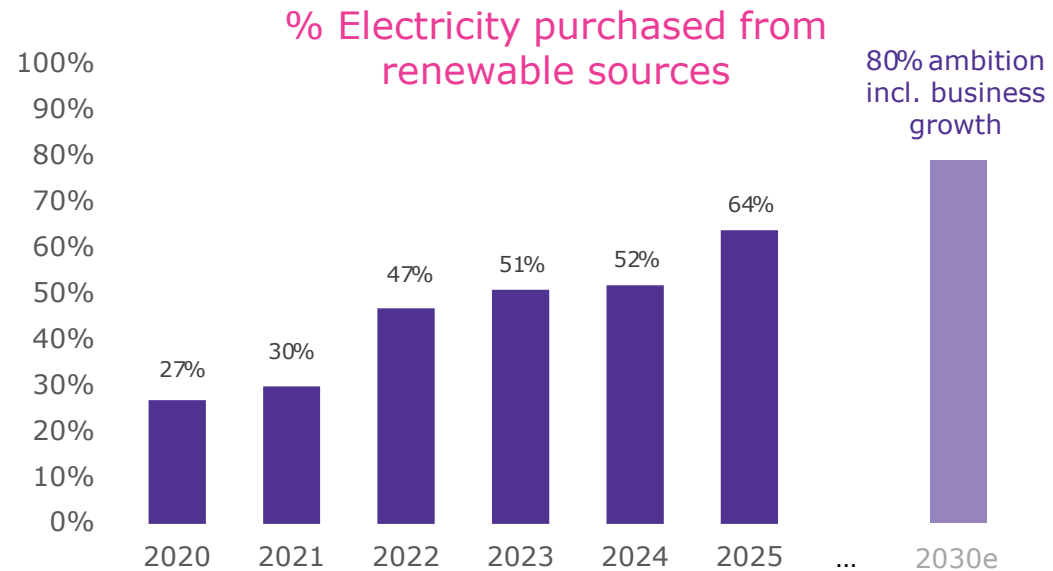


- Lower **Scope 1+2** GHG¹ emissions by **-50%**³ by 2030
- Cover **80%** of our purchased electricity with renewables by 2030

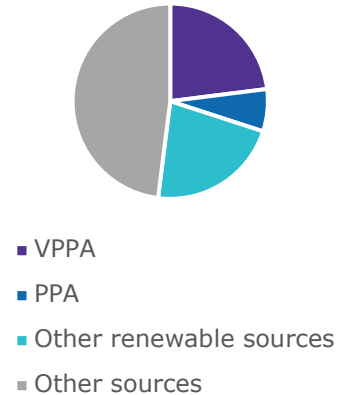
- Intensity **reduction of Scope 3** per € gross profit by **52%** by 2030³
- **Climate neutrality by 2040**

Climate

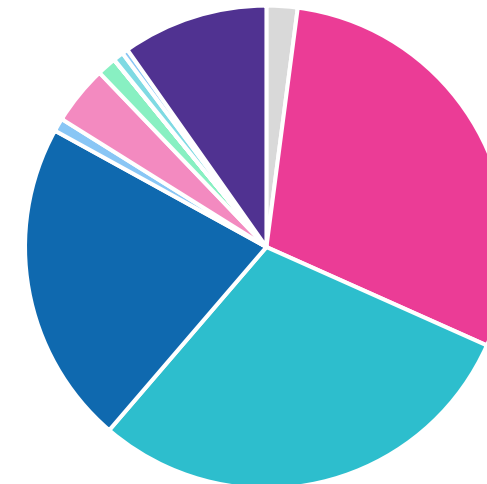
Energy Management: Building on Sustainable Sources



