(Group) Sustainability Statement**

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

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

General

Introduction

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

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

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

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

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

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

General Disclosures (ESRS 2)

Basis for preparation

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

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

Disclosures in relation to specific circumstances (BP-2)

Time horizons

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

Use of estimates

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

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

Basis and standards of reporting

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

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

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

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

Recording of information by reference

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

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

Our governance

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

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

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

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

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

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

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

Supervisory Board and the associated Audit Committee

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

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

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

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

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

Executive Board

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

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

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

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

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

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

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

Board of Partners

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

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

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

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

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

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

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

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

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

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

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

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

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

Executive Board

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

Supervisory Board

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

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

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

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

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

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

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

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

Statement on due diligence (GOV-4)

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

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

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

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

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

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

Our strategy

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

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

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

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

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

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

The following table shows the number of employees by region:

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

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

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

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

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

Our sustainability strategy

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

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

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

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

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

[2] New Key Indicator in fiscal 2025.

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

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

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

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

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

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

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

Interests and views of stakeholders (SBM-2)

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

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

Our most important stakeholders:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

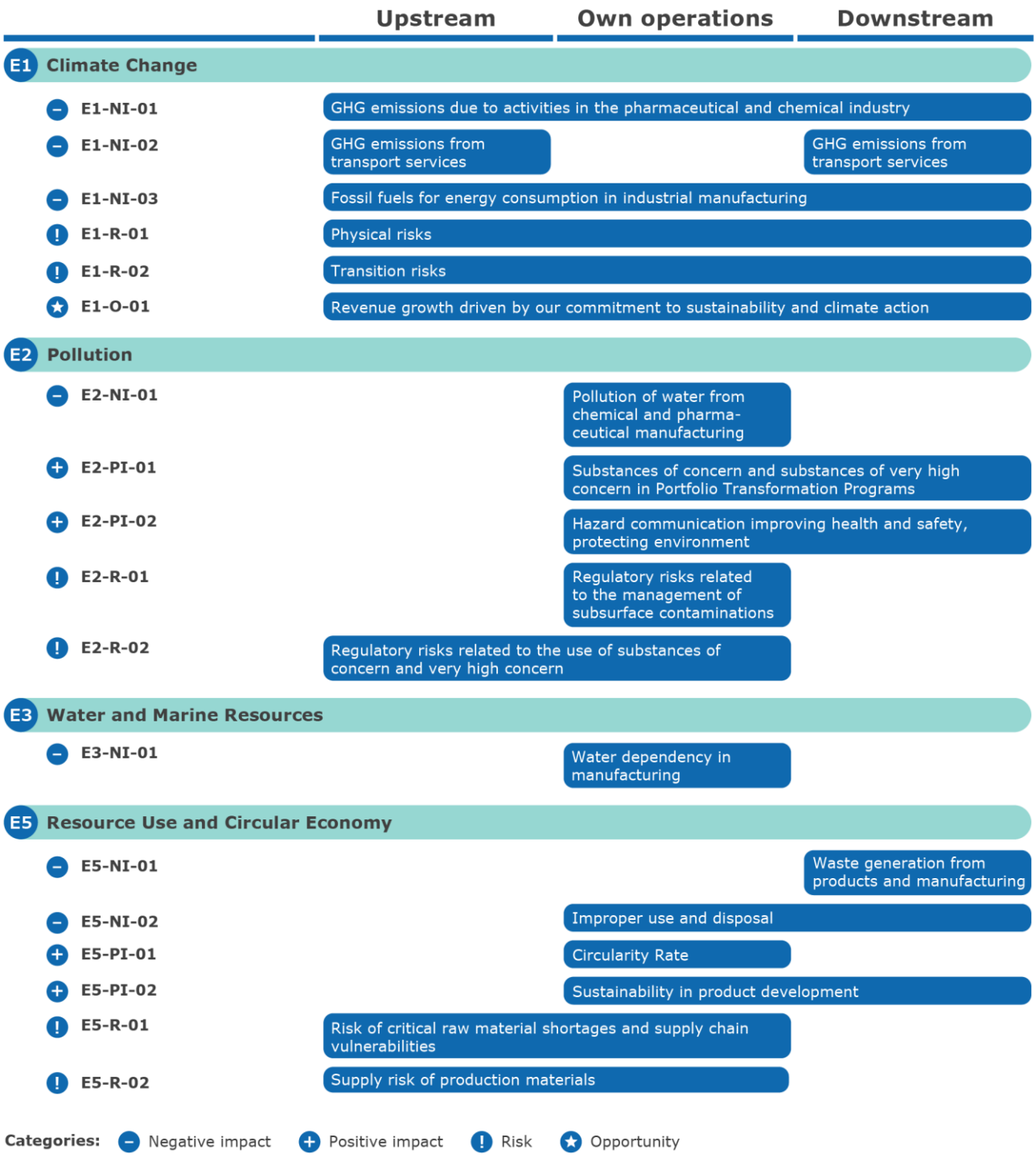
Impact, risk and opportunities (IRO) identifier	Type of IRO	Sustainability matter	Reference chapter
E1-NI-01	Actual negative impact	Climate change mitigation	**E1 Climate Change**
E1-NI-02	Actual negative impact	Climate change mitigation	**E1 Climate Change**
E1-NI-03	Actual negative impact	Energy	**E1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

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

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

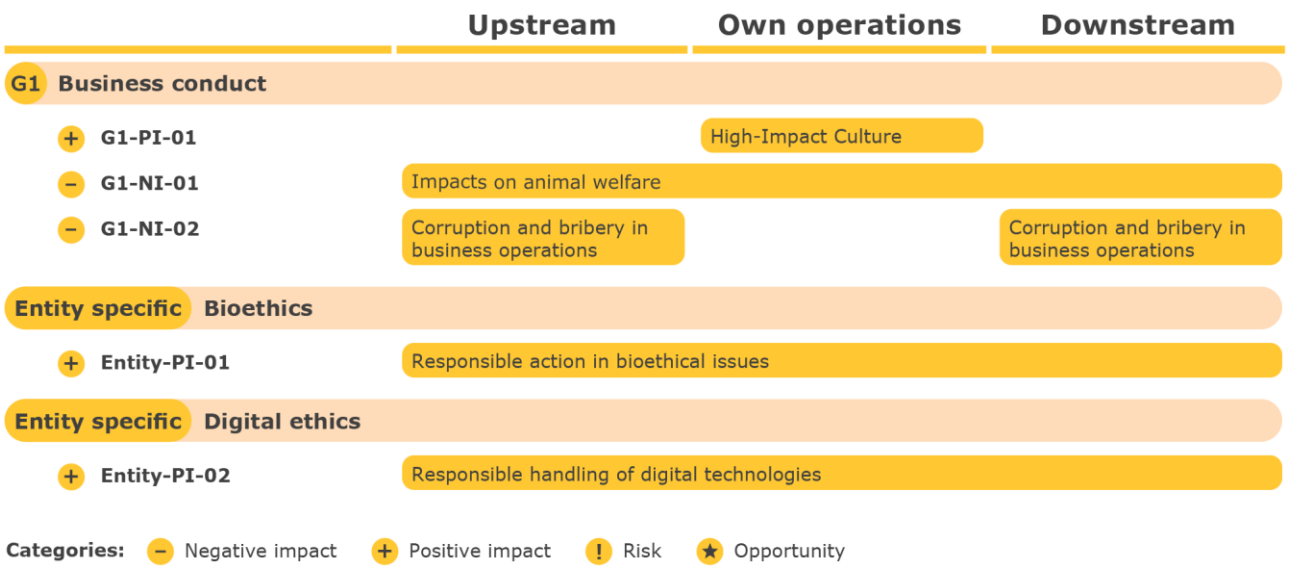
In the reporting period, we monitored the assessment of our IROs. In this context, the standard E4 Biodiversity and ecosystems was classified as not material, which is why this report provides no details about it. The same applies to the sub-topic Employment and inclusion of persons with disabilities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

Overview of our material impacts, risks, and opportunities



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

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



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

Our management of impacts, risks and opportunities

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

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

Step 1 – List of sustainability topics and identification of IROs

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

Step 2 – Mapping the value chain

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

Step 3 – Listing and involving relevant stakeholders

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

Step 4 – Assessing the impacts

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

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

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

Step 5 – Assessing risks and opportunities

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

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

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

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

Step 6 – Subsequent review and approval

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

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

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

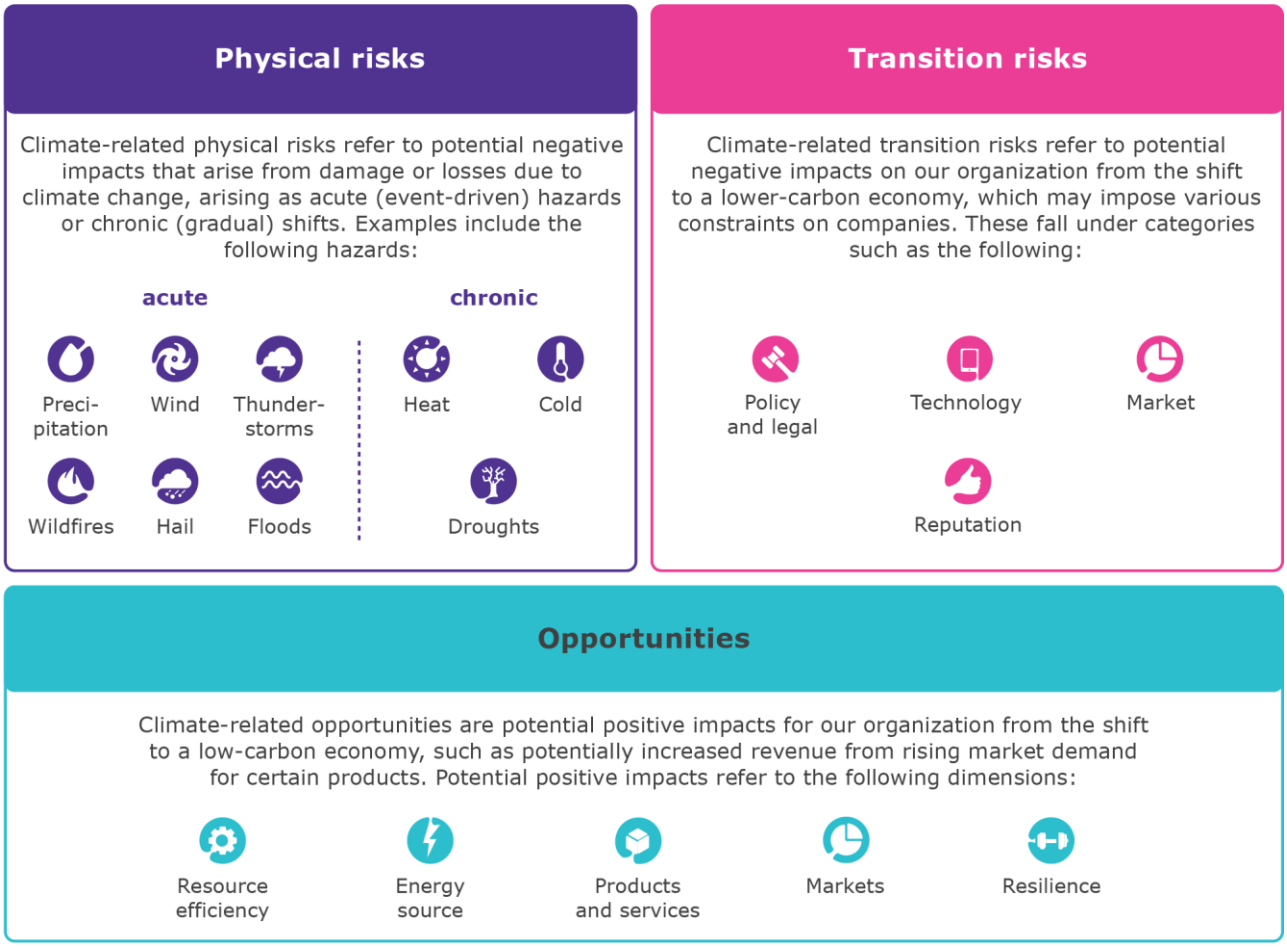
Our approach to identifying and evaluating climate-related impacts, risks and opportunities comprises several key steps. We define short-term (to 2030), medium-term (to 2040) and long-term (to 2050) time horizons, and quantify them using scenario-based financial and risk models. We used a Climate Risk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

Step 1: Identification of critical sites and GHG inventory analysis

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

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

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



Step 3: Assessment of physical and transition risks and opportunities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Environment

Reporting in Accordance with the EU Taxonomy Regulation

Fundamentals

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

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

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

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

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

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

Approach

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

Identification of taxonomy-eligible economic activities

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

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

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

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

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

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

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

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

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

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

Determination of taxonomy alignment

Technical screening criteria

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

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

Minimum safeguards

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

Determination of the taxonomy KPIs

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

Accounting and measurement policies

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

Taxonomy eligibility

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

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

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

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

Net sales

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

Capital expenditure

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

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

Operating expenditure

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

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

Taxonomy KPIs

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

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

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

Climate Change (E1)

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

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

Climate change mitigation

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

Climate change mitigation

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

Energy

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

Climate change adaptation

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

Climate change mitigation

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

Climate change mitigation, Climate change adaptation

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

Climate resilience analysis

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

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

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

Results of the climate resilience analysis

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

Across a 2050 time horizon, we found that the impact of physical risk on our sites is limited under a 4°C scenario. Our assessments highlight the necessity of resilient infrastructure and adequate insurance coverage to mitigate these risks.

The analysis of transition risks has provided valuable insights that will inform our ongoing strategic planning and adaptation efforts. Our strategy aims to manage transition risks through investments in renewable energy, enhancements in energy efficiency and supplier decarbonization programs. We also incorporate GHG emissions criteria into our investment decisions and apply a shadow price for carbon to guide our strategic choices. In addition to managing risks, we plan to capitalize on climate-related opportunities by aligning our market strategies with sustainability trends, thereby strengthening our competitive position and fostering growth.

Moving forward, we will work on linking the resilience analysis with our climate transition plan to further integrate climate-related issues into our decision-making and strategy. Additionally, we embed sustainability into our product development and market strategies. By prioritizing innovation and sustainable practices, we aim to enhance our resilience against climate-related risks while capturing opportunities from the transition to a low-carbon economy. Our commitment to sustainability aligns with global climate initiatives and drives long-term growth and competitiveness.

While our climate resilience analysis forms a foundational framework for managing climate-related risks and opportunities, we are aware of the uncertainties in predicting future climate conditions and regulatory landscapes. We are actively working to enhance our adaptability to these uncertainties, focusing on supply chain sustainability, energy efficiency and carbon footprint reduction as part of our inaugural transition plan. We have aligned the time horizons of our climate risk analysis with the expected lifetimes of our assets, ensuring that all material assets are considered throughout their entire lifespan. Additionally, we are starting to incorporate this alignment into our capital allocation strategies, and we remain committed to further integrating these considerations into our long-term planning and decision-making processes.

Finally, we are also developing a comprehensive risk management strategy to strengthen our capacity to adapt to climate-related risks and opportunities. More details on the actions and resources we have allocated to climate initiatives can be found in section **E1-3**.

Our transition plan for climate change mitigation (E1-1)

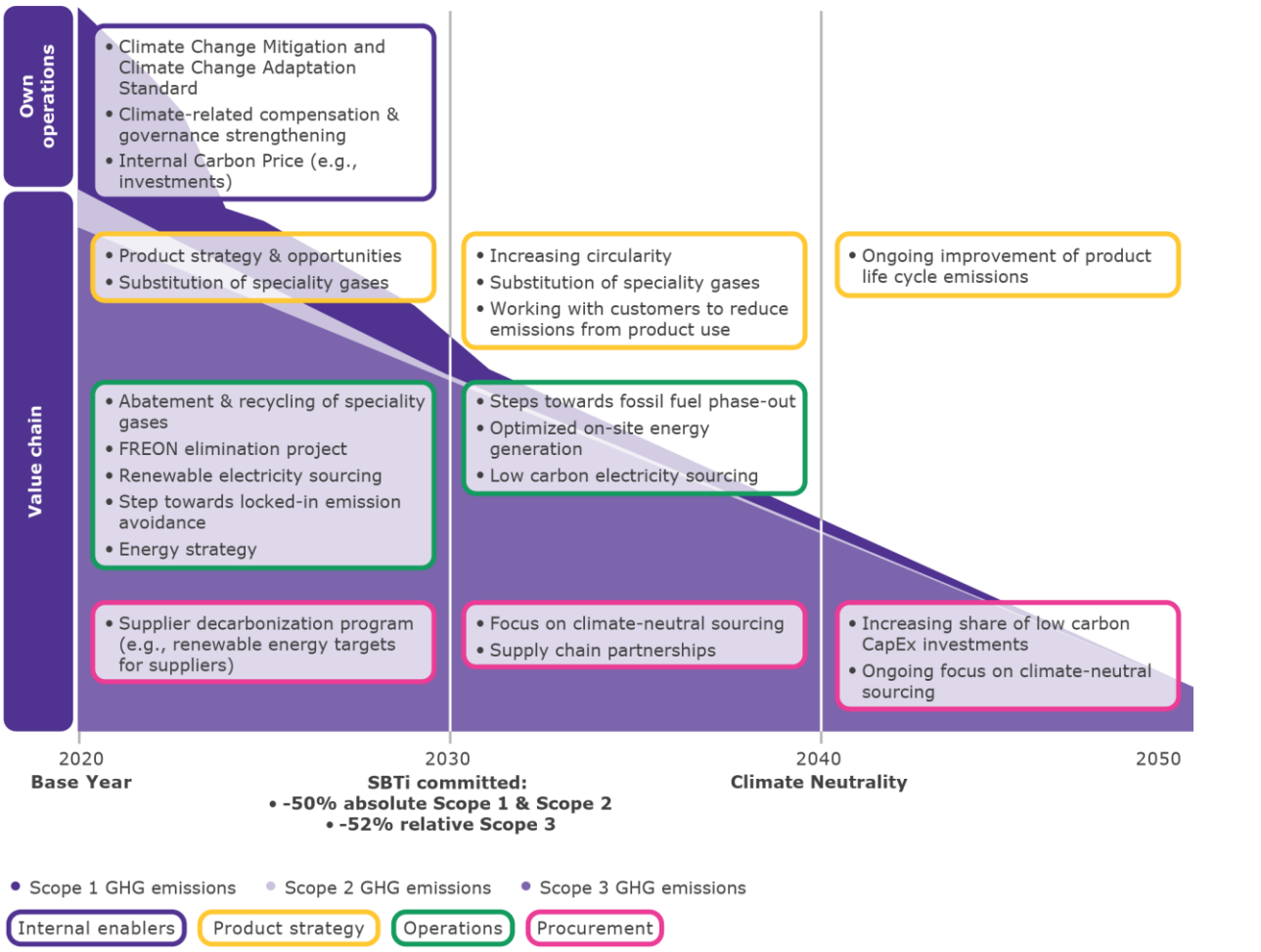
In fiscal 2025, the Executive Board approved core elements of our Climate Transition Plan (CTP), including the high-level decarbonization roadmap and key decarbonizaton levers. In the near term, our science-based targets according to Science Based Targets Initiative (SBTi) aim to reduce Scope 1 and Scope 2 GHG emissions by 50% and to reduce Scope 3 emissions intensity by 52% in relation to our gross profit, both by 2030 versus 2020. We also aim to source 80% of purchased electricity from renewable and low-carbon sources by 2030. We furthermore intend to reach climate neutrality by 2040. Our strategy focuses on abating process emissions, improving energy efficiency and expanding renewable and low-carbon power across our sites. Details on these targets can be found in section **E1-4**.