Renewables



VPPAs + PPAs



■ PPA South Korea 2027e

■ VPPA Wind and Solar Parks Spain 2025

■ VPPA USA Liberty County Solar Sep 2025

■ PPA Mexico 2022

■ PPA Switzerland 2018

■ Solar Park Wisconsin 2022

■ PPA Wind and Solar China Jan 2024

■ VPPA Azure Wind & Storage May 2022

■ PPA China 2024

■ PPA Japan 2024

■ Photovoltaics (Entega cooperation) Germany 2023

■ Other contracts and own photovoltaics since 2009

Adding renewable energy to the grid:

- VPPAs¹ and PPAs for Wind and Solar parks in Europe, US and Asia mark a crucial step on the way towards our ambition of covering 80% of purchased electricity with renewables by 2030 (64% at the end of 2025)

¹ VPPA: Virtual Power Purchase Agreement

² GWh: Giga Watt hours

³ 2022 electricity consumption as baseline

⁴ EACs: Energy Attribute Certificate

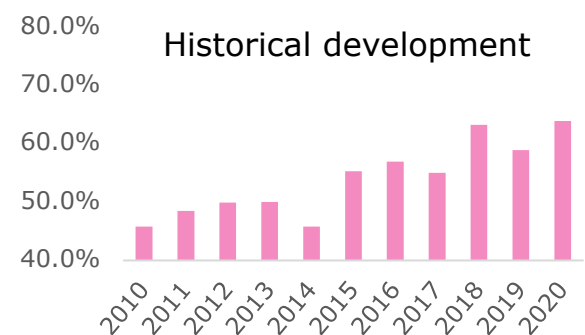
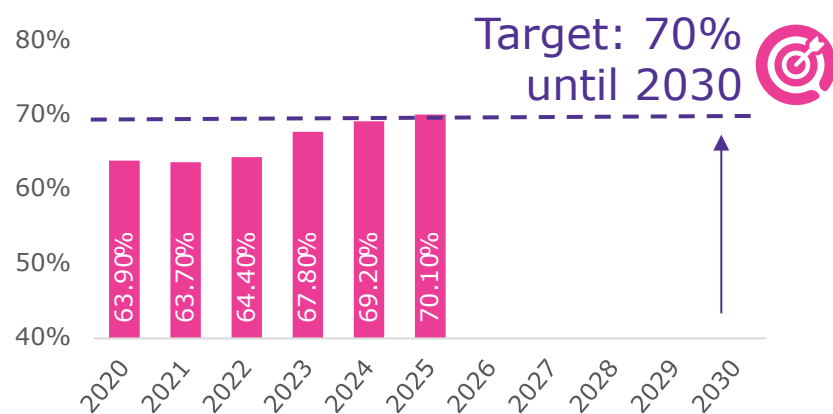


Circularity

Aim on 70% Circularity: Reduce Waste and Built Reuse of Resources

Metric

$$\text{Circularity rate} = \frac{\text{recycled waste} + \text{avoided waste}}{\text{total waste}^1}$$



Scope

Production Waste. All sites included.



- New target allows each sector to contribute in the most impactful way
- Excluding waste-to-energy as incinerators add to emissions and contribution to circularity is questionable
- Excluding sludges, construction, demolition and soil waste to avoid distracting one-time effects

Initiatives towards our circularity ambition

- Foster avoidance & material recovery by providing different options to reduce the negative environmental impact from incineration or landfilling
- Optimize manufacturing processes to improve yield and minimize waste
- Evaluate material expiration dates and optimize inventory management resulting in decreased disposal of inventory
- Increase recycling/reuse of solvents and reagents, packaging, and other materials within our operations.
- Assess product portfolio: Focus on new product launches with an increased circularity rate and decreased amounts of waste from production
- Enhance avoidance tracking, alternative disposal treatments at API sites
- Promote recycling with peers and waste contractors



Packaging in LS

Reduce the Impact on the Environmental Footprint of Our Products

SMASH packaging:

We strive to maximize our impact by driving more systematic and data-driven packaging sustainability improvements.

12



Shrink – reduce amount of packaging

- Eliminate the use of packaging that is excessive in size or weight, helping to reduce our use of natural and financial resources, lower our energy use and decrease waste and transport emissions.

Save – maximize recycling

- Maximize recycling of our packaging materials by eliminating the use of packaging materials that are not recyclable and by providing our customers with recycling guidance for all our packaging materials.

Switch – improve plastic sustainability

- Improve the sustainability and recyclability of our plastic packaging, also by using materials more sustainable materials and plastics without chemicals of concern.

Secure – achieve zero deforestation

- Looking at global warming and biodiversity, our aim is to ensure that our wood and fiber-based packaging materials do not contribute to deforestation.

SMASH 2.0: Our 2030 ambitions

- Reduce 10% of packaging weight per unit sales by 2030: 2.8% in 2025
- 100% of fiber packaging to be deforestation-free by 2030: 82% in 2025
- 100% of packaging to be designed by circular design principles by 2030: 45% in 2025

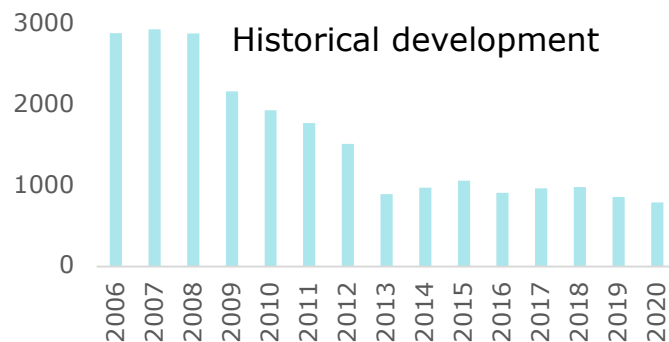
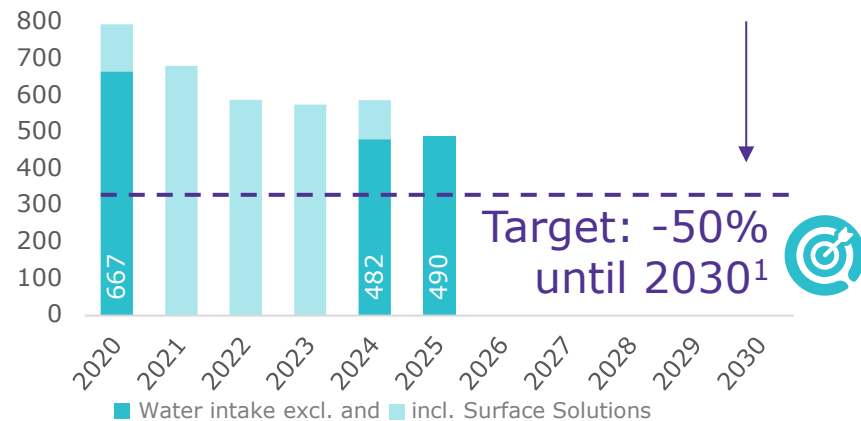


Water

Water Efficiency Measures to Reduce Water Dependency by 50%

Metric

$$\text{Water intake ratio} = \frac{\text{water intake (m}^3\text{)}}{\text{revenue (m€)}}$$



Scope

Total water intake of the company.
All sites and types of water use included.