To reach climate neutrality in own operations by 2040, we take practical steps: drive energy efficiency, scale renewable and low-carbon electricity (including onsite where feasible), phase down fossil fuels, and advance circularity and product design to cut process emissions.

To reach climate neutrality in our upstream and downstream value chain, we actively engage with our key suppliers, requesting them to disclose emissions and set climate targets. Additionally, we work with customers to reduce emissions from product use, thus increasing climate-neutral sourcing, aligning investments with these priorities and tracking progress through clear milestones and metrics. Details on our actions can be found in section **E1-3**.

Our roadmap to climate neutrality

The following graphic visualizes our climate transition plan, illustrating the systematic development of climate mitigation measures from 2020 to achieving climate neutrality, structured around SBTi commitments.



The information is illustrative and not scaled for quantitative analysis.

The Executive Board oversees the CTP. We are in the process of integrating it in our business sector strategies, which will also be approved by the Executive Board to ensure alignment with our sustainability targets.

Our company does not currently create an investment plan in the sense of the EU Taxonomy for transforming taxonomy-eligible into taxonomy-aligned economic activities. For this reason, aligning the transition plan with such a plan is not possible. We intend to conduct regular reviews to monitor our progress and adjust strategies to ensure we achieve our sustainability goals.

To reach our targets, we defined decarbonization levers and respective actions. The actions can be attributed to operations, procurement, product strategy, or can be regarded as internal enablers. Our decarbonization levers are modeled as internal scenarios within our transition pathways and climate risk and opportunity assessment framework. They are applied against external climate reference scenarios (for example, the IPCC and International Energy Agency (IEA) pathways) to quantify the timing, costs and emission reduction effects of specific measures across the short-term (2030), medium-term (2040) and long-term (2050) time horizons. Sector-level inputs and sensitivity testing illustrate how different decarbonization lever deployments affect financial and risk outcomes. The corresponding actions and timelines are detailed in **E1-3**.

We are strengthening processes to manage potential locked-in emissions. Products with potential locked-in emissions have not yet been identified. Our assessment highlights that two facilities covered by the European Emissions Trading System (EU ETS) in Germany are locally material due to their regulatory exposure and asset lifetimes: a gas turbine in Darmstadt and a gas engine in Gernsheim. Both sites have been covered by the EU ETS since 2005. In 2025, we enhanced our monitoring of EU ETS compliance and carbon price exposure. We are reviewing targeted abatement options and energy efficiency programs and have progressed ISO 50001 energy management at both sites.

None of our activities are covered by the list of activities deemed incompatible with achieving the Paris Agreement (Article 12 of Commission Delegated Regulation (EU) 2020/1818, Climate Benchmark Standards Regulation).

Our policies in connection with climate change (E1-2)

EHS-Policy	
Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Air Emissions Standard

Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Key contents	The policy sets our global guidelines for minimizing potential negative impacts associated with air emissions at our sites worldwide. It sets protocols for monitoring and reducing air emissions, with a focus on adopting cleaner technologies to lower GHG emissions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide at all sites.
Accountability	Managing Director or Site Manager/Director, or qualified, responsible employees (for example, EHS staff, facility management staff).
Third-party standards/initiatives	The policy is based on ISO 14001.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on the intranet.

Emissions of Refrigerants Standard

Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Key contents	The policy sets binding requirements for avoiding refrigerant emissions across all areas of our company. It regulates the use of refrigerants, emphasizing the importance of leak detection and transitioning to low-global warming potential (GWP) alternatives to minimize emissions. This standard is implemented through specific global or local procedures by business sectors and their supporting functions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide at all sites.
Accountability	Managing Director or Site Manager/Director, or qualified, responsible employees (for example, EHS staff, facility management staff).
Third-party standards/initiatives	The policy considers the Montreal Protocol and technical hazard standards (for example, ASHRAE Std. 34) as well as ISO 14001 requirements.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on the intranet.

Energy Management Standard

Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Key contents	The policy sets binding requirements for energy management across all areas of our company. It is dedicated to improving energy efficiency and managing energy consumption to reduce overall carbon emissions. It includes specific internal guidelines with best practices for energy efficiency, such as conducting regular energy audits to identify inefficiencies and implementing corrective measures. This standard is implemented through specific global or local procedures by business sectors and supportive functions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide at all sites.
Accountability	Managing Director or Site Manager/Director, or qualified, responsible employees (for example, EHS staff, facility/energy management staff).
Third-party standards/initiatives	The policy is based on ISO 50001.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on the intranet.

Supplier Code of Conduct	
Connection to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-02; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services ("Suppliers") and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

Our policies address various key elements of climate change. Climate change mitigation is embedded in our Group EHS Policy and operational standards on air emissions and refrigerants. Energy efficiency is promoted through our Energy Management Standard, which aligns with ISO 50001. The deployment of renewable energy is encouraged by our Supplier Code of Conduct, which aims to increase renewable electricity sourcing. We currently develop a new Climate Change Mitigation and Climate Change Adaptation Standard which will be introduced in 2026. It will address all of the above-mentioned areas as well as climate change adaptation. It outlines our approach to climate-resilient operations and risk management. Our policies also cover various other climate-related matters, including carbon pricing, supplier decarbonization, emissions management across the value chain, and the adoption of cleaner technologies within the scope of our Air Emissions Standard.

Our actions and resources in relation to climate change (E1-3)

As described in **E1-1**, our Climate Transition Plan sets the overarching target and framework for our ambition to support the transition to a low-emission future. The transition plan encompasses a range of strategic initiatives within various decarbonization levers, aiming to significantly reduce our GHG emissions and enhance sustainability. Therefore, according to our climate transition plan, our actions primarily focus on climate change mitigation rather than adaptation.

We disclose our climate actions at the level of decarbonization levers. For each lever, we detail the key actions planned and implemented, along with the expected and achieved GHG emission reductions in tons of CO_2 equivalent (CO_2eq).

Decarbonization levers – emission reduction framework

The following overview illustrates our comprehensive decarbonization approach along the central levers, differentiated by their respective reduction potential for Scope 1, 2, and 3 GHG emissions.

Decarbonization levers	Exemplary actions	Decarbonization effect (Low / Medium / High)
Energy efficiency ● ● ●	• Efficiency improvements, **optimized on-site energy generation**, development of **energy strategy** • **Electrification** e.g., through high-efficiency heat pumps; **fossil fuel phase-out steps** • **Machine/equipment replacement and modernization**, e.g., through lighting and controls upgrades	■ □ □
Use of renewable energy ● ●	• Sourcing **renewable/low-carbon electricity** (VPPA) • Using own **photovoltaic solar** for energy generation	■ □ □
Process and refrigerants ●	• **Heating, Ventilation and Air Conditioning** (HVAC) • Process emissions reduction, e.g., via abatement/substitution/ capture of specialty gases, FREON emilination project	■ ■ □
Transport efficiency ●	• **Logistics optimization** via shifting of transportation modes, e.g., from air to sea • Regional sourcing initiatives	■ □ □
Supply chain decarbonization ●	• **Supplier decarbonization program**: engaging with key suppliers and requesting them to disclose emissions and set climate targets; **supply chain partnerships** • Increasing share of CapEx investments: Focus on **climate-neutral sourcing options**	■ ■ ■
Product design & use ●	• **Reuse and recycling** of materials • Development of product strategy • Packaging optimization; increasing circularity; continuous optimization of product life cyle emissions	■ ■ ■
Other reduction initiatives ●	• **Waste management and recycling,** e.g., avoiding landfill and incineration waste disposal • **Business travel reduction, employee commuting and workstyle changes**	■ □ □

● Scope 1 GHG emissions ● Scope 2 GHG emissions ● Scope 3 GHG emissions

Energy efficiency

Our energy efficiency measures aim to reduce our energy demand through process improvements. These actions primarily contribute to achieving our Scope 1 and 2 targets. The achieved and expected reductions refer to market-based Scope 2 emissions. In our Life Science business sector, we continue executing actions via our EDISON program, which enhances operational energy efficiency by optimizing energy use within our facilities. EDISON projects completed in 2025 are estimated to reduce 6,080 tons of CO_2eq annually. The EDISON Program is scheduled to fund energy efficiency projects through 2030. In our Healthcare business sector, we continued our effort on energy efficiency in 2025, by rolling out a comprehensive Energy Management System to our sites. Additionally, we implemented several projects on compressed air, thermal energy loss reductions, such as steam traps and insulation, as well as upgrades on reverse osmosis skids. On top of that, we have launched decarbonization studies on new technologies for four sites, focusing on high-temperature heat pumps.

We achieved a total reduction through our energy efficiency measures across all business sectors in fiscal 2025 that aligns with the expected long-term low decarbonization effect.

Use of renewable energy

Transitioning to renewable energy is a core lever for decarbonizing electricity consumption, and the actions within this decarbonization lever directly contribute to our Scope 2 target, for instance through technical upgrades. In Life Science, we sourced new renewable electricity contracts in 2025, adding 16 MW capacity of renewable electricity in South Korea. In our Electronics business sector, we increased our renewable electricity coverage in 2025 significantly, benefitting from a full year's contribution of a contract that went live at the end of 2024. Our commitment to these actions remains a continuous effort to drive sustainability forward. In Healthcare, we continue investing in on site solar photovoltaic capacity. In 2025, we completed and fully commissioned solar electricity installations at our sites in Bari, Italy, and in Nantong, China. For 2026, we estimate a reduction of 3,000 tons of CO_2eq through various energy efficiency and green energy measures.

We achieved a total reduction through our use of renewable energy across all our business sectors in fiscal 2025 that aligns with the expected long-term low decarbonization effect.

Process and refrigerants

Reducing process emissions and refrigerant-related GHG emissions is critical, due to their high global warming potential (GWP). Our actions to reduce these emissions directly contribute to our Scope 1 target. In Life Science, our process gas reduction initiative reduces our reliance on high-GWP-fluorinated carbons by eliminating Freon in manufacturing processes. This has helped us achieve a reduction of 77,677 tons of CO_2eq since 2020. The project is scheduled to complete in 2030. In Electronics, we reduced NF_3 emissions in 2025 due to the ongoing contribution from our abatement systems in Hometown (USA) and significantly increased contribution from Ulsan (South Korea), where those abatement systems went operational at the end of 2024. Together, these resulted in a reduction of 193,820 tons of CO_2eq in fiscal 2025 compared to the previous year.

We achieved a total reduction through our measures on process and refrigerants across all business sectors in fiscal 2025 that aligns with the expected long-term medium decarbonization effect.

Transport efficiency

We aim to reduce logistics emissions by optimizing routes and shifting to lower-carbon modes of transport. These measures are essential for addressing Scope 3 emissions associated with our inbound, inter-company and outbound transportation and, therefore, contribute to our Scope 3 target. With our Mode Shift program in Life Science, we aim to reduce logistics emissions by using sea freight instead of air freight. The program was completed in 2025. By then we were able to reduce our respective Scope 3.4 emissions from upstream transportation and distribution by 15,901 tons of CO_2eq compared to 2020. The Life Science business continues to use sea freight wherever possible.

We achieved a total reduction through transport efficiency across all business sectors in fiscal 2025 that aligns with the expected long-term low decarbonization effect.

Supply chain decarbonization

Supply chain decarbonization is essential to reducing our Scope 3 emissions. Our supplier decarbonization program focuses on assessing and enhancing supplier compliance with the SBTi, increasing the share of renewable electricity used by suppliers and educating suppliers on emission reduction levers to drive actionable change. The program tracks the maturity levels of our suppliers and facilitates the exchange on primary data. We continuously observe a consistent increase in the share of renewable electricity among suppliers in our decarbonization program, along with a growing number of suppliers capable of sharing emissions data derived from established GHG inventories that encompass both their own operations (Scope 1 and 2) and the entire value chain (Scope 3). We anticipate that this initiative will lead to significant long-term benefits, incentivizing suppliers to actively reduce their emissions.

We achieved a total reduction through our supply chain decarbonization across all business sectors in fiscal 2025 that aligns with the expected long-term high decarbonization effect.

Product design and use

Reductions in our value chain emissions that contribute to our Scope 3 target are achieved through improved product design. In Life Science, we drive this through sustainable research and development as well as material sourcing. For example, our Cork, Ireland, manufacturing site producing material for our Amicon® centrifugal ultrafiltration devices obtained International Sustainability & Carbon Certification (ISCC) PLUS certification in 2025, confirming that the polymers used in these products are obtained through renewable feedstock, rather than petroleum. Through this change in material, we expect to reduce 757 tons of CO_2eq annually.

We achieved a total reduction through product design and use across all business sectors in fiscal 2025 that aligns with the expected long-term high decarbonization effect.

Financial resources for climate change mitigation

In 2025, we allocated € 31 million of capital expenditure (CapEx) to the previously mentioned actions in relation to climate change mitigation, which are included in the respective lines of the balance sheet.

Our ability to implement these actions depends significantly on the availability and allocation of financial resources. Ongoing access to finance at an affordable cost of capital is critical for the execution of our strategies. This includes related acquisitions, and significant investments in research and development. Ensuring resource availability is a priority to maintain progress toward our climate objectives. We are currently exploring state-of-the-art technologies available in the market, as they will be essential for enhancing our operational efficiency and implementing innovative solutions that align with our climate change mitigation targets.

Climate change adaptation initiatives

Alongside our climate change mitigation actions detailed above, we advance site-level climate change adaptation to enhance the ability of our sites to withstand physical risks, such as flooding, high winds and drought. For this, we are assessing the resilience of our sites and are implementing practical measures. For flooding, these include elevating critical equipment and improving the waterproofing of building envelopes to reduce potential flood impacts. To manage wind exposure, we secure and anchor rooftop equipment and install storm shutters. To address drought conditions, we enhance water efficiency with low-flow fixtures, leak detection and water recycling solutions. Collectively, these actions support resilience to climate change and help safeguard people, assets, and operational continuity.

Our targets in connection with climate change (E1-4)

Scope 1 Absolute Emissions Target	
Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Target	We want to reduce our direct GHG emissions (Scope 1) by 50% by 2030 in our own operations.
Reference value/year	1,827,123 tons (2020)
Methods	This climate target is science-based according to SBTi, the absolute contraction approach and the science-based target setting tool provided by SBTi. In April 2022, the initiative validated and approved our target for 2030.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor our Scope 1 emissions on a quarterly basis using monthly data collected via our Group-wide EHS data management system. In 2025, we reduced our Scope 1 emissions by 199,712 tons of CO2eq (2024: 378,315), bringing them down to 657,835 tons CO_2eq (2024: 858,053). We reduced our Scope 1 emissions by 64% (2024: 53%) compared to the base year 2020, achieving our target early. We are working on stabilizing the results. The 1.5°C aligned reference target value for Scope 1 GHG emissions is 913,561 tons of CO2eq. Please see **E1-6** for more details on our performance.

Scope 2 Absolute Emissions Target	
Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01
Material sustainability matter	Climate change mitigation
Target	We want to reduce our indirect GHG emissions (Scope 2 – market based) by 50% by 2030. The target covers purchased electricity, steam, heating, and cooling for own use across our own operations.
Reference value/year	324,698 tons (2020)
Methods	This climate target is science-based according to SBTi, the absolute contraction approach and the science-based target setting tool provided by SBTi. In April 2022, the initiative validated and approved our target for 2030.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor our Scope 2 emissions on a quarterly basis using monthly data collected via our Group-wide EHS data management system. In 2025, we reduced our marked-based Scope 2 emissions by 29,998 tons of CO_2eq (2024: 138), bringing them down to 197,072 tons CO_2eq (2024: 227,070), which is equivalent to a reduction of 39% compared to the base year 2020 (2024: 30%). The 1.5° C aligned reference target value for Scope 2 GHG emissions is 162,349 tons CO_2eq. For more details on our performance, please refer to **E1-6**.

Scope 3 Intensity Emissions Target	
Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-02; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Target	By 2030, we want to reduce our emissions along the entire value chain (Scope 3) by 52% in relation to our gross profit (to 230 metric tons CO_2eq per € million gross profit). We plan to achieve a significant reduction of absolute Scope 3 emissions by 2030 compared with the base year 2020.
Reference value/year	480 metric tons CO_2eq per € million gross profit (2020)
Methods	The economic intensity target was set up based on SBTi criteria and the science-based target setting tool provided by SBTi. In April 2022, the SBTi validated and approved this target for 2030.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor our Scope 3 emissions annually. In 2025, we have achieved 316 metric tons CO_2eq per € million gross profit (2024: 359). The target setup is based on the SBTi criteria, which offers three approaches: Absolute Contraction Approach, Economic Intensity Approach, and Physical Intensity Approach. For our target, we selected the Economic Intensity Approach, which aligns with the SBTi GEVA (Gross Emissions per Value Added) methodology. The 52% reduction has been calculated using the Science-based Target Setting Tool provided by SBTi.