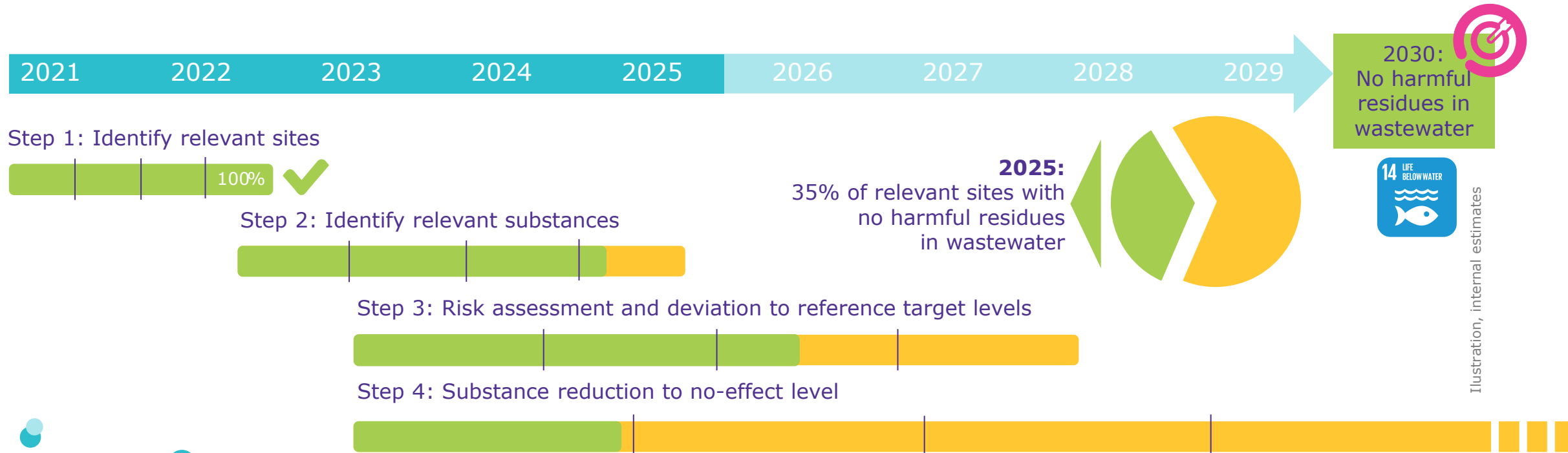
- Full view on Company's water use:
 - Scope expanded on all types of water use
 - Scope expanded from manufacturing to all sites

Initiatives towards our water efficiency ambition

- Evaluate process cleaning and water quality requirements in order to improve water efficiency
- Optimize non-process water use
- Evaluate water-use and wastewater re-use opportunities at suitable manufacturing sites to identify further potential
- Examine industry best practice and new technologies on water efficiency, reuse, leakage control and rainwater harvesting
- Consider water consumption in capacity expansion projects
- Assess the portfolio and R&D with regard to water-saving production processes
- Consider wastewater impact incl. soil and groundwater risks

¹vs. 2020 base year

Water quality target: Process for reduction of residues in wastewater on track











When it comes to discharging wastewater, strict adherence to government regulations is mandatory.

The target therefore goes beyond the stipulations of legal requirements:

By 2030, we aim to reduce potentially harmful residues in wastewater to below the no-effect threshold,
a scientifically defined limit below which no negative environmental impacts are to be expected.

Biodiversity

Protecting Habitats by Managing Climate, Water, and Waste

Influence on conservation of ecosystems	Impact today	Company's targets and actions	 	Long-term ambition
Indirect	Stable climate Clean Water Clean Soil Clean Air		<ul style="list-style-type: none"> Reduce emissions to support 1.5°C warming limit Aim for climate neutrality 2040 Counteract water scarcity and zero harmful emissions Avoid waste, reduce landfill, foster recycling 	
	Availability of habitats		<ul style="list-style-type: none"> Reduce landfill, increase recycling (Circularity target and actions) Manage ecosystem impact on production sites 	
Direct	Preservation of species		<ul style="list-style-type: none"> Supporting the general principles of the Convention on Biological Diversity Partner: Adhere to Nagoya Protocol 	



Biodiversity

Managing Biobased Resources

Risk 1: **Water Stress and Pollution**

Availability of clean water is essential for our production processes in all three businesses

Risk 2: **Zoonotic disease outbreaks**

Fetal bovine serum LS, squalene LS, horseshoe crab LS/HC, serum-based antibodies, animal testing

Risk 3: **Forest degradation**

Wood is required for cellulose in pharmaceuticals and packaging in all three businesses

Reduce dependencies and save resources

- **-50% reduction of water intake** per revenues by 2030 vs. 2020 (-27% in 2025)
- Harmful emission residues should be **lowered below scientifically defined threshold** by 2030

- **Reduction of animal testing -50%** by 2032 vs. 2021
- **Develop animal-free alternatives** in LS like ZoomAbs, bovine-free serum
- rRC kit evaluation to **phase out LAL-testing in HC**

- **Lower scope 1+2 GHG emissions** by -50% by 2030 vs. 2020
- 100% of fiber-based packaging being **deforestation-free**



05 GOVERNANCE



Ethics

Innovation comes with responsibility: Ethical guidance

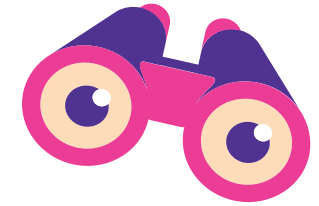
Internal & External Guidelines



- [Company Code of Conduct](#)
- [Genome Editing Principle](#)
- [Stem Cell Principle](#)
- [Fertility Principle](#)
- [Code of digital Ethics](#)
- [UN Global Compact](#)

Governance

- Two external committees, each of 5 international leading experts who give recommendations on bioethical and digital ethical questions
- Giving guidance regarding our behavior and entrepreneurial actions
- [Ethics Advisory Panel](#) for Science and Technology (MEAP)
- [Digital Ethics Advisory Panel](#) for responsible handling of data & AI (DEAP)
- Digital Ethics Checks: Semi-Automated Risk Assessment for Data Analytics /AI projects: rule-based, in-process scoring system; enables project owners to easily identify ethical risks in critical areas (HR, Digital Health etc.)
- Principle at-Risk-Assessment: tool to analyze whether a complex projects puts defined ethical principles at risk; to identify risks & develop mitigation measures
- Fully established governance process: Business Question > Ethics Office doing Risk Assessment > Ethics Panel Advice > Business > follow up with Panel



Digital Ethics (exemplary topics)

- Data Analytics and AI in HR
- Usage of Avatars
- Digital Health



Bioethics (exemplary topics)

- Decentralized Clinical Trials
- New Fertility technologies & implications
- Genome editing, gene drive, Organoids and human synthetic embryo models

Supply Chain

Managing Supply Chains Protects Value Beyond Our Own Operations

Social Focus: Human Rights in the Supply Chain

- **Ethical supply chains** drive quality, reliability and strong partnerships with customers and communities
- **Proactive risk management**, strong compliance with regulations, internal + external standards across the value chain, build legal certainty, avoid controversies, strengthen our operations

Environmental Focus: Supplier Decarbonization

- Managing ~50,000 suppliers and a spend of 9.5 bn € in 2025, decarbonization in our supply chain is a **major lever in our Scope 3 emissions reduction**
- **Enhance supplier engagement** and steer data-driven, **targeted decarbonization actions**



ecovadis



Responsible supply chains are a strategic advantage in maintaining reliable supply for our customers.

Regulation & Frameworks

- Regulatory compliance: LkSG, CBAM, EUDR, CSDDD, etc.
- Our position and guidance: Supplier Code of Conduct (updated 2025), Supplier assessments, Corporate Responsibility Clause, Human Rights Charter, etc.

Expectations & Support

- Anchoring expectations on GHG emissions transparency and management in supplier contracts
- Building capabilities (TfS academy, trainings, SBT), openly sharing our approaches and measures