Renewable Energy Target

Reference to material impacts, risks and/or opportunities	Identifier E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Target	We want to cover 80% of our purchased electricity across our own operations with renewable energies by 2030. By increasing the share of renewable electricity, we support our target to reduce Scope 2 emissions. We assume that there will be enough renewable energy at an acceptable price point by 2030.
Reference value/year	No actual reference year as the target looks at overall coverage of the procured energy.
Methods	The methodology for achieving this target considers the varying ease of purchasing reliable "green" electricity products across different countries. In some regions, it is relatively straightforward to acquire such products, while in others, it presents significant challenges due to limited availability or capacity constraints. The 80% target reflects these considerations. This is not an SBTi-approved target.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, we achieved 63.9% coverage of purchased electricity with renewable energies (2024: 52.2%).

Climate Neutrality Target

Reference to material impacts, risks and/or opportunities	Identifier E1-NI-01; E1-NI-02; E1-NI-03
Material sustainability matter	Climate change mitigation; energy
Target	By 2040, we want to achieve climate neutrality along the entire value chain.
Reference value/year	No actual reference year as the target looks at overall coverage of the procured energy.
Methods	After reaching our mid-term 2030 science-based targets according to SBTi, we will continue to pursue our comprehensive approach to further reduce our GHG emissions along the entire value chain, based on our current transition plan at that time. We assume that our suppliers and clients will keep working on their own targets and fulfill them. We are aligning our methodologies with (inter)national policy goals such as the EU Green Deal. This is not an SBTi-approved target.
Consideration of stakeholders	Our Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	We monitor this target annually. Please see **E1-6** for more details on our performance.

The targets outlined above focus on the sustainability topics of climate change mitigation and energy efficiency. While we have not yet incorporated climate change adaptation into our targets, we are making progress through our resilience and climate scenario analysis by developing our new Climate Change Mitigation and Climate Change Adaptation Standard, which will be introduced in 2026.

Our GHG reeduction targets are aligned with our comprehensive GHG inventory boundaries, ensuring consistency and transparency in reporting, and are developed following recognized standards, such as the SBTi. Apart from our SBTi-validated target, the following metrics have not been separately validated by an external body.

Energy consumption and mix (E1-5)

Understanding our energy consumption and the energy sources that comprise our energy mix is crucial for reducing our environmental impact.

Energy consumption and mix

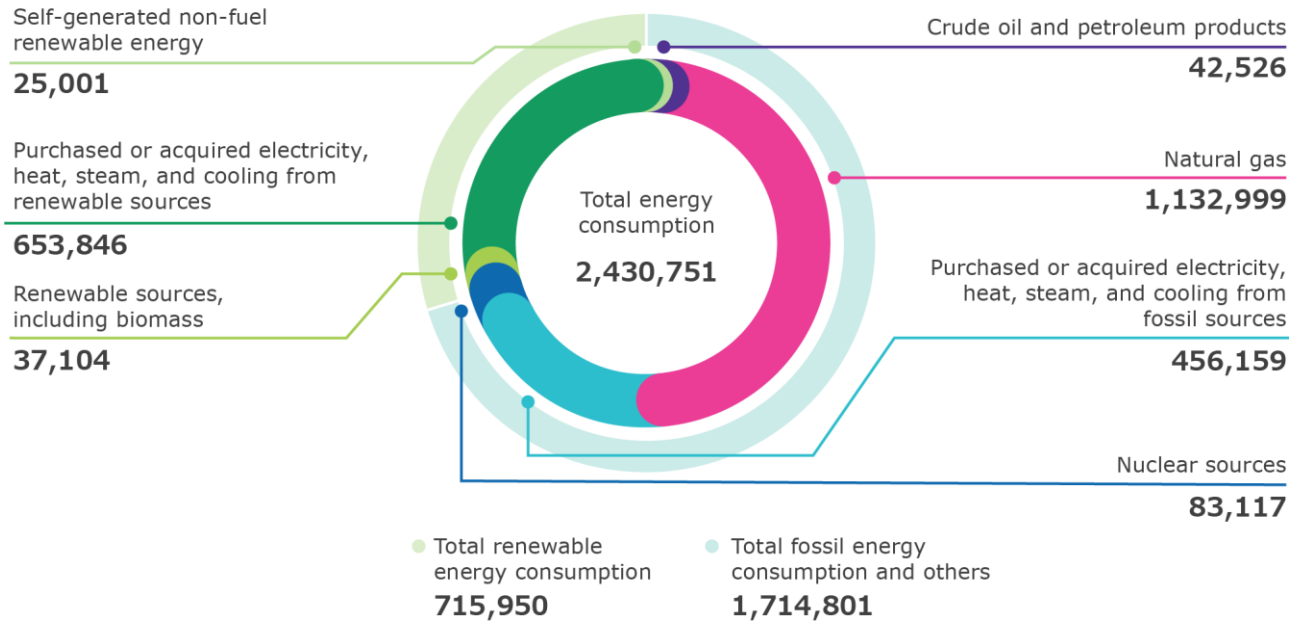
The following table outlines our total energy consumption in MWh disaggregated by source and the share of renewable and non-renewable energy sources:

in MWh[1]	**2025**	2024	Change to previous year	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
(1) Fuel consumption from coal and coal products					
(2) Fuel consumption from crude oil and petroleum products	42,526	46,448	-8.4%	7,754	7,866
(3) Fuel consumption from natural gas	1,132,999	1,148,361	-1.3%	88,154	59,260
(4) Fuel consumption from other fossil sources					
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	456,159	528,790	-13.7%	11,704	9,152
(6) Total fossil energy consumption	**1,631,684**	**1,723,598**	**-5.3%**	**107,613**	**76,278**
Share of fossil sources in the total energy consumption (%)	**67.1**	**72.0**		**97.9**	100
(7) Consumption from nuclear sources	83,117	98,936	-16.0%	–	161
Share of consumption from nuclear sources in total energy consumption (%)	**3.4**	**4.1**		**–**	**–**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	37,104	31,242	18.8%	–	–
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	653,846	524,673	24.6%	–	–
(10) Consumption of self-generated non-fuel renewable energy	25,001	16,271	53.7%	2,299	–
(11) Total renewable energy consumption	**715,950**	**572,186**	**25.1%**	**2,299**	**–**
Share of renewable sources in total energy consumption (%)	**29.5**	**23.9**		**2.1**	**–**
Total energy consumption	**2,430,751**	**2,394,720**	**1.5%**	**109,912**	**76,436**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

Our sites collect their energy consumption data through our Group-wide EHS data management system. Fuel consumption data (1-4) are derived directly from reported figures. The consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (5) includes energy sourced from third parties, tracked through contracts and invoices. The total consumption of fossil energy (6) is calculated as the sum of fossil fuel consumption (1-5). The calculation of consumption from nuclear sources is based on estimates, utilizing data from the scientific online publication “Our World in Data”. The fuel consumption for renewable sources, including biomass (8), includes energy from renewable materials. This data is collected on site and included in our Group-wide EHS data management system. The consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (9) includes renewable energy sourced from third parties, tracked through contracts and invoices. The consumption of self-generated renewable energy, excluding fuels, (10) refers to renewable energy generated on site, such as solar energy, determined through production metrics. The total energy consumption metric represents the combined energy used across all activities.

The following energy overview presents our total energy consumption, demonstrating our current renewable energy share compared to fossil sources.



Energy production

The energy generation associated with our activities is summarized in the table below:

in MWh	**2025**	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Renewable energy production	56,953	43,110	8,226	5,842
Non-renewable energy production	1,042,611	1,066,229	455,897	473,124

The renewable energy generation metric includes energy generated from renewable sources such as solar, wind and biomass. We collect the data from energy reports and production metrics from our sites. The metric of non-renewable energy generation is based on actual generation data from the Darmstadt and Gernsheim sites (Germany), an estimate for other sites based on reported energy consumption, and an average energy generation efficiency value. Part of the generated energy is sold externally.

Energy intensity per net sales

The energy intensity per net sales associated with our activities is summarized in the table below:

in MWh/€ million	**2025**	2024	Change to previous year
Total energy consumption from activities in high climate impact sectors per net sales	115	113	1.8%

The data on net sales were taken from our Consolidated Income Statement, which totaled € 21,102 million in the fiscal 2025 (2024: 21,156). Energy intensity is determined by dividing the total energy consumption (in MWh) by net sales (in million euros) generated from our activities in high-climate-impact sectors. As per the ESRS definition, all our business activities fall into the manufacturing category and are therefore considered to have a high climate impact.

Our GHG emissions in the categories of Scope 1, 2 and 3 (E1-6)

Understanding our GHG emissions is crucial for assessing our environmental impact and enhancing our sustainability initiatives, particularly in support of our target to reduce emissions. This section provides an overview of our gross GHG emissions across all three scopes, as well as our total GHG emissions.

Gross scope 1, 2 and 3 GHG emissions and total GHG emissions

The following table shows our gross GHG emissions for scopes 1, 2 and 3, along with data on total GHG emissions. It includes milestones and targets, providing a comprehensive overview of our GHG emissions and the progress made toward our sustainability targets.

	Retrospective				Milestones and targets	
in t CO_2eq[1]	2020	2024	**2025**	Change to previous year	2030	Annual reduction rate until 2030 compared to base year in %
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions	1,827,123	858,053	657,835	-23.3%	913,561	5.0
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (in %)	4.0	8.3	10.7	28.0%		
Scope 2 GHG emissions						
Gross Scope 2 GHG emissions (location-based)	381,640	385,483	377,873	-2.0%		
Gross Scope 2 GHG emissions (market-based)	324,698	227,070	197,072	-13.2%	162,349	5.0
Significant Scope 3 GHG emissions						
Total Gross Scope 3 (indirect) GHG emissions[2]	5,104,508	4,482,938	3,895,507	-13.1%		
Purchased goods and services (category 1)	3,040,000	2,470,278	2,048,119	-17.1%		
Cloud computing and data center services[3]	–	–	–	–		
Capital goods (category 2)[4]	293,000	371,086	293,558	-20.9%		
Fuel and energy-related activities (category 3)	102,528	112,528	107,514	-4.5%		
Upstream transportation and distribution (category 4)	264,397	231,580	230,565	-0.4%		
Waste generated in operations (category 5)	85,047	26,901	26,983	0.3%		
Business travel (category 6)	32,157	106,060	128,488	21.1%		
Employee commuting (category 7)	89,571	77,061	76,457	-0.8%		
Upstream leased assets (category 8)[5]	–	–	–	–		
Downstream transportation (category 9)	8,435	7,922	3,251	-59.0%		
Processing of sold products (category 10)[6]	–	–	–	–		
Use of sold products (category 11)	1,163,923	1,021,008	927,963	-9.1%		
End-of-life treatment of sold products (category 12)	23,351	55,816	50,340	-9.8%		
Downstream leased assets (category 13)	1,678	1,722	1,005	-41.7%		
Franchises (category 14)[7]	–	–	–	–		
Investments (category 15)	421	974	1,264	29.8%		
Total GHG emissions						
Total GHG emissions (location-based)	7,313,271	5,726,474	4,931,215	-13.9%		
Total GHG emissions (market-based)	7,256,329	5,568,062	4,750,415	-14.7%		

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

[2] We plan to achieve a clear reduction of absolute Scope 3 emissions by 2030 compared to the base year.

[3] Cloud computing is a share of Scope 3.1 emissions and reported there. It is considered negligible in regard to Scope 3.1 emissions.

[4] 2020 data are slightly over-reported (approx. 3%), as the currency conversion factor (USD to EUR) from 2021 was used. Non-categorized spends are distributed pro rata to category 1 and 2.

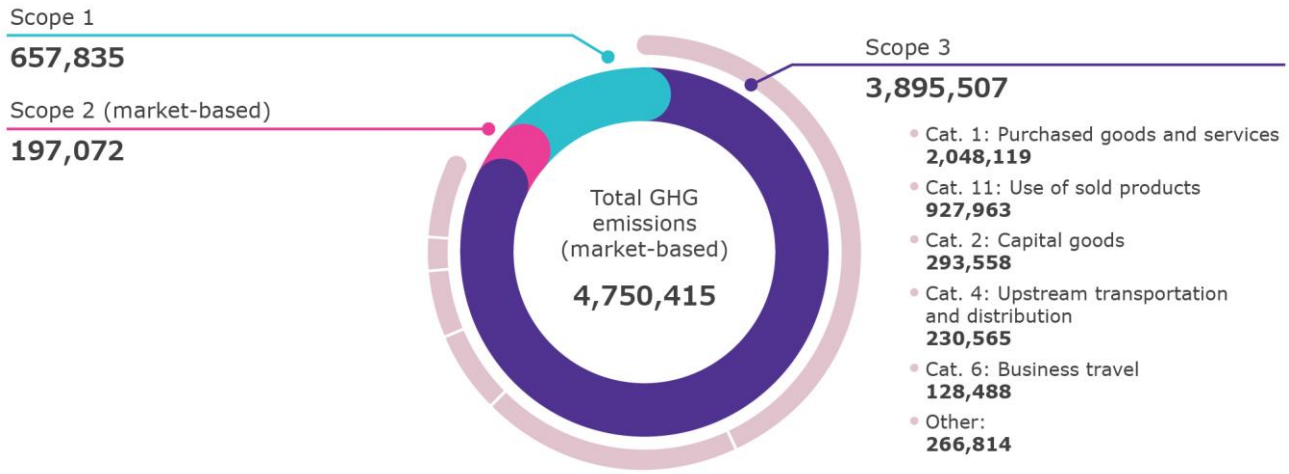
[5] Already covered under Scope 1 and 2 emissions.

[6] Our company produces a huge variety of intermediate products for various purposes. Due to their many applications and our customer structure, the associated GHG emissions cannot be tracked in a reasonable fashion.

[7] This category is not relevant for us, as we do not operate franchises, i.e. businesses operating under a license to sell or distribute another company's goods or services. Out-licensing in the pharmaceutical sector is not regarded as franchising.

GHG emissions per scope

This overview presents our total GHG emissions across all scopes and illustrates the distribution between direct Scope 1 emissions, market-based Scope 2 emissions, and comprehensive Scope 3 emissions.



GHG emissions per business sector

The table below outlines our GHG emissions in fiscal 2025, broken down by business sector:

2025

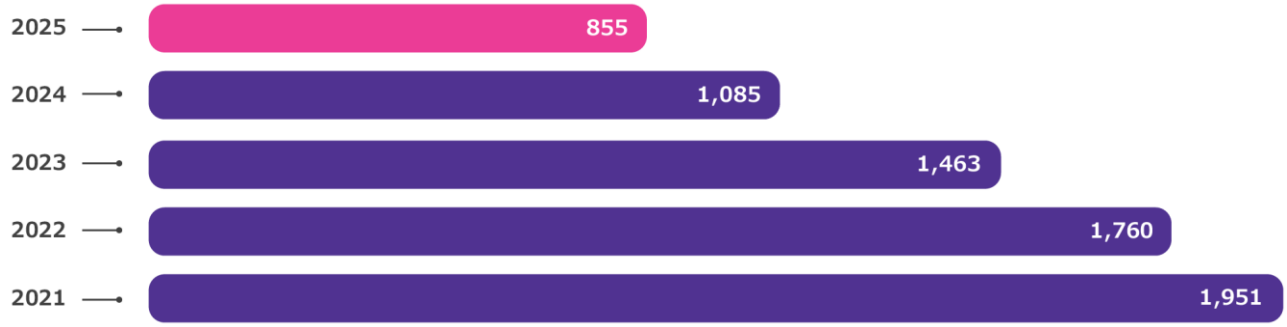
in t CO_2eq	Life Science	Healthcare	Electronics	Corporate and Other
Gross Scope 1 GHG emissions	149,198	69,158	418,296	21,184
Gross Scope 2 GHG emissions (location-based)	173,305	39,393	156,210	8,965
Gross Scope 2 GHG emissions (market-based)	48,756	13,224	120,398	14,694
Gross Scope 3 (indirect) GHG emissions	1,464,614	535,476	1,838,579	56,838

We have two plants under the EU ETS at Darmstadt and Gernsheim in Germany. The Ulsan site in South Korea is also under emission trading scheme.

Merck KGaA, Darmstadt, Germany, accounted for the following shares of total GHG emissions: In 2025, its Scope 1 emissions totaled 20,428 tons of CO_2eq (2024: 18,413). Its Scope 2 emissions were 3,898 tons of CO_2eq (location-based) (2024: 3,416) and 8,481 tons of CO_2eq (market-based) (2024: 6,704). As Merck KGaA, Darmstadt, Germany, has no significant business activities, its Scope 3 emissions are negligible.

GHG emission reduction trend for scope 1 and scope 2 (market based)

This emissions trajectory demonstrates our systematic GHG reduction progress, showing a continuous decline in our scope 1 and scope 2 (market based) GHG emissions in kilo tons of CO_2eq.



GHG intensity per net sales

The following table outlines the GHG intensity per net sales:

in t CO_2eq/€ million	**2025**	2024	Change to previous year
Total GHG emissions (location-based) per net sales	234	271	-13.7%
Total GHG emissions (market-based) per net sales	225	263	-14.5%

Our total GHG emissions are calculated using both location-based and market-based methods. The calculations are derived from comprehensive emissions inventories that account for all relevant sources of GHG emissions across our operations. The data on net sales were taken from our Consolidated Income Statement, which totaled € 21,102 million in the fiscal 2025 (2024: 21,156). The GHG intensity is calculated by dividing the total GHG emissions (in metric tons of CO_2eq) by net sales (in million euros).

Biogenic CO_2 emissions

The following table outlines the biogenic CO_2eq emissions not included in the gross GHG emission calculations:

in t CO_2eq[1]	**2025**	2024
Gross Scope 1 biogenic GHG emissions	14,961	12,598
Gross Scope 2 biogenic GHG emissions (market-based)	550	486
Gross Scope 3 biogenic GHG emissions	10,525	

[1] A gray background indicates that the value was not collected.