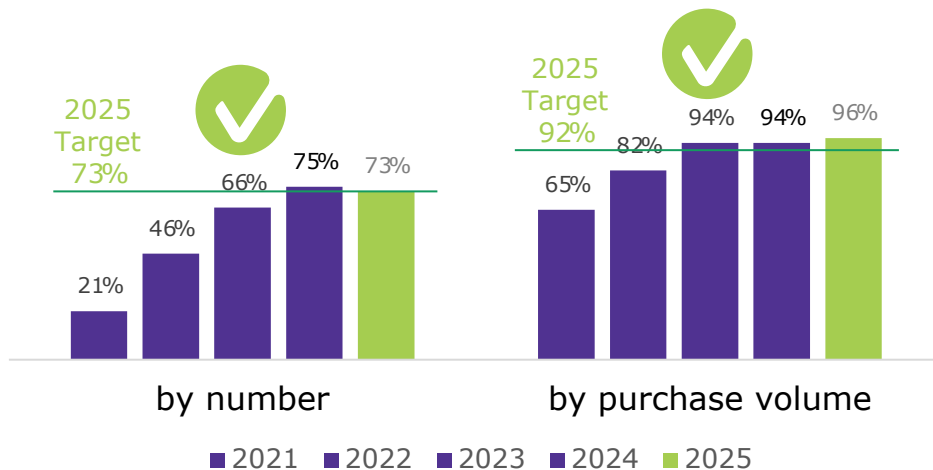


Supply Chain

Drive Supplier Performance Using a Targeted Spend Strategy

From quantitative until 2025...

% of relevant suppliers covered by a valid sustainability assessment (suppliers in risky countries and industries + suppliers accounting for 50% of Company purchase volume)



73% of suppliers by purchase volume (target 73%)
96% of suppliers by number (target 92%)
are covered by a valid sustainability assessment in 2025

1 vs. Base year 2021

...to qualitative from 2025 onwards

% of procurement spend attributable to suppliers with a **valid sustainability assessment of "good" or higher**

- Spend based supply chain management and supplier incentive
- Used by sourcing managers in supplier selection and supplier evaluation
- Part of Executive Board remuneration Sustainability Factor
- Rolling targets (see Annual Report from 2026)
- In 2025, **59%** of procurement spend were attributable to suppliers with a valid sustainability assessment of "good" or higher (53% in 2024)



Corporate Governance

Uniting Ownership Interests in Our Governance Structure

Shareholders of Merck KGaA, Darmstadt, Germany

- Shareholders hold ~30% of Company's total capital
- Share capital is divided into 129,242,251 bearer shares and one name share without nominal value
- Listed at German Stock Exchange's Prime Standard, member of the DAX 30
- Only bearer shares entitled to vote at Company's Annual General Meeting: **one share, one vote**

Supervisory Board

Its Chairman leads AGM, representing interests of Company's shareholders:

- Approving financial statements of Company
- Working together with Executive Board, receiving reporting on progress regarding business and financial development at Company, Containing 16 members: **8 employee representatives; 2 delegates from E. Merck Bet. KG + 6 independent & elected shareholder representatives**
- 2 committees: **Nomination and Audit Committee**

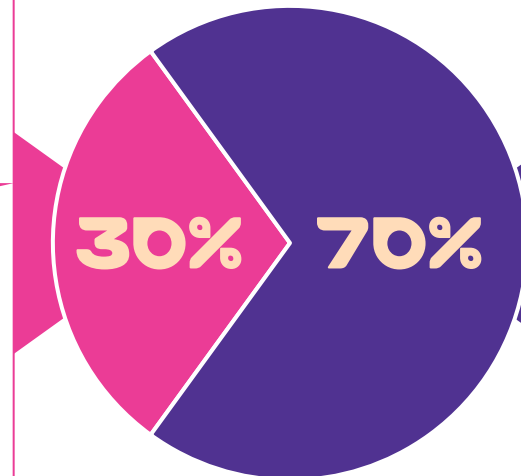
Nomination Committee
Defines criteria and makes proposals for new candidates

Audit Committee
Control systems, external auditing, financial statements

Finance Committee
financial statements, external auditing

Personnel Committee
Executive board members, contracts, compensation

R&D Committee
research activities of all sectors: HC, LS, EL



E. Merck KG, Darmstadt, Germany Partners' Family Board & Board of Partners

- E. Merck KG, Darmstadt, Germany (99.9% Family) holds ~70% of Company's total capital
- These 70% of the total capital are **not entitled to vote** at Company's AGM
- A Family Board of 11 members represents the interests of the Family (elected by the partners' meeting)