Our Scope 1 biogenic CO_2 emissions are calculated based on the total direct emissions from an owned biomass heating plant, using data sourced from operational records and emissions inventories. Our Scope 2 biogenic GHG emissions (market-based) reflect the indirect biogenic CO_2 emissions from the consumption of heat or steam purchased from a third-party biomass heating plant, calculated using market-based methods. The data were collected from utility bills and energy procurement documents. Our Scope 3.5 biogenic CO_2 emissions are derived from the overall Scope 3.5 emissions calculation by categorizing dedicated waste streams as completely or partially biogenic. Our Scope 3.12 biogenic emissions are derived from the overall Scope 3.12 emissions by separating emissions from bio-based packaging materials. It is assumed that the biogenic emissions from the disposal of products are negligible.

Share and types of contractual instruments to procure electricity (%)

The following table details the share and types of contractual instruments we used to procure electricity, showing both bundled and unbundled instruments.

in %[1]	**2025**	2024
Share of energy procured via bundled contractual instruments	19.4	19.2
bundled contractual instrument: Retail green electricity	5.1	5.9
bundled contractual instrument: Onsite Power Purchase Agreement (PPA)	–	–
bundled contractual instrument: Green Energy Certificate (GEC)	4.1	3.2
bundled contractual instrument: Guarantees of Origin (GO)	10.2	10.1
bundled contractual instrument: National Framework for Certification (NFC)	–	–
Share of energy procured via unbundled contractual instruments	35.2	26.3
unbundled contractual instrument: U.S. Renewable Energy Certificate (US-REC)	4.2	4.5
unbundled contractual instrument: Virtual Power Purchase Agreement (VPPA)	29.1	19.9
unbundled contractual instrument: Guarantees of Origin (GO)	–	–
unbundled contractual instrument: International Renewable Energy Certificate (I-REC)	1.6	1.8
unbundled contractual instrument: Tradeable Instrument for Global Renewables (TIGR)	0.3	0.1
Total share of procured energy via bundled and unbundled contractual instruments	**54.6**	**45.5**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

Bundled contractual instruments include electricity and associated attributes from renewable energy sources. In the case of unbundled contractual instruments, electricity is procured separately from the associated renewable attributes. We collect the data from procurement contracts and energy invoices. Our classification of contractual instruments as bundled or unbundled is based on definitions in relevant regulatory guidelines, such as the GHG Protocol for Scope 2.

Calculation of our Scope 1, 2 and 3 GHG emissions

Our GHG emissions calculation follows GHG Protocol standards across Scope 1, 2, and 3 categories, ensuring comprehensive and transparent climate impact measurement.

Calculation Scope 1

In accordance with the GHG Protocol, we distinguish between the following sources when calculating our Scope 1 emissions: Stationary combustion, mobile combustion, process-related emissions, and diffuse emissions (coolants or other gases released intentionally or unintentionally).

Our energy bills provide the data for our emissions from stationary combustion. We combine their data with the corresponding emission factors obtained from the GHG Protocol. To calculate process-related emissions, we use internal production data combined with corresponding emission factors, sourced from the Sixth Assessment Report of the IPCC. We account for diffuse emissions using data from invoices from the maintenance of our plants, combined with corresponding emission factors sourced from the IPCC's Sixth Assessment Report. Scope 1 GHG emissions from leased cars are calculated using a fuel-based and contract-/distance-based method. This calculation includes fuels dispensed at our own filling stations. We perform all calculations using our Group-wide EHS data management system.

Calculation Scope 2

In accordance with the GHG Protocol, we distinguish between the sources of purchased or acquired electricity, steam, heat, and cooling when calculating our location-based Scope 2 emissions. We consider steam and heat together. Our energy bills provide the data basis for all four sources, combined with their corresponding emission factors. We obtain the emission factors for purchased electricity from the IEA and the U.S. Emissions & Generation Resource Integrated Database (eGRID). We source the emission factors for steam, heat, and cooling from the UK Department for Environment, Food & Rural Affairs (DEFRA). Scope 2 GHG emissions from leased cars are calculated using a contract-/distance-based approach.

We also calculate market-based Scope 2 emissions in accordance with the GHG Protocol in all four categories. Following the hierarchy of the GHG Protocol for emission factors, we use supplier-specific emission factors reported by our sites, residual mix factors (AIB for Europe, Green-e for the United States) and location-based emission factors. We perform all calculations in our Group-wide EHS data management system.

Calculation Scope 3

We report our Scope 3 emissions according to the 15 categories of the GHG Protocol:

Categories 1 and 2 represent all upstream emissions related to our procurement activities. Category 1 includes emissions from the extraction, production, and transportation of goods and services we purchased or acquired during the reporting year. Category 2 includes all upstream emissions from the extraction, production, and transportation of capital goods we purchased or acquired during the reporting year. Emissions are calculated via a spend-based approach, using a procurement data management system and environmentally extended input-output data (source: US Environmentally-Extended Input-Output (USEEIO) Technical Content, United States Environmental Protection Agency). USEEIO provides emission factors on a spend basis for various industrial sectors and does not consider regional differences. Likewise, emissions from services are calculated via a spend-based approach using the same procurement data management system. This calculation method includes the emissions data of our main suppliers. The remaining gap is related to our subsidiaries that either do not have their own procurement system or have a very specific system.

Category 3 includes emissions related to the production of fuels and energy we purchased and consumed in the reporting year that are not included in Scope 1 or 2. This category also encompasses emissions from our leased car fleet. Data on purchased and consumed fuels, electricity, steam/heat, and cold, which form the basis for calculating category 3 emissions, are collected via our Group-wide EHS data management system. To determine the upstream emissions of purchased fuels, we multiply the fuel quantities by the well-to-tank emission factors (source: DEFRA). We calculate upstream emissions, as well as transportation and distribution losses of purchased heat/steam by multiplying the consumption figures by the respective emission factors (source: DEFRA). To calculate emissions from the generation as well as transport and distribution (T&D) of minor quantities of purchased cold, we use the same emission factors as for heat/steam, as no specific factors are available. We calculate upstream emissions from purchased electricity by multiplying the consumption figures by the respective emission factors (source: DEFRA). Here, electricity purchased from renewable sources (direct supply of renewable electricity and electricity covered by energy attribute certificates) is deducted. We determine electricity T&D losses based on the quantities of electricity purchased and country-specific loss factors (source: IEA). In this process, the electricity sourced from renewable sources (direct supply of renewable electricity) is deducted.

Category 4 includes the emissions from the transportation and distribution of products we purchased during the reporting year. This refers to transportation and distribution between our tier 1 suppliers and our own operations, where the vehicles and facilities are not owned or controlled by us. Additionally, category 4 includes the transportation and distribution of services purchased by us. This includes both inbound logistics and outbound logistics, as well as transportation and distribution between our own facilities in vehicles and facilities not owned or controlled by us. We use a mixed approach to calculate these emissions. Logistics service providers supply their own primary data, and if they are not available, GHG emissions are calculated by a third-

party provider using an energy-based bottom-up approach. For the Life Science business sector, shipment data from forwarders provide the main data source, while in the Electronics business sector, delivery notes from our ERP systems form the basis for calculation. Our Healthcare business sector uses forwarder data and data from various ERP systems. We consolidate these data in internal systems, along with primary data from suppliers and logistics service providers. The respective shipment data are sent to the third-party provider and processed there. For our Life Science business sector, as no data on road transportation for the LATAM and Asia regions are available, we use a spend-based approach to estimate emissions. If data for the full year are not yet available, we make extrapolations based on previous years' data. We do not consider deliveries from tier 1 suppliers that are not directly paid by us but are delivered to us, due to a lack of available data.

Category 5 includes emissions from the disposal and treatment of waste generated in facilities we own or control, as well as the third-party disposal of wastewater. The calculation of emissions from waste generated in our operations and disposed of by third parties is based on primary data from our manufacturing sites, collected in our Group-wide EHS data management system. These data are divided into various waste types, such as solvent waste and soil waste, and distinguished by waste disposal methods, such as waste-to-energy, incineration, landfill or recycling. For the emission factors based on the waste's carbon content, we use the "Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain". It states that recycling and energy recovery are attributed to the organization that uses the recycled material or uses the waste to generate energy. As a result, the emissions from these activities are not included in our GHG inventory. The carbon content factors are primarily taken from the "2006 IPCC Guidelines for National Greenhouse Gas Inventories", and these data are then multiplied together. Emissions from the transportation of waste materials are not considered. To calculate GHG emissions from wastewater treatment in third-party municipal or industrial wastewater treatment plants, we use primary data from our manufacturing sites, collected annually via our Group-wide EHS data management system. Wastewater quantities are multiplied by the DEFRA emission factor for water treatment.

Category 6 includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. Air travel emissions are calculated based on our flight booking and billing processes. Our payment solution service provider supplies detailed data of all flights booked and uses them to calculate the associated GHG emissions. Rail travel is considered relevant in some European countries, including Germany, France and Spain, while it is considered negligible in non-European countries. Currently, data for rail travel is only available in Germany and provided by Deutsche Bahn AG. Emissions data for rental cars are provided annually by our global rental car providers. Data on other forms of transportation, such as trams, taxis and buses, are not available. Their impact on our overall emissions is expected to be negligible. Emissions from hotel accommodation are calculated based on the number of hotel stays per country, using our internal ERP system and the DEFRA emission factors for hotel stays.

Category 7 includes emissions from the transportation of employees between their homes and work. We conduct a global Employee Engagement Survey each year, which includes commuting habits every two to three years, and extrapolate the results to the global employee population. We use an assumption of 220 working days per year, derived from the "Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain". Emission factors for modes of transport are taken from DEFRA, business travel, and include electric vehicles and working from home.

Category 8 includes emissions from the operation of assets that are leased and not already included in our Scope 1 or 2 reporting. Emissions from this category are not relevant to our Scope 3 reporting as leased assets, such as rented offices, labs or warehouses, are part of our Scope 1 and 2 GHG inventory.

Category 9 includes the transportation and distribution of products that we sold to end consumers during the reporting year, if not paid for by us. It also includes retail and storage in vehicles and facilities we do not own or control. Like in category 4, these emissions are calculated by a third-party provider using an energy-based bottom-up approach, which can provide emissions data for our Healthcare and Electronics business sectors. The data from the Life Science business sector are negligible. To ensure the effectiveness of logistic processes, the transport of Life Science products is organized and contracted by us and is therefore covered under category 4.

Category 10 includes emissions from the processing of sold intermediate products by third parties after sale. We produce a wide variety of intermediate products for various purposes. Due to the range of potential applications and our customer structure, the related GHG emissions cannot be tracked in a practical manner, as confirmed by the "Guidance for Accounting and Reporting Corporate GHG Emissions in the Chemical Sector Value Chain" from the World Business Council for Sustainable Development.

Category 11 includes emissions from the use of goods and services we sold during the reporting year. Internal expert assessments of our diverse product portfolio show that products that contain or emit GHG emissions during their use are the main driver of GHG emissions in this category. Products that directly consume energy (electricity) during use contribute to a much lesser extent. Fuels, feedstocks and indirect use-phase emissions are not relevant for us. Indirect use-phase emissions are optional and not reported by us. Our Electronics product portfolio contains some specialty gases with high GWP that are emitted during the use phase. Emissions are calculated based on the technical expertise of internal experts, using the percentage of gas quantities that escape the processes at our customers, abatement efficiency, sales volumes, and global warming potentials (source: IPCC, 6th Assessment Report). Some product control devices also consume electricity, and their emissions are calculated based on runtime, average lifetime and an estimated global emission factor. Other product lines are negligible or do not contribute to the overall emissions within this category. Our Life Science business sector offers two product lines that consume electricity during their use phase. The calculation of these emissions is based on internal expert estimations of the products' energy consumption, sales volumes and respective emission factors per country (source: IEA). Sales data cover approximately 90–95% of total sales. Our Healthcare business sector offers some battery-based injection devices that fall under category 11. Their emissions are calculated based on energy consumption, sales volumes and the respective emission factors per country (source: IEA).

Category 12 includes emissions from the waste disposal and treatment of products we sold during the reporting year at the end of their life. Emissions from the disposal of sold products and respective packaging materials are calculated based on sales data, the weight data of products and packaging material, average weighted emission factors based on statistical data on regional disposal methods, and DEFRA emission factors (source: DEFRA).

Category 13 includes emissions from the operation of assets owned (acting as lessor) and leased to other entities. In Darmstadt,Germany, we are the lessor of a number of residential and commercial buildings. Emissions are calculated based on building master data, such as energy demand from energy certificates and respective emission factors. To split the energy demand into heating and electricity for residential and commercial buildings, we use data from the IEA. Emissions from heating energy are calculated using the fuel type and DEFRA emission factors. Emissions from electricity demand are calculated using the German grid emission factor provided by Bundesverband der Energie- und Wasserwirtschaft e.V. (BDEW).

Category 14 includes emissions from the operation of franchises. As we do not operate franchises, this category is not relevant for us.

Category 15 includes emissions from the operation of investments. This includes equity and debt investments and project finance during the reporting year that are not included in Scope 1 or 2. Emissions are calculated based on the direct share of capital, the respective annual revenue and environmentally extended input-output (EEIO) data (source: US Environmentally Extended Input-Output (USEEIO) Technical Content, United States Environmental Protection Agency). USEEIO provides emission factors on a spend basis for various industrial sectors and does not consider regional differences.

Removal of GHGs from the atmosphere and CO_2eq certificates (E1-7)

In our own business activities, we do not conduct any activities to remove or reduce GHGs that we finance via CO_2eq certificates.

Our internal CO_2 pricing (E1-8)

While GHG emissions are generally considered in our R&D and product development processes, a dedicated carbon pricing scheme is applicable for major investment projects. In the respective CapEx projects, we use a shadow price of €100 per ton of CO_2eq, which is applied globally. This shadow price was informed by the guidance of the EU-ETS on carbon price monitoring and was also determined through a peer review analysis. It ensures the integration of GHG emission criteria early in the project development stage. It is used for CapEx projects over € 10 million, as well as those over € 2 million with a high sustainability impact. The EU-ETS is seen as the standard for carbon pricing, providing a clear regulatory framework that aligns with climate goals. Its comprehensive approach makes it a suitable global reference scheme.

As this carbon pricing scheme is geared toward avoiding or reducing GHG emissions in the future, it is not applicable to actual emissions in the current year. For the same reason, carbon pricing considerations do not impact the value of existing assets in the Financial Statements.

Pollution (E2)

Managing pollution involves reducing the release of harmful substances into the environment and carefully handling materials, especially those classified as substances of concern (SoC) or substances of very high concern (SVHC). Through a range of dedicated efforts, we aim to protect natural resources, ensure regulatory compliance and support long-term environmental responsibility. To reflect the various dimensions of pollution, our Sustainability Statement addresses this topic via three focused material areas: pollution of water, pollution of soil, and SoC and SVHC.

Our material impacts, risks and opportunities related to pollution (E2 SBM-3)

Pollution of water	
Identifier	E2-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Pollution of water from chemical and pharmaceutical manufacturing: Manufacturing, handling and/or use of chemical and/or pharmaceutical substances can degrade water quality, harm ecosystems, and pose health risks to local communities. This can be caused by the controlled release of these substances via wastewater, or unintentionally by leakages, spills or other comparable events.

Pollution of soil	
Identifier	E2-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Medium-term
Value chain step	Own operations
Description	Regulatory risks related to the management of subsurface contaminations: Production processes that were decommissioned a long time ago caused subsurface contamination of water and soil, harming ecosystems and human health, with actual/potential legal and reputational consequences. Stricter regulations are likely to increase our costs.

Substances of concern and substances of very high concern	
Identifier	E2-PI-01
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Long-term
Value chain step	Own operations; downstream
Description	Substances of concern and substances of very high concern in Portfolio Transformation Programs: The replacement, reduction and avoidance of substances of concern can have a positive impact on the well-being of people and the environment throughout a product´s life cycle. This is driven by a guided portfolio transformation towards more sustainable products which is supported by, for example sustainability scorecards.

Substances of concern and substances of very high concern

Identifier	E2-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations; downstream
Description	Hazard communication improving health and safety and environmental protecting: The provision of relevant information on hazardous properties, safe handling and using of chemical products to stakeholders in our own business and the downstream value chain can enhance worker safety, protect local communities and minimize environmental pollution. Our efforts in regard to Hazard Communication go well beyond legal requirements.

Substances of concern and substances of very high concern

Identifier	E2-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Long-term
Value chain step	Upstream; own operations
Description	Regulatory risks related to the use of substances of concern and very high concern: Substances of concern and substances of very high concern are subject to stricter regulations, which can pose a risk to our business opportunities and increase costs. In particular, the EU Chemicals Strategy for Sustainability (CSS) describes regulatory actions to transition to a toxic-free environment, aiming to limit the use of substances of concern and substances of very high concern to essential uses. The substitution of potentially banned/restricted chemicals with safe and sustainable chemicals is necessary and costly. Additional costs can also arise in the case of increased requirements for occupational health and safety and environmental protection.

Pollution of water

Our policies in connection with water pollution (E2-1)

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier E2-NI-01
Material sustainability matter	Pollution of water
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Sustainable Water Management – Wastewater

Connection to material impacts, risks and/or opportunities	Identifier E2-NI-01
Material sustainability matter	Pollution of water
Key contents	The policy concerns water quality and aims to minimize the negative impact of our facilities on the environment. This policy defines the responsibilities and sets global guidelines for the risk-based approach for managing wastewater from our operations. Our operating sites establish programs to ensure compliance with local requirements and to prevent, detect and avoid unintended release of water-hazardous substances or monitor the routine discharge of all relevant water-hazardous substances. The policy is geared toward mitigating impacts of our facilities on the environment and health related to the pollution of water including prevention and control. The sampling and analytical program shall be elaborated based on local regulatory requirements or local circumstances. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to our production sites and our research and development (R&D) facilities. Our internal stakeholders are the site manager/director or qualified, responsible employees to whom tasks are delegated, as well as EHS managers and their staff and the employees at the sites. Our external stakeholders are all users of the receiving water as well as operators of downstream water treatment plants.
Accountability	Site managers/directors or qualified employees responsible for wastewater topics
Third-party standards/initiatives	The policy considers the UN Sustainable Development Goal 6: Clean Water and Sanitation as well as the Common Antibiotics Manufacturing Framework of the AMR Industry Alliance. We are also a member of the AMR industry alliance.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Spillage Control of Hazardous Substances	
Connection to material impacts, risks and/or opportunities	Identifier E2-NI-01
Material sustainability matter	Pollution of water
Key contents	The policy sets a global framework for storage, transfer, and handling of hazardous substances. It gives guidance on how facilities and technical equipment shall be designed, built, operated, and maintained in such a way that potentially polluting substances do not enter the environment.
Scope of application	The policy applies to all legal entities of the Group that unload, store, transfer and handle hazardous substances.
Accountability	Site manager/director
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

As part of our EHS Policy, we define objectives, programs and performance indicators related to the environment, health and safety at both the Group and site level. In this way, we aim to continuously monitor and reduce injuries and accidents, energy and resource consumption, and waste generation. To further decrease our impacts, we aim for our EHS regulations to exceed compliance by constantly reviewing their potential for improvement. We also prepare for emergencies by taking a range of actions that seek to minimize risks and prevent damage. These efforts help us prevent negative impacts on the environment as well as human health and safety while ensuring continuity in our business operations. The policy is geared toward mitigating impacts of our facilities on the environment and health related to the pollution of water including prevention and control.

To support sustainable water management, which includes incident and emergency preparedness, our affected sites must have retention basins with an appropriate volume for used extinguishing water and/or wastewater that cannot be treated in routine operations. In the event of a fire, these retention basins are designed to control and limit environmental impacts by isolating potentially contaminated extinguishing water.

In accordance with our Spillage Control of Hazardous Substances Policy, our sites must regularly check and maintain the condition and integrity of storage facilities, tanks, containment facilities, and their associated equipment.

Our actions and resources related to water pollution (E2-2)

To protect the environment, we are committed to ensuring that every water-polluting substance is emitted at a level below its predicted no-effect concentrations (PNEC) by 2030. The PNEC is defined as the concentration of a given substance below which no adverse effects to species in water can be expected. It is a substance property, which is scientifically derived. Based on this data, we reduce the water related impact on the environment below a no effect limit. To achieve this, we are implementing various actions and initiatives within our production processes. The process starts with the identification of water hazardous substances and their risk assessment in the specific production context. These risk assessments are crucial, as they trigger subsequent actions if any substance exceeds its PNEC, such as upgrading our wastewater treatment facilities.

In 2025, we progressed a number of key actions aimed at reducing the pollution of water. For example, our Life Science and Electronics business sectors advanced the assessments of relevant wastewater substances. In Life Science we made progress in preparing our risk assessments and improved the determination of PNEC for water-hazardous substances. These assessments intend to help us identify ways to reduce the levels of potentially harmful residues in our wastewater to below the no-effect threshold. In Healthcare, we assessed the wastewater relevance of each substance handled in production and completed risk assessments for wastewater-relevant substances. Going forward, we will continue monitoring the relevant active pharmaceutical ingredients

in our wastewater. For substances that exceeded the PNEC water reference value, we conducted laboratory and pilot tests to identify appropriate mitigation measures, such as modernizing our wastewater treatment methods where necessary. Through these actions, we have identified a range of appropriate treatment technologies and are developing implementation plans for relevant sites by 2030.

Our water management efforts focus on our manufacturing sites, as wastewater from production generally poses a higher risk of contamination to aquatic ecosystems. At the end of 2025, 83 (2024: 82) sites in Brazil, China, France, Germany, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Mexico, Spain, Switzerland, Taiwan, United Kingdom and the United States were involved in water management activities. Of these, 29 (2024: 16) determined that the concentrations of all water-hazardous substances in their wastewater were below the no-effect threshold. We aim to close all set actions by 2030. We took no remediation actions in 2025, as none were necessary.

Our actions regarding wastewater do not extend to the downstream value chain.

Our targets related to water pollution (E2-3)

In our Life Science, Healthcare and Electronics business sectors, wastewater from our production sites is treated as necessary and discharged into municipal treatment systems or water bodies, according to the respective license. We have not set any targets related to the pollution of water but monitor our ambition. By 2030, we aim to reduce potentially harmful residues in our wastewater to below the no-effect threshold. To achieve this ambition, we have defined a series of project steps for each site within its scope, which we oversee centrally. Our steps include identifying relevant water-hazardous substances, assessing the risks in their specific context, performing mitigation actions if necessary, and monitoring their effectiveness. We initiated activities in 2020 and have been recording our progress every six months.

Our metrics related to water pollution (E2-4)

The following table details our key metrics related to the pollution of water:

	2025		
Pollution of water – pollutants (in kg)	Estimated median	Estimated minimum	Estimated maximum
Dichloromethane (DCM)	13	12	15
1,2,3,4,5,6-hexachlorocyclohexane (HCH)	2	2	2
Chlorides (as total Cl)	2,965,300	1,482,650	2,965,300

	2024		
Pollution of water – pollutants (in kg)	Estimated median	Estimated minimum	Estimated maximum
Total nitrogen	55,992	55,992	55,992
Nickel and compounds (as Ni)	59	59	59
1,2,3,4,5,6-hexachlorocyclohexane (HCH)	2	2	2
Nonylphenol and Nonylphenol ethoxylates (NP/NPEs)	1	1	1
Chlorides (as total Cl)	5,483,545	4,219,545	5,483,545

Our water pollution metrics describe emissions from our sites that surpass the threshold levels outlined in Annex II of Regulation (EC) No 166/2006 (E-PRTR Regulation) in 2024 and/or 2025 and originate from facilities operated by us.

The emissions of the three parameters total nitrogen, nickel and compounds, as well as nonylphenol and nonylphenol ethoxylates (NP/NPEs) fell below the reporting threshold in fiscal 2025 compared to the previous year. In fiscal 2024, emissions were reported for these parameters, which originated from the wastewater of a neighboring municipality, whose wastewater we co-treat at the wastewater treatment plant of one of our sites. In fiscal 2025, we only reported emissions from our own sources. The parameter nonylphenol and nonylphenol ethoxylates (NP/NPEs) fell below the reporting threshold due to production-related reasons.

Each site determines the relevance of pollutants at the site level through measurement, calculation or estimation. The specified parameters of key metrics related to the pollution of water are determined locally through measurement, calculation or estimation. Only values above the applicable threshold values are reported. When determining emissions through measurements, analytical methods required in licenses and permits take precedence. If no methods are specified, standardized and recognized analytical methods are applied for the analysis of a parameter in wastewater. These methods may depend on the legal framework. If no standardized method is available, laboratories use their own internally validated methods. Limitations include, for example, intrinsic limitations of the measurements as outlined in the respective validation documentation. In calculations, the applied method depends on the specific process in which a substance is handled. These calculations may be based, for example, on input/output analyses or reaction formulas. Similarly, in estimations, the applied method depends on the specific process in which a substance is handled. Estimations may be based, for example, on documentation and records such as the amounts used or mass balances. The values determined in this way are recorded in a central EHS data management system. Due to the multitude of sites and metrics, we refrain from detailed disclosure of all pollutants at site level. Many of our sites discharge their wastewater into municipal treatment plants, where substances are degraded before the water enters the environment. The degree of reduction depends on the technology used in the respective wastewater treatment plant and, in many cases, on the ambient temperature. We have established a reduction range for each pollutant based on scientific findings. This range is applied to the locally determined value and results in the values “Estimated minimum”, “Estimated median” and “Estimated maximum”. The measurement of the pollution of water metric has not been validated separately by an external body.

Pollution of soil

Our policies related to soil pollution (E2-1)

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier E2-R-01
Material sustainability matter	Pollution of soil
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Management of Contamination at Sites

Connection to material impacts, risks and/or opportunities	Identifier E2-R-01
Material sustainability matter	Pollution of soil
Key contents	The policy clarifies how to assess and handle subsurface contaminations. The objective of this policy is to systematically identify, manage and report risks related to the subsurface (soil and groundwater). To this end, the subsidiaries report their processes to the Corporate Sustainability, Quality and Trade Compliance function (SQ) with regard to: • The level of knowledge on contamination: information on new contamination and significant updates (for example, new requirements from regulators) • Procedures for the investigation, analysis, monitoring and evaluation of contamination • Decontamination/remediation work on soil, groundwater or the removal of hazardous substances The site must ensure that all relevant original documents related to the contamination and remediation actions are available. SQ monitors all activities related to post-transaction liabilities, for example agreed remediation work and/or known contamination (EHS due diligence and post-transaction).
Scope of application	The policy applies to all locations worldwide.
Accountability	Site manager/director or qualified, responsible employees.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Spillage Control of Hazardous Substances	
Connection to material impacts, risks and/or opportunities	Identifier E2-R-01
Material sustainability matter	Pollution of soil
Key contents	The policy sets a global framework for storage, transfer, and handling of hazardous substances. It gives guidance on how facilities and technical equipment shall be designed, built, operated, and maintained in such a way that potentially polluting substances do not enter the environment.
Scope of application	The policy applies to all legal entities of the Group that unload, store, transfer and handle hazardous substances.
Accountability	Site manager/director.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

We use our EHS Policy to define objectives, programs and performance indicators related to the environment, health and safety at both Group and site level. In this context, we aim to prevent new contamination at all our sites by strictly adhering to existing regulations, avoiding accidents and incidents as much as possible and monitoring in case they occur. For this purpose, we implemented the Spillage Control of Hazardous Substances Policy as a globally harmonized approach.

As outlined in our Management of Contamination at Sites Policy, we mitigate negative effects associated with the existing pollution of soil from historic activities through remediation by securing the subsoil and/or remediating existing underground contamination. In doing so, we reduce risks for potentially affected parties in the vicinity of the sites with regard to existing contamination from historic activities.

When it comes to the exposure of people, groundwater and surface water to hazardous substances, we act according to the ALARP principle: as low as reasonably practicable.

Our actions and resources in connection with soil pollution (E2-2)

The sites in Darmstadt and Gernsheim, Germany, as well as Norwood, USA, are affected by underground contamination because of historic and discontinued production processes. They are the focus of our ongoing actions. For an additional site in Hohenbrunn, Germany, we are evaluating the remediation of soil contamination caused by fire-fighting foams. We are in regular contact with environmental protection authorities on current topics; the frequency of this contact is based on the latest findings and actions.

Darmstadt site

At the Darmstadt site, more than 100 years of industrial use, including damage during World War II, resulted in soil and groundwater contamination. For this reason, the groundwater at the Darmstadt site is continuously collected by 32 remediation and process water wells, thus preventing the spread of groundwater contamination. By treating the removed water, we eliminate the pollutants prior to discharge into the surface water. Compliance with limit values is monitored. We also prevent potentially harmful environmental impacts from soil contamination at the site by carrying out extensive surface sealing in relevant areas. As part of our local groundwater remediation actions, regular exchange takes place with the soil protection authority on current issues; the frequency of this exchange is based on the latest findings and actions. These measures will be continued until new requirements demand adjustment.

Gernsheim site

The surface of the Gernsheim site was elevated by backfilling with soil, construction waste and hexachlorocyclohexane (HCH), which was a byproduct of lindane production in the past and an authorized construction material at that time. Between 1954 and 1972, the backfilling was approved by the authorities. HCH residues are now classified as substances with hazardous properties.

To prevent contact of the groundwater with the HCH residues, we are lowering the groundwater level at the Gernsheim site by extracting water from ten remediation and process water wells. The water from the wells is purified using a special treatment plant. In addition, the groundwater is monitored at 64 measuring points using an officially coordinated quality monitoring system. We systematically evaluate the data and submit it to the responsible environmental authority in annual reports. We take the necessary measures in the event of indications of possible harmful effects on the environment. In order to prevent possible harmful environmental effects from soil contamination, we also carried out extensive surface sealing in the relevant areas at the Gernsheim site. In addition, we are in exchange with environmental protection authorities on topics including technical questions and/or the further development (fine-tuning) of the current water management (for example, if the groundwater level changes due to changes in precipitation levels). These measures will be continued until new requirements demand adjustment.

Norwood site

Our site in Norwood, USA, has been used for the industrial production, storage and distribution of organic and inorganic chemicals since the late 1940s. The former site owners filled a ravine of the site with soil, construction waste and chemical waste containers.

Our key actions include containing the waste in the ravine and capturing contaminated groundwater runoff from the site to prevent human and environmental exposure to contaminants of concern (COCs). In addition, we covered the area professionally to minimize or eliminate the release of COCs from the deposits. We also use in-situ chemical oxidation injections to break down any pollutants released into the environment. These measures will be continued until new requirements demand adjustment.

Monitoring our actions

Our ambition is to mitigate and prevent harmful effects from existing soil and groundwater contamination at all our sites by remediating the contamination and following safety rules and regulations. This should always be done in accordance with local regulations and in close cooperation with the relevant authorities. The actions are intended to help systematically identify, manage and report risks associated with soil and groundwater contamination. Monitoring programs verify the effectiveness of the respective actions at each site. These monitoring programs are required by local authorities and determined in the respective license. All actions are monitored by our local qualified experts, and the progress and results are communicated to the authority in annual reports.

Affected stakeholders include EHS employees, local employees and project managers. In addition, we count shareholders among our stakeholders in this respect. We have not set a time horizon for our actions; these are ongoing measures.

Efforts to prevent and monitor emissions to air, water and soil entail significant expense on our part, as does proper waste disposal. Therefore, we set up provisions for groundwater and soil remediation to ensure that we can execute all the necessary actions. As of December 31, 2025, our provisions for environmental protection totaled € 133 million (2024: € 158 million), 98.4% (2024: 96.6%) of which was attributable to Merck KGaA, Darmstadt, Germany. We do not expect any significant change in the next reporting period. More information can be found under **Other provisions** in the Consolidated Financial Statement.

Our targets related to soil pollution (E2-3)

Our ambition is to systematically prevent, identify, manage and report risks associated with soil and groundwater. Beyond this, we have not set any targets related to the soil pollution. More information on our actions can be found under E2-2 “Our actions and resources related to the pollution of soil”.

Substances of concern and substances of very high concern

Our policies related to substances of concern and substances of very high concern (E2-1)

M-SPOT – Sustainable Portfolio Transformation of Merck KGaA, Darmstadt, Germany	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-01; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	We perform a portfolio sustainability assessment or PSA (Sustainable Portfolio Transformation of the Group – M-SPOT) in accordance with the PSA framework of the World Business Council for Sustainable Development (WBCSD). This methodology is intended to assess the sustainability performance aspects of our products in relation to several dimensions including chemical risks and regulatory trends. These assessments provide transparency on the use of SoC and SVHC. They consider SoC and SVHC criteria in a risk-based approach and also assess future regulatory trends to account for business risks arising from future bans and restrictions. According to our M-SPOT Policy, an identified chemical risk, meaning an assessment result that customers were unable to handle the product safely, must be reduced as quickly as possible. Our products are only sold to industrial and professional users who are generally well trained and receive all the necessary information they need to handle our products safely, such as our safety data sheets (SDS) or further digital solutions. This is why we consider a risk-based approach, as also used in our PSA methodology, to be appropriate to manage potential impacts. In the event of a risk being identified in the assessment of chemical risk or regulatory trends, the product would receive a negative rating.
Scope of application	The policy applies to all three business sectors. As part of the PSA method, we compare our products with the most relevant competitor products on a global level (regionalization would be an exception) along the entire value chain and in various dimensions such as water consumption, emissions or packaging. The stakeholders are customers and, for example, also investors who have an interest in reducing risks associated with non-sustainable products. Internal stakeholders include our business sectors and the Corporate Sustainability, Quality and Trade Compliance unit (SQ).
Accountability	Management of the individual business sector and the Head of SQ.
Third-party standards/initiatives	The policy considers the World Business Council for Sustainable Development and the Chemical Industry Methodology for Portfolio Sustainability Assessments dated October 26, 2018.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Umbrella – Sustainability in R&D	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-01; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy is relevant for the development of new products and the steering of the Research and Development (R&D) portfolio: Each R&D project will regularly complete and update a sustainability scorecard. The scorecards are based on the Design for Sustainability (DfS) framework implemented in the business sectors as DfS in Life Science, DfS Healthcare and Sustainability in R&D Electronics (SURE). The scorecards ensure a holistic approach to designing products and processes that aim to take into account the well-being of people and the environment over the entire life cycle of a product. The scorecards are assigned to five sustainability criteria: substances of concern, emissions, water, waste and human progress. Controls to avoid critical substances and replace them with safer alternatives are part of the Umbrella implementations in the business sectors.The policy is regularly monitored and updated.
Scope of application	The policy applies to all active R&D projects for new products that started in the year 2023 or later. For the projects within its scope, the aim is to achieve a scorecard completion rate of 95%. The assessment is carried out along the entire value chain and considers the effects on upstream, own and downstream activities. The stakeholders are customers and investors who have an interest in reducing risks associated with non-sustainable products. Internal stakeholders are our business sectors' R&D departments and the SQ department.
Accountability	Management of the individual business sectors and Head of SQ.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

Occupational Health and Safety protection Concepts for Handling Hazardous Substances	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-02; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy describes our Group-wide process for identifying personal and environmental protection actions when handling hazardous substances. It includes protection concepts that may involve technical, organizational, or personal actions to reduce exposure at the workplace, release into the environment and loss of product. Hazardous substances can only be handled using equipment that provides the degree of protection corresponding to the occupational exposure limit value and the physico-chemical properties of the substance. When selecting protection concepts, we apply the hierarchy of the following controls: Substitution, Technology, Organization and Personnel (STOP). To successfully protect employees and the working environment, we often have to combine several control actions. As part of the technical actions, we use equipment and ventilation to contain and/or control the release of hazardous substances into the working environment. With these actions, we aim to reduce the risk of employee exposure, release into the environment and/or physical hazards (such as dust explosion, ignition of flammable vapors).
Scope of application	The policy applies Group-wide to all business sectors and Group functions and all new projects or plants and projects involving the refurbishment of existing plants or facilities. This also applies if the site used is not the property of our Group.
Accountability	Managing Director or Site Manager/Director.
Third-party standards/initiatives	We are guided by the STOP principle, which is described, for example, in the German standard TRGS 500 of the Hazardous Substances Ordinance and represents a standard approach for the safety and health protection of employees. The evaluation of substitution options that we use is formulated, among other things, in the TRGS 600 standard and is also prescribed by section 6 (1) of the German Hazardous Substances Ordinance. On an EU level, Council Directive 98/24/EC of April 7, 1998, on the protection of the health and safety of workers from the risks related to chemical agents at work specifies in Art. 6 (2) that substitution has the highest priority of the various measures that can be taken to protect workers.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

EHS Fire Protection	
Connection to material impacts, risks and/or opportunities	Identifier E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy describes the minimum requirements for fire protection systems at our sites. It includes requirements for the retention of extinguishing water and technical actions that must be implemented to prevent the flow of fire extinguishing water from areas where hazardous substances are handled or stored, or the flow of flammable/combustible/ignitable liquids into adjacent areas. Depending on the situation, appropriate means of retaining fire extinguishing water must be provided locally or centrally on the premises or in the building to prevent damage to the environment. This also includes fire extinguishing water retention for foam-based fire protection systems. The EHS staff provide support and guidance. Local legislation must be reviewed along with the policy. Whichever requirement is stricter must be followed. Audits are carried out under the responsibility of the Managing Directors and Site Managers/Directors to monitor the implementation of the procedure.
Scope of application	The policy applies Group-wide at sites. We implement the requirements described in our regular office, laboratory, supply, production and storage rooms and in general use areas.
Accountability	Managing Director or Site Manager/Director.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

NPDI Process – hazard Communication (High Level)	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-02; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	The policy describes the process for cross-team interactions within Life Science during the new product introduction process. It ensures that the data entries in the ERP systems facilitate the automated generation of Safety Data Sheets (SDS) for substances, mixtures, sets/kits, and a selected set of manufactured items. The policy does not discriminate between hazardous materials and materials not meeting the criteria for classification as hazardous. The SDS includes the results of the hazard assessment and communicates these to the user of the material, which can be internal or a customer. The policy is monitored and updated if required.
Scope of application	The policy applies to the Life Science business sector and is applicable at a global level.
Accountability	Management of Life Science.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interest of internal stakeholders.
Availability	The policy is available internally on the intranet.