Board of Partners

Elected by Family Board, and takes over some duties of a usual Supervisory Board:

- Appointment, dismissal and supervision of Executive Board members of Company
- Approves extraordinary business transactions and annual financial statements of E. Merck KG, Darmstadt, Germany
- Contains **5 members of the Family Board and 4 external members** of the business community
- 3 committees: **Finance, Personnel and R&D Committee**

Family Board: Familienrat; Board of Partners: Gesellschafterrat; Supervisory Board: Aufsichtsrat; Nomination Committee:

Nominierungsausschuss;

Audit Committee: Prüfungsausschuss; Finance Committee: Finanzausschuss; Personell Committee: Personalausschuss; R&D Committee:

Forschungs- und Entwicklungsausschuss



Reporting

Transparency on Sustainability Progress Following Major Standards



GRI: Global Reporting Initiative
TCFD: Task Force on Climate-related Financial Disclosures
SASB: Sustainability Accounting Standards Board
SBTi: Science-based Target initiative

Ratings and Rankings

External Stakeholders Assess Our engagement

Confirmed
2025

Since 2022, Merck is receiving a **MSCI ESG¹ Rating of AAA.**



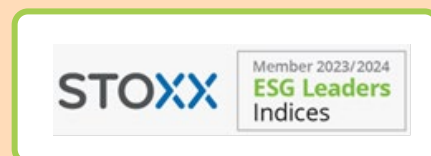
Company received a Sustainalytics ESG¹ Risk **Rating of 15.5**, corresponding to a **low risk** of material financial impacts from ESG factors.

Confirmed
2025

Since 2008, Company is part of **FTSE4Good Index**, measuring the performance of companies with strong ESG¹ practices (top 10%).

Confirmed
2025

In the ISS corporate ESG¹ ranking Company achieved **prime status** and B ranking, putting us in the 1st decile.

Improved
2025

In 2024, the Company share was again **included in STOXX Global ESG¹ Leaders Index**, a sustainability index based on key environmental, social and governance criteria.



Company received **platinum status** in 2025, stating Company is among the **top 1% of companies**. **EcoVadis** annually examines ~75,000 suppliers from 160 countries.

Improved
2025

CDP² Climate: 2025, we scored "A-" (2024: A-). **CDP² Water:** 2025, we received a "A-" (2024: B).



Ranked **7th** in the 2024 **Access to Medicine Index** with special recognition for R&D capacity building, access plans and the fight against schistosomiasis.



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Risks and uncertainties include, but are not limited to: the risks of more restrictive regulatory requirements regarding drug pricing, reimbursement and approval; the risk of stricter regulations for the manufacture, testing and marketing of products; the risk of destabilization of political systems and the establishment of trade barriers; the risk of a changing marketing environment for multiple sclerosis products in the European Union; the risk of greater competitive pressure due to biosimilars; the risks of research and development; the risks of discontinuing development projects and regulatory approval of developed medicines; the risk of a temporary ban on products/production facilities or of non-registration of products due to non-compliance with quality standards; the risk of an import ban on products to the United States due to an FDA warning letter; the risks of dependency on suppliers; risks due to product-related crime and espionage; risks in relation to the use of financial instruments; liquidity risks; counterparty risks; market risks; risks of impairment on balance sheet items; risks from pension obligations; risks from product-related and patent law disputes; risks from antitrust law proceedings; risks in human resources; reputational issues related to ESG matters or our inability to reach our ESG aspirations; risks from e-crime and cyber attacks; risks due to failure of business-critical information technology applications or to failure of data center capacity; environmental and safety risks; unanticipated contract or regulatory issues; a potential downgrade in the rating of the indebtedness of Merck KGaA, Darmstadt, Germany; downward pressure on the common stock price of Merck KGaA, Darmstadt, Germany and its impact on goodwill impairment evaluations as well as the impact of future regulatory or legislative actions.

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