Policies on New Product Introduction Process Hazard Communication	
Connection to material impacts, risks and/or opportunities	Identifier E2-PI-02; E2-R-02
Material sustainability matter	Substances of concern and substances of very high concern
Key contents	Electronics has several internal policies on the hazard communication of New Product Introduction Processes. They describe a standardized workflow for introducing new products into the ERP system of our Electronics business sector, from the creation of a new product to the completion of the Safety Data Sheet (SDS) and label. The policies do not discriminate between hazardous materials and materials not meeting the criteria for classification as hazardous. The SDS includes the results of the hazard assessment and communicates these to the user of the material, which can be internal or a customer. The policies are monitored and updated if required.
Scope of application	The policies apply to the Electronics business sector. The policies are tailored to country-specific ERP systems and organizational needs and are applicable for EU, U.S., China, Taiwan, South Korea, and Japan.
Accountability	Management of Electronics.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

There are no specific policies that explicitly address the adverse effects of substances of concern and substances of very high concern. However, any EHS-related policy used to mitigate the impact of hazardous substances in our operations on human health and the environment inherently mitigates the potential negative impact of subgroups of hazardous substances, for example, substances of concern and substances of very high concern. As part of our EHS Policy, we define objectives, programs and performance indicators related to the environment, health and safety at both Group and site level. In this way, we aim to continuously monitor and reduce injuries and accidents and the volume of waste. Our aim is to go beyond compliance with EHS regulations by constantly reviewing their potential for improvement. We take actions to minimize risk and prevent damage to minimize negative impacts on the environment, human health and safety and ensure the continuity of our business operations (see “Sustainable Water Management – Wastewater” and “Spillage Control of Hazardous Substances” in section “Pollution of water”).

The policy “Occupational Health and Safety Protection Concepts for Handling Hazardous Substances” describes carrying out a substance-related substitution test for alternative substances or processes to protect employees from hazardous substances. Substitution is the first component of the STOP principle of the EHS protection actions. In addition to substituting a hazardous substance with a less hazardous substance, substitution also includes reviewing process activities to identify whether equipment or activities can be replaced with a less dangerous piece of equipment or activities. Examples include: Substituting a hand-sieving process with a process that utilizes mechanical equipment; incorporating an online analytical test instead of taking a sample and subsequently testing it in a laboratory; or replacing a dispensing step with a direct, closed transfer. Each of our plants handling hazardous substances must carry out and document a substitution check before applying technical, organizational or personal protective actions.

With the help of our M-SPOT and Umbrella programs, we identify products containing SoC/SVHC and aim to avoid their use in improved and new products. More information regarding our M-SPOT and Umbrella programs can be found under “Our actions and resources related to substances of concern and substances of very high concern”.

Our policies related to hazard communication describe the procedures for generating Safety Data Sheets (SDS). Providing this safety information enables users to correctly handle our materials, which reduces exposure and the risk of incidents. By having relevant chemical safety information on hand, users can also take appropriate measures in the case of an emergency, limiting impacts on people and the environment. While SDS are not legally required for non-hazardous materials, we consider the communication of material properties and safety-relevant information to be important for all materials. Therefore, our policies do not discriminate between those classified as hazardous materials and those deemed not hazardous. The users can be our internal employees or external customers of our products.

Our actions and resources related to substances of concern and substances of very high concern (E2-2)

Increasing transparency through product assessments

We are in the process of performing a portfolio sustainability assessment (Sustainable Portfolio Transformation of the Group – M-SPOT) since 2023. Through this method, we aim to increase transparency around the sustainability of our products, including the use of SoC and SVHC. We are currently establishing a corresponding baseline and monitoring our progress centrally in a defined governance setup, including quality checks of product assessments. By the end of 2025, products accounting for over 55% (2024: > 35%) of our total product-related sales had been assessed, covering over 80% of product-related sales in our Healthcare and Electronics business sectors. Due to the extensive product range in our Life Science business sector, we have committed to achieving the 80% of product-related sales assessment goal by the end of 2029. In 2026, we will start to develop initial SMART goals for the portfolio transformation. Our business sectors are currently the main stakeholder.

Integrating sustainability in research and development

We have introduced the Umbrella program for the development of new products and the management of our R&D portfolio in 2023. All active R&D projects that lead to a physical product are in scope as soon as they leave early ideation and until product launch. For each R&D project in scope, a sector-specific sustainability scorecard, which also covers the use of SoC and SVHC, must be filled out and regularly updated. At the end of 2025, over 95% (2024: > 95%) of all relevant R&D projects throughout our company were covered by an Umbrella-defined sustainability scorecard. At least 25% show an improved sustainability profile when compared to the next best alternative product or an industry standard. A project has an improved sustainability profile when compared to a benchmark it scores an improvement in at least one sustainability category without deterioration in another category.

For 2026-2027, we plan to successively adapt the objectives for managing our R&D portfolio by focusing further on projects that have both a positive economic and environmental outlook. Our actions will contribute to a robust data baseline for portfolio management while helping us incrementally develop a more sustainable product and R&D portfolio. All business sectors have scorecards in place and have integrated them into their project management process, contributing to a more sustainable portfolio of new products.

Providing safety information through hazard communication

We continuously provide all internal and external users of our Life Science and Electronics materials with safety-relevant information via country- and language-specific SDS. Worldwide, over 10,000,000 individual SDS were created in 2025. Around half of these were for non-hazardous materials, despite there being no legal obligation to provide them. More information on our hazard communication of new product introduction processes can be found under “Our policies related to substances of concern and substances of very high concern (E2-1)”.

Across all three business sectors, our global network of regulatory experts continuously monitors changes to legal requirements and scientific developments to stay abreast of emerging trends and best practices.We continuously evaluate the intrinsic properties of our existing and new products to create relevant and compliant product safety information. We maintain and update the SDS electronically, as part of the broader automation and standardization of most of our hazard communication processes. For third-party products, we demand robust product safety documentation from our suppliers and integrate it into our own processes.

Our Life Science customers and all interested stakeholders can access product safety information in their respective language and according to country-specific regulations through a dedicated mobile app, My M Safety. Customers can retrieve this information by scanning a barcode on the product label or entering identifiers such as material numbers, names or CAS numbers.

Through our ScIDeEx™ web tool, anyone can check whether using a particular chemical is safe within the boundaries specified in the EU REACH exposure scenarios. ScIDeEx™ is based on a full implementation of the ECETOC TRA 3 model for human exposure assessments in industrial and professional settings.

Our targets related to substances of concern and substances of very high concern (E2-3)

At the current stage, there are no explicit group targets defined concerning SoC/SVHC, since we assess the sustainability of our products holistically.

Our metrics related to substances of concern and substances of very high concern (E2-5)

Substances of concern

Volumes of substances of concern (SoC) excluding Substances of very high concern (SVHC)

in metric tons[1]		2025				
Nature of hazard class	Hazard class (Category)	**Sum of substances generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazards	Persistent, mobile and toxic or very persistent, very mobile properties					
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties					
	Chronic hazard to the aquatic environment (categories 1 to 4)	**6,481.1**	3,970.7	1,320.8		**5,291.5**
	Endocrine disruption for the environment					
Health hazards	Carcinogenicity (categories 1 and 2)	**8,547.3**	4,118.9	3,182.4		**7,301.2**
	Germ cell mutagenicity (categories 1 and 2)	**1,120.3**	485.9	524.4		**1,010.3**
	Reproductive toxicity (categories 1 and 2)	**5,893.3**	3,875.8	1,025.8		**4,901.6**
	Endocrine disruption for human health					
	Respiratory and skin sensitization (category 1)	**2,563.3**	1,256.4	1,198.4		**2,454.8**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**11,647.8**	6,818.6	617.9		**7,436.4**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**6,313.0**	3,907.0	1,307.9		**5,215.0**
Other hazards	Hazardous for the ozone layer	**1.3**	0.7	–		**0.7**
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**32,234.9**	**19,288.7**	**5,681.5**		**24,970.3**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

Volumes of substances of concern (SoC) excluding Substances of very high concern (SVHC)

in metric tons[1]		2024				
Nature of hazard class	Hazard class (Category)	**Sum of substances generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazards	Persistent, mobile and toxic or very persistent, very mobile properties					
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties					
	Chronic hazard to the aquatic environment (categories 1 to 4)	**8,016.1**	2,194.4	4,079.0		**6,273.4**
	Endocrine disruption for the environment					
Health hazards	Carcinogenicity (categories 1 and 2)	**8,916.0**	1,633.7	5,904.6		**7,538.2**
	Germ cell mutagenicity (categories 1 and 2)	**1,244.7**	444.1	516.4		**960.5**
	Reproductive toxicity (categories 1 and 2)	**6,920.1**	1,242.8	4,846.6		**6,089.4**
	Endocrine disruption for human health					
	Respiratory and skin sensitization (category 1)	**1,406.1**	831.3	432.2		**1,263.6**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**11,003.4**	7,325.2	613.5		**7,938.7**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**7,321.6**	1,305.6	5,047.9		**6,353.5**
Other hazards	Hazardous for the ozone layer	**1.4**	1.1	0.02		**1.1**
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**33,415.2**	**12,439.2**	**14,293.1**		**26,732.3**

[1] Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

Substances of very high concern

Volumes of substances of very high concern (SVHC)

in metric tons[1]		2025				
Nature of hazard class	Hazard class (Category)	**Sum of substances that are generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazard	Persistent, mobile and toxic or very persistent, very mobile properties					
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties	**7.4**	0.3	0.8		**1.1**
	Chronic hazard to the aquatic environment (categories 1 to 4)	**97.7**	35.7	43.2		**79.0**
	Endocrine disruption for the environment	**146.0**	54.1	92.3		**146.4**
Health hazard	Carcinogenicity (categories 1 and 2)	**166.4**	45.5	63.5		**109.0**
	Germ cell mutagenicity (categories 1 and 2)	**45.4**	27.1	2.6		**29.7**
	Reproductive toxicity (categories 1 and 2)	**7,842.4**	2,971.7	3,358.3		**6,330.0**
	Endocrine disruption for human health	**8.3**	4.9	0.6		**5.4**
	Respiratory and skin sensitization (category 1)	**75.4**	29.4	38.1		**67.4**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**2.5**	1.0	–		**1.0**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**52.5**	34.6	5.5		**40.2**
Other hazard	Hazardous for the ozone layer					
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**8,150.1**	**3,056.3**	**3,521.4**		**6,577.7**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

Volumes of substances of very high concern (SVHC)

in metric tons[1]		2024				
Nature of hazard class	Hazard class (Category)	**Sum of substances that are generated or used during production or that are procured**	Leave facilities as products[3]	Leave facilities as part of products[3]	Leave facilities as services	**Sum of substances that leave facilities as products, or as part of products or services**
Environmental hazard	Persistent, mobile and toxic or very persistent, very mobile properties	**0.8**				
	Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties	**1.8**	0.2	0.7		**1.0**
	Chronic hazard to the aquatic environment (categories 1 to 4)	**114.2**	36.7	44.8		**81.5**
	Endocrine disruption for the environment	**381.5**	64.4	111.1		**175.5**
Health hazard	Carcinogenicity (categories 1 and 2)	**184.0**	55.2	66.6		**121.8**
	Germ cell mutagenicity (categories 1 and 2)	**55.0**	28.7	3.5		**32.2**
	Reproductive toxicity (categories 1 and 2)	**7,939.4**	2,521.5	3,383.2		**5,904.7**
	Endocrine disruption for human health	**6.7**	3.9	0.6		**4.4**
	Respiratory and skin sensitization (category 1)	**100.8**	32.6	45.9		**78.5**
	Specific target organ toxicity, single exposure (categories 1 and 2)	**1.1**	1.3	0.01		**1.3**
	Specific target organ toxicity, repeated exposure (categories 1 and 2)	**58.2**	37.3	4.9		**42.2**
Other hazard	Hazardous for the ozone layer					
	Negatively affects the re-use and recycling of materials in the product in which it is present, as defined in relevant Union product-specific ecodesign requirements					
	Total volume per path[2]	**8,492.6**	**2,623.8**	**3,571.1**		**6,194.9**

[1] Where no material movements were identified, respective cells in the tables are marked in grey.

[2] Actual total volumes per path, avoiding duplications of volumes for substances with more than one hazard class.

[3] The attribution of the 2025 volumes for products leaving facilities, either as products or as part of products have improved compared to the 2024 analysis. A recalculation of the 2024 volumes was not feasible.

We use the following metrics to calculate the volumes of substances of concern (SoC) and substances of very high concern (SVHC) (in metric tons).

Substances qualifying as SoC/SVHC: The handled substances that qualify as SoC/SVHC were identified on the basis of the list of a leading-edge commercial chemical regulatory compliance content provider for enterprise resource planning (ERP) systems, which was updated in July 2025. Additionally handled substances assigned to group entries with harmonized classifications have been identified and added to the list. Amendments to the harmonized classification, or newly identified substances of very high concern in the second half of the year, will be taken into account for the 2026 reporting year.

Materials handled consisting of or containing SoC/SVHC: Materials that are handled in our own operations (generated/procured which includes used materials) and contain or consist of identified SoC/SVHC according to the ERP system are listed along with their composition. Intentionally added substances are included regardless of their concentration. Materials containing substances for which the harmonized classification is not valid (for example, due to particle size limits) are excluded from further analysis. We assume that the list of identifiers for 2025 is complete and correct and that relevant materials are up to date in the ERP system.

Volumes generated/procured (including used volumes) and volumes leaving facilities as products, parts of products or services: Volumes of individual SoC/SVHC in all relevant materials identified that are generated or procured or leave facilities as products (substances), parts of products (mixtures or articles) or as services (substances, mixtures and articles specifically booked for services) are calculated based on the relevant composition information and per substance assigned to the respective hazard classes. Intercompany sales are excluded. Total volumes of SoC/SVHC generated or procured and total volumes per hazard class are calculated for reporting on SVHC and other SoC. Our assumptions are the same as those described under “Materials handled consisting of or containing SoC/SVHC”. Substances generated have been defined as manufactured in line with the EU REACH legislation and guidance. This includes isolated intermediates and excludes purification of substances. Substances used have either been generated or have been procured for further use. The information provided for SoC excludes SVHC substances as these are presented in a separate table.

The measurement of substances of concern and substances of very high concern metric has not been validated separately by an external body.

Water and Marine Resources (E3)

Water and marine resources are essential to both environmental sustainability and the resilience of industrial operations. As part of our commitment to responsible business practices, we recognize the importance of managing water use efficiently and minimizing our ecological footprint. Although our direct impact on water resources is relatively limited, water remains a material topic due to its relevance to stakeholders, regulatory obligations, and our water efficiency target. We integrate sustainable water management into our strategy to support long-term operational resilience and responsible resource use.

Our material impacts, risks and opportunities related to water resources (E3 SBM-3)

Water withdrawal	
Identifier	E3-NI-01
Material impacts, risks and opportunities	Actual/potential negative impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Water dependency in manufacturing: The withdrawal of water reduces its availability in the natural environment and for other water users along the value chain. In our own operations, we require water mainly for our manufacturing operations.

Our policy related to water resources (E3-1)

Sustainable Water Management – Water Use	
Connection to material impacts, risks and/or opportunities	Identifier E3-NI-1
Material sustainability matter	Water withdrawal
Key contents	Sustainable Water Management is our program for the responsible use of resource water. It is governed by our Group-wide Water Use policy, which aims to minimize the negative environmental, health and safety impact of our facilities worldwide. This policy sets our water-efficiency target and defines global guidelines for the responsible use of water and reducing our water footprint. The Group Sustainability Committee (MSC) monitors our performance with regard to water management. The MSC Charter stipulates that the committee regularly reviews implementation status, progress toward our targets, and our business sectors' key indicators including their contribution to the goals of our general sustainability strategy. The business sectors track progress toward their respective targets. In addition, the Greenhouse Gas steering group and the MSC monitor the business sectors' progress on a quarterly basis.
Scope of application	The policy applies Group-wide at all sites, including those in areas at water risk and with high water stress. It governs all water-related activities at our operations, including withdrawal, use and discharge.
Accountability	Managing Director, Site Manager or qualified employee.
Third-party standards/initiatives	The policy considers the UN Global Compact and the UN Sustainable Development Goal 6: "Clean Water and Sanitation".
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders. By requesting our sites to minimize water withdrawal, we consider the interests of external stakeholders.
Availability	Our policy is available internally on the intranet.

Our policy requires our sites to use water as efficiently as possible and to consider it an environmental aspect. All sites strive to optimize existing water-related processes and adopt innovative solutions for water use in new or significantly modified processes. We conduct a cost-benefit analysis of all water conservation measures, including their impact on energy consumption and carbon emissions. All our sites are required to fully and transparently map their water flow from the point of extraction, at each stage of processing, use and treatment, and through to the point of discharge. We expect water withdrawal to be measured with water meters and the data documented in our Environment, Health, and Safety (EHS) data management system. Our sites are required to ensure that they provide employees and visitors with clean drinking water, sanitary facilities and hygienic conditions.

Our water management system encompasses sites located in areas at water risk and with high water stress. These sites must comply with applicable laws and meet company requirements like our water-efficiency target. We expect our sites located in such areas to be particularly vigilant in using water responsibly. They are also required to monitor local and regional developments and adjust their water use accordingly.

Our policy does not classify water treatment as a form of sustainable water procurement and does not address the water-related aspects of the design of products and services. This is carried out by our business sectors and/or their research and development (R&D) departments. Steps we take to prevent water contamination are described in the section **Our policies in connection with water pollution (E2-1)**. We do not have policies or practices for sustainable oceans and seas.

Our actions related to water resources (E3-2)

We strive to manage water resources efficiently and sustainably across our operations; therefore, the responsible use of water is an important part of our commitment to the United Nations' Sustainable Development Goals (SDGs). We rolled-out a training on conscious water use for all our employees to raise awareness about the overexploitation of natural resources, the global water crisis, preventing emissions and the pollution of surface or groundwater. It is complementing the mandatory Sustainability Strategy training, allowing topic-specific deep dives.

Our sites operate under an environmental management system, which includes key indicators such as water withdrawal. The performance of sites in accordance with a Corporate EHS audit is rated on a five-tier scale, from excellent to critical, which determines the frequency of audits across environmental topics (air, water, waste) and guides the implementation of corrective actions. Risk-based environmental assessments are conducted every three years at all production sites, including evaluations of water-related impacts. 90 of our sites are certified with ISO 14001 Environmental management system, confirming our commitment to environmental practice.

Initiatives to minimize water withdrawal

As part of our commitment to sustainable water management, we systematically identify and assess opportunities for all three of our business sectors to conserve and responsibly use water. This includes designing site-specific water conservation plans for our large production sites, laboratories, and warehouses. These initiatives, which are tailored to local conditions and needs, aim to reduce water withdrawal, reclaim water and promote reuse. Water use is locally managed at each site, with various individual measures and actions contributing to water-saving initiatives. An overview of all actions is monitored by the respective EHS department in the business sectors. Through this, these initiatives help us make progress toward our 2030 water-efficiency target.

Our EHS Handbook for Construction Projects provides guidance on effective water resource management. Additionally, we have established a sustainability best-practice sharing platform, available for all our business sectors, to deepen our collective knowledge on sustainable water use and to support collaborative efforts in addressing shared water challenges.

Our Life Science business sector's EDISON program aims to systematically enhance energy and water efficiency across its sites worldwide. Each year, sites can submit funding requests based on their specific needs. New projects are selected for funding annually based on energy, water, CO_2e impact, and Net Present Value. The EDISON program is scheduled to run until 2030. Four sites – located in Canada, France, Switzerland, and the U.S. – implemented water-saving projects through the EDISON program in 2025. One of the sites is located in an area at water risk and with high water stress. As part of our program, we have, for example, installed heating, ventilation and air-conditioning systems to reclaim water for irrigation, replaced vacuum pumps with high-efficiency models and installed water-efficient fixtures. Other projects involve recovering water through reverse osmosis, reusing water from steam systems, recovering wastewater for process systems, and implementing closed-loop clean-in-place water systems for production equipment.

Compete-to-Green is the strategic sustainability framework of our Healthcare business sector, encompassing environmental dimensions across the organization. Within this initiative, the water circularity program focuses on site-specific projects aimed at improving water efficiency and reuse at business units. In 2025, production sites in Brazil, Italy, Mexico and Switzerland ran water-conservation projects. Two of them are located in an area of high water stress. Three projects used reverse osmosis technology to clean wastewater for reuse in utility systems. Another project involved upgrading water infrastructure to improve a site's overall efficiency. We use a digital tool to document completed projects and collect ideas for upcoming initiatives along with preliminary estimates of their potential impact. Consolidating these data helps us reduce water withdrawal, identify emerging trends and share best practices across our sites. The water circularity program, which will continue in 2026, is scheduled to run through 2030.

In addition, we developed a technical guideline for our Healthcare business sector that aims to provide a framework for sustainable water management and circular economy. The guideline establishes guidance for preserving, reusing and recycling water. It also provides specific recommendations for areas with high water stress. The guideline is primarily intended for Healthcare's manufacturing activities (such as production, R&D and laboratories). However, some of the content can also be applied at our other business sectors' locations. This will help us achieve our water-efficiency target for 2030, while also reducing potentially harmful residues in our wastewater to below the no-effect threshold (predicted no-effect concentration, PNEC, water reference level). More information can be found under **Our targets related to water pollution (E2-3)**.

Our Electronics business sector installed an innovative rainwater collection system at one of its Taiwan sites in 2025 to help us reach our water-efficiency target. The system's smart control technologies along with a 14-day weather forecast optimize rainwater collection and use. This initiative not only improves water efficiency but also reduces the need for emergency interventions during extreme weather events, such as typhoons and heavy rainfall. Its success indicates that it may be a viable solution at some of our other sites as well.

Our target related to water resources (E3-3)

Water efficiency	
Reference to material impacts, risks and/or opportunities	Identifier E3-NI-1
Material sustainability matter	Water withdrawal
Target	We aim to improve our water efficiency ratio – which is equal to water withdrawal for the use by the Group divided by net sales – by 50% by 2030 relative to a 2020 baseline. The target for 2030 is therefore 334 m^3 per € million net sales. The scope of this voluntary target is at the Group level and encompasses the total water withdrawn by all our legal entities and sites. Our efforts to conserve water pay particular attention to sites in areas where water is scarce. We apply the World Resources Institute (WRI) Aqueduct Water Risk Atlas's risk factors to determine whether a site is located in a water stress area. Our Water Use policy supports the achievement of this target by providing detailed requirements for water use.
Reference value/year	Water withdrawal of 667 m^3 per € million net sales in 2020.
Methods	We developed the target based on a key figure that is recognized and widely used in various industries and in external reporting. The ratio to our net sales reflects our company's growth. We chose 2020 as our base year to align this target with other existing environmental targets. The application of scientific principles was not necessary to set the target. No external stakeholders were involved in the target's setting.
Consideration of stakeholders	The Group Sustainability Committee and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	The target and baseline value were recalculated due to the disinvestment of the Surface Solutions business unit. For this, we have excluded the values from Surface Solutions in both water withdrawal and net revenue. Target in 2030: 334 m^3 per € million net sales (before recalculation: 396 m^3 per € million net sales). Baseline value in 2020: 667 m^3 per € million net sales (before recalculation: 793 m^3 per € million net sales).
Performance/Key figures	Our water efficiency ratio in 2025 was 490 m^3 per € million net sales (excluding Surface Solutions; 2024: 588 m^3 per € million net sales, including Surface Solutions). We continuously monitor the degree of target achievement through quarterly reviews, similar to the controls described for our Water Use policy. We have not set any interim targets.

Our metrics related to water resources (E3 MDR-M)

in m^3 [1]	**2025**	2024
Water withdrawal	12,340,028	12,430,923
thereof: water used by the Group	11,868,655	12,430,923
thereof: water delivered to the successor organization following the divestment of the Surface Solutions business unit (August to December 2025)[2]	471,373	
Water withdrawal in areas at water risk, including high water stress	1,113,756	1,056,170

[1] A gray background indicates that the value was not collected.

[2] The Surface Solutions business unit was divested to Global New Material International Holdings Ltd., Cayman Islands. The transaction closed on July 31, 2025. The successor organization continues to operate at our site in Gernsheim, Germany, and, in this context, sources water from us.

Of the total water withdrawal, 3,319,937 m^3 (2024: 797,418 m^3) was attributable to Merck KGaA, Darmstadt, Germany. The increase in water withdrawal in fiscal 2025 is attributed to the fact that we are allocating water volumes, which were previously assigned to the Electronics business sector, to Merck KGaA, Darmstadt, Germany, due to the sale of Surface Solutions.

Data from water withdrawal at each environmentally relevant site is collected by local working groups according to local and global internal standards. Our operational sites (manufacturing and warehousing) and our larger dedicated R&D and office sites are required to record relevant water volumes (total water withdrawal) in our central EHS data management system. The on site recording methods vary both in terms of the data source, such as measurement (via flow meters or volume counters), meter reading or billing, and the frequency (monthly, quarterly or annually). This data is entered quarterly by a dedicated employee at each site into a central reporting platform that records the measured data. The data is then reviewed and validated by Group function Corporate Sustainability, Quality and Trade Compliance through consistency checks. The measurements of the entity-specific metrics are not validated by an external body.

We determine whether a site is located in areas of water risk and high water stress via a water risk factor of the WRI Aqueduct Water Risk Atlas. We therefore compare the geodata of our sites with the information in the WRI Aqueduct Water Risk Atlas. We define a site as being located in a water risk area if the respective total water risk factor in WRI Aqueduct is 3 or higher (“high: 3-4”; “extremely high: 4-5”). At the same time, we apply the definition of high water stress as given in the ESRS glossary annex. Although we operate sites in areas at water risk and high water stress, our respective water withdrawal is low and of no relevance to the respective local environment.

Resource Use and Circular Economy (E5)

The transition to a circular economy is fundamental to building a more resilient and sustainable future. This transformation redefines how we design, produce, use and recover resources, shifting from the traditional linear "take-make-dispose" model toward regenerative systems. Within this context, resource use is not just about being efficient to conserve materials, energy and natural resources throughout the entire product life cycle. By integrating circular design principles, we aim to reduce material inputs, enhance process efficiency and facilitate the reuse, recycling and safe disposal of products. We embed sustainability and circular economy criteria into the earliest stages of research, development and production to ensure our products and systems align with environmental limitations and support long-term value creation.

Our material impacts, risks and opportunities related to resource use and the circular economy (E5 SBM-3)

Resource outflows related to products and services; waste

Identifier	E5-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Downstream
Description	Waste generation from products and manufacturing: Manufacturing chemical and pharmaceutical products has a negative environmental footprint. Our products contribute to the generation of a significant amount of waste during the manufacturing process and their end-of-life. Waste treatment, recycling and disposal negatively impact local communities and natural ecosystems.

Waste

Identifier	E5-NI-02
Material impacts, risks and opportunities	Actual/potential negative impact
Time horizon	Medium-term
Value chain step	Own operations; downstream
Description	Improper use and disposal: The use and production of chemical and pharmaceutical products carry the risk of improper use and disposal. This is particularly relevant in low- and middle-income countries with weak waste management systems and at the end of a product's life cycle, when significant amounts of waste are generated. Improper use and disposal can contaminate water and soil, harming ecosystems and communities.

Waste

Identifier	E5-PI-01
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Circularity Rate: The Circularity Rate, a key indicator, enables the measurement of circular waste practices and the achievement of related targets. This initiative is driving changes in the production and disposal processes through which the generation of outlows and waste is being minimised or eliminated.

Resource outflows related to products and services

Identifier	E5-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations; downstream
Description	Sustainability in product development: The integration of sustainable design principles reduces the environmental impacts across a product's life cycle. Sustainability scorecards are used across all three business sectors to target and track sustainability characteristics during product development processes, aiming to minimize resource use and optimize circularity by working to reduce the negative environmental impacts of materials, manufacturing, packaging, logistics, product use, and disposal.

Resource inflows, including resource use

Identifier	E5-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Medium-term
Value chain step	Upstream; own operations
Description	Risk of critical raw material shortages and supply chain vulnerabilities: Relying on critical raw materials and minerals for products is essential. Increasing demand and environmental degradation heighten the risk of material shortages, which could impact the upstream supply chain and operations. In accordance with applicable laws, strict sourcing and material requirements must be adhered to in order to ensure responsible practices. Additionally, compliance with ESG standards is crucial, as it ensures that sourcing practices align with sustainable and ethical manufacturing processes. Non-compliance can lead to reputational risks and potential disruptions in the supply chain. Furthermore, the risk of natural disasters poses a significant threat, as such events can disrupt the availability of critical raw materials, delaying production timelines and impacting operational efficiency.

Resource inflows, including resource use

Identifier	E5-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Short-term
Value chain step	Upstream; own operations
Description	Supply risk of production materials: Reliance on suppliers for critical raw materials can lead to potential supply chain disruptions, which could lead to non-availability of raw and packaging materials as well as production consumables when potential disruptions happen. This situation can result in reputational damage if the company is unable to meet customer demands or maintain production schedules.

Our policies relating to resource use and the circular economy (E5-1)

Supplier Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services (“Suppliers”) and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-NI-01; E5-NI-02; E5-PI-01; E5-PI-02
Material sustainability matter	Resource outflows related to products and services; waste
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Waste Management Standard

Connection to material impacts, risks and/or opportunities	Identifier E5-NI-01; E5-NI-02; E5-PI-01; E5-PI-02
Material sustainability matter	Resource outflows related to products and services; waste
Key contents	The policy forms the framework for our waste management. It aims to ensure that our waste streams are properly managed to reduce environmental impact, ensure regulatory compliance, and minimize short and long-term liability risks. Mandatory EHS training is provided for employees. We have robust processes in place to ensure compliance. External waste disposal companies are regularly reviewed and approved by the site's EHS department – depending on the volume of waste, the hazards of the materials, the environmental and liability risks associated with the waste in question, and the waste disposal company. It is recommended that audits be carried out every three to five years. The policy is regularly monitored and updated.
Scope	The policy applies Group-wide to all our locations. The scope of application primarily includes Group Environment, Health, and Safety (EHS) and site management in our own business and extends to all waste management contractors in the upstream and downstream value chain.
Accountability	EHS Manager, Site Manager/Director, qualified, responsible employees to whom tasks are delegated.
Third-party standards/initiatives	The policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

Guidebook on Sourcing Strategies

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	The policy provides recommendations for sustainable procurement. It provides a description of best practices for proven processes in the procurement strategies. The policy is regularly monitored and updated.
Scope	The policy applies Group-wide to our own operations in Global Procurement and in the upstream value chain to all our providers of goods and/or services.
Accountability	Head of Procurement Office Governance & Processes.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

Umbrella – Sustainability in R&D

Connection to material impacts, risks and/or opportunities	Identifier E5-NI-01; E5-NI-02; E5-PI-02; E5-PI-02
Material sustainability matter	Resource outflows related to products and services, waste
Key contents	The policy is relevant for the development of new products and the steering of the Research and Development (R&D) portfolio: Each R&D project will regularly complete and update a sustainability scorecard. The scorecards are based on the Design for Sustainability (DfS) framework implemented in the business sectors as DfS in Life Science, DfS Healthcare and Sustainability in R&D Electronics (SURE). The scorecards ensure a holistic approach to designing products and processes that aim to take into account the well-being of people and the environment over the entire life cycle of a product. The scorecards are assigned to five sustainability criteria: substances of concern, emissions, water, waste and human progress. Controls to avoid critical substances and replace them with safer alternatives are part of the Umbrella implementations in the business sectors.The policy is regularly monitored and updated.
Scope of application	The policy applies to all active R&D projects for new products that started in the year 2023 or later. For the projects within its scope, the aim is to achieve a scorecard completion rate of 95%. The assessment is carried out along the entire value chain and considers the effects on upstream, own and downstream activities. The stakeholders are customers and investors who have an interest in reducing risks associated with non-sustainable products. Internal stakeholders are our business sectors' R&D departments and the SQ department.
Accountability	Management of the individual business sectors and Head of SQ.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available internally on the intranet.

SMASH Packaging Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	Under the umbrella of Life Science's SMASH Packaging program, we are working to improve the sustainability properties of our packaging: We are optimizing resources, using more sustainable materials, and striving for a circular economy. The policy is built upon four pillars: SHRINK: Reduce amount of packaging; SECURE: Achieve zero-deforestation; SWITCH: Improve plastic sustainability; SAVE: Maximize recycling. The policy is regularly monitored and updated.
Scope	The policy applies worldwide to all our Life Science locations. The scope of application includes primarily Life Science units of R&D, Packaging Engineers, Product Management, Quality & Regulatory, Environment, Health and Safety (EHS) and Procurement teams in our own business and extends to all providers of goods and/or services in the upstream value chain, and direct customers in the downstream value chain.
Accountability	The Sustainability and Social Business Innovation unit in Life Science.
Third-party standards/initiatives	Our policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders and experts.
Availability	Our policy is available internally on the intranet.

Procurement Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	This policy defines the roles and responsibilities necessary for a global procurement organization. It is founded on fundamental procurement and quality requirements that enable developing and maintaining effective procurement practices in line with Group Procurement's Sustainability ambitions. Several focus areas within the Sustainability strategy were defined, in which Group Procurement plays a critical role. Group Procurement has amended its strategy to reflect the impact of Sustainability in each strategic element as well as adapted the mission with a focus on Sustainability. Key sourcing and purchasing tasks are complemented by Sustainability related activities. The policy is regularly monitored and updated.
Scope	This policy applies Group-wide to our own operations in Group Procurement and in the upstream value chain to all our providers of goods and/or services. It is derived and based on various effective internal and external regulatory requirements, standards and good practices defined by regulatory bodies.
Accountability	Head of Procurement Office Governance & Processes.
Third-party standards/initiatives	Our policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

MPact Sustainable Packaging Policy

Connection to material impacts, risks and/or opportunities	Identifier E5-R-01; E5-R-02
Material sustainability matter	Resource inflows, including resource use
Key contents	Under the umbrella of Healthcare MPact program, we are working to improve the sustainability properties of our packaging. We are optimizing resources across the packaging portfolio, using more sustainable materials, and striving for a circular economy, with strategic targets set for 2030 and 2040. The policy promotes the importance of industry collaboration and compliance with packaging regulations, ensuring that initiatives are not only cost-effective but also contribute positively to the company's sustainability goals. The policy is regularly monitored and updated.
Scope	The policy applies worldwide to all our Healthcare locations. The scope of application includes primarily Healthcare units of R&D, Packaging Engineers, Product Management, Quality & Regulatory, Environment, Health, and Safety (EHS) and Procurement in our own business and extends to all providers of goods and/or services in the upstream value chain, and direct customers in the downstream value chain.
Accountability	Head of MPact Core Office for cross-functional collaboration in Healthcare.
Third-party standards/initiatives	This policy is based on applicable laws and standards, specifically the Circular Economy Action Plan (COM/2020/98), Green Deal (COM/2019/640), Directive on Packaging and Packaging Waste (94/62/EC), and Waste Framework Directive (2008/98/EC).
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	Our policy is available internally on the intranet.

Resource use and sustainable sourcing in our policies

According to our Supplier Code of Conduct, suppliers must demonstrate efforts to decrease their resource use and embrace circular economy principles. Common examples include reusing products and materials such as packaging or developing and introducing recyclable products via a cradle-to-cradle approach. They must also have systems and processes for managing and controlling the storage, recycling, reuse and disposal of waste. They must ensure hazardous waste is adequately managed, controlled and treated prior to being released into the environment.

In line with our Group-wide Umbrella Policy and recognizing that each business sector operates with its own Design for Sustainability (DfS) framework, we aim to minimize the negative impacts of our products across their entire life cycle. To help our development teams address product-related challenges, we have implemented scorecards for sustainable design across all our business sectors.

We are committed to supporting waste targets and fostering the adoption of circular solutions with our Life Science SMASH Packaging and Healthcare MPact Sustainable Packaging programs. More information about our actions can be found in section **E5-2** of this chapter.

Our actions and resources related to resource use and the circular economy (E5-2)

Our strategic approach to the circular economy provides an organization-wide framework for aligning product design, manufacturing, resource management and value chain collaboration with circularity principles. The topics of resource use and circularity are also intricately linked to broader environmental, social and economic systems. As a result, addressing this complexity requires collaboration across our value chain, continuous improvement and a firm commitment to transparency and accountability.

Sustainability in product development under one umbrella

With the Umbrella initiative, we aim to align our research and development (R&D) with the creation of sustainable products and innovations, while minimizing negative impacts from production, usage and disposal. We have consolidated specific scorecards for each of our three business sectors. These scorecards evaluate sustainable design from the early stages of product development and include measurable criteria that span the entire product life cycle of a product. The assessments address various challenges throughout the value chain. In the context of a circular economy, we primarily focus on waste treatment and reduction, as well as minimizing material consumption in products and services.

Each research and development (R&D) project must complete and regularly update a business sector-specific sustainability scorecard. The DfS framework is implemented in the business sectors as DfS in Life Science, DfS in Healthcare and Sustainability in R&D in Electronics (SURE). Through DfS, we take a holistic approach to product development, considering the environmental and social impacts of a product across its entire life cycle. We target and quantify sustainability improvements throughout the product development process in using a DfS scorecard. In Life Science, when a product demonstrates significant sustainability characteristics, we communicate these to customers on the product webpage.

We measure and review our progress annually and establish the new ambition for the upcoming year accordingly. For more detailed data and results on Umbrella for the reporting year 2025, please refer to Chapter **E2-2**.

The key stakeholders in this initiative include the business sector sustainability unit, which comprises R&D, product management, environmental, health and safety (EHS), quality, production, procurement, and marketing. The Umbrella initiative is anticipated to continue over the long-term.

Design for sustainability framework in the Life Science business sector

One example of a Life Science product launched in 2025 following the introduction of the DfS framework are filter devices from our Process Solutions business unit containing our new Millipore Express® Ace 0.2 µm membrane. This polyethersulfone (PES) membrane is an alternative to polyvinylidene fluoride (PVDF) membranes such as our Durapore® 0.22 µm membrane and is manufactured without the intentional addition of any per- and polyfluoroalkyl substances (PFAS). The Millipore Express® Ace 0.2 µm has a carbon footprint approximately 25% lower than the Millipore Express® SHC filter, primarily due to the use of a single-layer membrane compared to a dual-layer membrane. In addition, a Millipore Express® Ace 0.2 µm 10" filter has an approximately 3.5- to 5-times higher filtration capacity compared to a Durapore® 0.22 µm 10" filter and approximately 1.7- to 2.2-times higher filtration capacity compared to a Millipore Express® SHC 10" filter based on data from internal tests across four different fluid streams. This increased capacity allows customers in certain use cases to reduce the number of filters needed, resulting in less waste.

Packaging sustainability across business sectors

Packaging sustainability in the Life Science business sector

In Life Science we consider sustainability in our packaging in order to reduce waste and the environmental impacts of our products for our customers, and to contribute to our corporate Sustainability Strategy and Goals. We holistically pursue packaging sustainability to also support compliance with various packaging regulations, such as the European Packaging and Packaging Waste Regulation (PPWR), the European Union Deforestation Regulation (EUDR), Extended Producer Responsibility (EPR), or South Korea's Act on the Promotion of Saving and Recycling of Resources.

Through our **SMASH Packaging** program in Life Science, we strive to enhance the sustainability of packaging, optimize resource efficiency and promote circularity across our entire Life Science portfolio. SMASH Packaging is built on the four key pillars of SHRINK, SECURE, SWITCH and SAVE.

In 2025, for example, we implemented a packaging reuse initiative at our Latin American distribution centers in Argentina, Brazil, Chile, Colombia, Guatemala, Mexico and Peru. The sites reused suitable packaging materials received from our production plants for the local distribution of products, including pallets and distribution boxes, and reduced the consumption of paper for product data sheets. The project reduces the consumption of packaging and contributes to circularity by reusing materials. It saved the sites a total of 407 metric tons of materials in 2025.

We plan to continue SMASH Packaging's actions and resources over the long-term. The affected stakeholders include our Sustainability and Social Business Innovation unit, Packaging Engineers, Operations, Procurement, Quality & Regulatory, R&D and Product Management units.

Packaging sustainability in the Healthcare business sector

Through the MPact initiative, we develop packaging solutions aimed at reducing our overall environmental impact. Our three main objectives are to lower greenhouse gas (GHG) emissions, reduce the use of packaging materials while increasing packaging recycling rates, and explore the potential for replacing secondary and tertiary plastic packaging by 2030. To prepare for the European Packaging and Packaging Waste Regulation (PPWR) in 2025, we established a dedicated task force to assess the impact of these regulatory requirements. This includes conducting a recyclability assessment of our secondary and tertiary packaging. We also initiated a feasibility study on PVC-free blisters. We are analyzing these requirements to ensure that the MPact sustainable packaging strategy aligns with the PPWR in the coming years.

MPact is designed to help achieve our 70% circularity target by 2030, mitigate the risks associated with materials of concern (or potential concern) and further reduce GHG emissions. The actions outlined in this initiative will be implemented over the next five to ten years.

Circularity in products and processes across our business sectors

Renewable polymers in Life Science products and packaging

As part of our efforts to increase the circularity of our Life Science products, in 2025 our Cork, Ireland, site obtained International Sustainability & Carbon Certification (ISCC) PLUS certification, where we produce our Amicon® centrifugal ultrafiltration devices and the outer packaging for our Millipore® filter membranes. Additionally, three of our supplier sites serving these product lines also obtained ISCC PLUS certification. This certification confirms that the polymers used in these products and packaging are obtained through renewable feedstock, rather than petroleum.

We have implemented the mass balance approach to manage and track renewable materials in our supply chain. With third-party verification through ISCC PLUS, each production site will monitor the specific proportion of bio-renewable feedstock used in our plastics. Prior to certification, we tested the new source material to confirm that polymer fulfills our product specifications and is an acceptable alternative for the intended product uses.

All four sites first received their certifications in 2024 and renewed their certifications in 2025. We will continue to pursue our strategy to incorporate renewable polymersacross eligible products in our Life Science portfolio over the long-term as part of continuous improvement.

Take-back program for single-use fertility pens in the Healthcare business sector

Our Healthcare business sector is actively participating in a consortium for the Returpen fertility pen take-back program in **Denmark**. This initiative serves as a crucial step toward making our Fertility portfolio more sustainable – from manufacturing to patient use. Launched in Denmark in 2023, this initiative aims to achieve a return rate of 25% for injection pens, allowing patients to return used fertility injection pens to fertility clinics for recycling. In collaboration with the consortium partners, we have signed a letter of intent to focus on the recycling of plastic, glass and metal components. The consortium is committed to recycling 75% of the injection pens returned. The action will continue long-term.

Optimized specialty gases in the Electronics business sector

For our extensive portfolio of specialty gases – including etching, cleaning, deposition, and dopant gases – we are looking for material solutions that enhance etching performance while minimizing global warming potential. We implement targeted actions for specific customer applications to reduce GHG emissions, optimize the usage phase, and ensure responsible disposal of products and packaging. Through these initiatives, we aim to help our customers reduce their Scope 1 emissions. Our efforts are applied globally across our semiconductor value chain, benefiting both customers and partners. The action will continue long-term.

Solvent recycling in our OLED production in the Electronics business sector

The optimization of the production of organic light-emitting diodes (OLED) at our site in Darmstadt, Germany, is a concrete example of our circularity in production processes and value chain. This project actively reduces CO_2 emissions and enhances resource efficiency by improving solvent recycling, reprocessing materials internally, and enabling customers to return old products. Additionally, we are implementing digital technologies to further enhance our processes. The action will continue long-term.

Tool for the evaluation of chemical products

Our aim to make research and production as environmentally friendly as possible has led to the development of our innovative GreenSpeed tool. This tool enables us to automatically evaluate the key sustainability criteria of our chemical products during research and development, minimizing environmental impact and optimizing resource use. GreenSpeed tracks essential metrics such as resource usage per kg product (process mass intensity, PMI), water usage, solvent consumption, energy consumption and greenhouse gas emissions

(product carbon footprint, PCF). Its greenhouse gas emission calculations are based on the combination of data from our inhouse electronic laboratory notebooks (ELN) with environmental footprint data.

The stakeholders impacted by GreenSpeed include employees, customers, suppliers and investors. We are currently enhancing the tool by adding modules to evaluate the impacts of specific solvents used. Within the next five years, we plan to extend the implementation of GreenSpeed to additional user groups inside and outside the company. We also aim to launch a pilot project to implement GreenSpeed assessments as part of the Umbrella initiative, facilitating more accurate quantification of environmental impacts early in the R&D process. The action will continue long-term.

Our targets in relation to resource use and the circular economy (E5-3)

Reducing the environmental impact of waste	
Reference to material impacts, risks and/or opportunities	Identifier E5-NI-01, E5-NI-02, E5-PI-01
Material topic	Waste
Target	We aim to achieve a Circularity Rate of 70% throughout the company as part of our waste target 2030.
Reference value/year	Circularity Rate of 64.1% in 2022.
Methods	Our Circularity Rate is calculated as waste and avoided waste divided by total waste and avoidance in metric tons. All production waste from all our sites is included in the calculation. Waste-to-energy is excluded from this calculation as it is not considered as recycling. The scope of measurement includes production waste but excludes one-time effects from specific waste streams such as construction and demolition waste, and soil waste, which can rarely be avoided and must be disposed of in accordance with clearly prescribed methods. Sludge from wastewater treatment facilities is also not included, as some sites operate their own wastewater treatment plants and therefore also dispose of the sludge, while other production sites are connected to an external wastewater treatment plant and therefore do not include sludge in their waste balance. As sludge is subject to disposal restrictions by regulators, this would lead to a lack of comparability between the results for the individual sites. This target is based on conclusive scientific evidence.
Consideration of stakeholders	Our Sustainability Board and business sectors are involved in setting targets, with final approval granted by the Executive Board.
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, the Circularity Rate amounted to 70.1% (2024: 69.2%).

Our waste target for 2030 is to further reduce our own production-related waste or direct it towards material recovery. In addition, we have set further, quantifiable and non-quantifiable ambitions with the intention of continuously improving and advancing our sustainability measures. These ambitions are meant to express our commitment to establishing a positive impact or reducing a negative impact in terms of resource use and the circular economy. In 2025, we recorded a positive increase in the Circularity Rate, which is primarily attributable to an increase in the amount of waste avoided.

With all our targets and actions mentioned herein, we contribute to selected UN Sustainability Development Goals (SDGs). In our overarching **Sustainability Strategy**, the SDGs 9, 12 and 17 are highlighted under the focus area “Water and resource intensity”.

We report the Circularity Rate under **ESRS 2** as it is one of our strategic sustainability key indicators used to measure our circular waste practices and meet our related target.

Our Waste target 2030 requires the avoidance, reuse and material recycling of waste, which can then be reused as non-virgin materials. The avoidance of waste is tracked through the reduced use of raw materials and contributes to our ambitions. In addition, recycling of waste for reuse reduces the use of virgin materials. We adhere to the waste hierarchy for our waste treatment options. Our Waste target 2030 relates to prevention, reuse and recycling.

Packaging Sustainability in the Life Science business sector

The circular design principles of SMASH packaging are embedded into our DfS framework, which considers environmental impacts at every stage of the product life cycle during product development. Through the SMASH Packaging program in Life Science, we are making progress toward our packaging sustainability goals:

- SHRINK (reduce the amount of packaging): We aim to decrease packaging weight per sales unit by 10% by 2030, focusing on reducing corrugated cardboard, wood, glass, and plastic through lighter materials and eliminating excess dunnage. We target a total reduction of 6,300 metric tons by 2030, compared to a 2020 baseline of approximately 63,000 metric tons. In 2025, we implemented improvements that saved over 407 metric tons (2024: 396 metric tons) annually. We are currently on track to reach our 2030 SMASH Packaging weight reduction goal. We will continue to engage colleagues across the organization to prioritize initiatives such as packaging reuse, bulk packaging or avoidance of overpacking in order to maintain progress on this goal.
- SECURE (achieve zero deforestation): We are committed to using 100% deforestation-free fiber-based packaging by 2030. In the baseline year 2020, 66% of our fiber-based packaging was deforestation-free. In 2025, this amounted to 81.9% (2024: 81.6%). To reach our SMASH packaging zero-deforestation goal by 2030, we plan to adopt a new methodology in 2026 to enable teams to prioritize and measure projects more efficiently by tracking zero-deforestation data at the item-level rather than at the supplier-level.

  SWITCH (improve plastic sustainability) & SAVE (maximize recycling): Our goal is to ensure that all of our packaging aligns with circular product development principles by 2030. In fiscal 2025, 45.4% (2024: 46.4%) of our product packaging met these criteria, compared to a 2020 baseline of 49%. To reach our packaging circularity goal by 2030, we must take additional action. We are focused on increasing recyclability, the amount of recycled and bio-based content in packaging, as well as providing clear labeling for responsible disposal.

Reducing the weight of direct and shipment packaging includes reducing the amount of corrugated cardboard, wood, glass, and/or plastic packaging materials, for example, by reducing weight, substituting materials, and reusing or removing excess filler material. We are converting all wood fiber packaging materials to recycled, certified or verified deforestation-free sources. Circular packaging is packaging that is either recyclable or reusable or contains recycled materials. This ambition is measured by dividing the total amount of circular packaging in metric kilotons by the total amount of packaging in metric kilotons. 2025 progress on our SMASH packaging ambitions was below expectations compared to the 2020 baseline due to the limited impact of completed projects.

We measure our progress on the SHRINK, SECURE, SWITCH & SAVE ambitions based on the weight of materials avoided or converted annually. For the SECURE ambition, we measure progress based on the weight of fiber-based materials sourced with deforestation-free certifications compared to the total weight of fiber-based materials sourced. For the SHRINK and SWITCH & SAVE ambitions, we additionally measure progress based on the weight of CO_2 equivalents (CO_2eq) avoided per project. The calculation for SECURE, SWITCH and SAVE is based on the respective previous year's figures. All projects are reviewed individually and regularly after milestones are reached or following completion. In doing so, environmental impacts are measured and converted into CO_2eq. We monitor progress against these targets semi-annually and report annually to the Head of Sustainability and Social Business Innovation in Life Science.

SHRINK relates to the first level of the waste hierarchy, i.e. avoidance. SWITCH & SAVE relates to the following waste hierarchy treatment options: prevention, reuse and recycling.

The scope and scale of these ambitions have been set on a voluntary basis and are not legally required. They are set based on conclusive scientific evidence. Key functions in all areas of the company are committed to the overarching goal of reducing our ecological footprint by aiming to achieve climate neutrality by 2040 and decreasing our resource consumption. Key stakeholders involved in this ambition include Life Science R&D, Packaging Engineers, Product Management, Quality & Regulatory, Environment, Health, and Safety (EHS), and Procurement units.

Our resource inflows (E5-4)

Metrics related to resource inflows

Resource inflows (in metric tons)	**2025**	2024[1]
Total weight of products and technical and biological materials used	576,266	532,945
Share of biological materials[2] used to manufacture our products and services (including packaging) that is sustainably sourced (in %)	13.7	13.4
Absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture products and services	16,048	17,273
Share of secondary reused or recycled components[3], secondary intermediary products and secondary materials used to manufacture products and services (in %)	2.8	3.2

[1] For fiscal 2024, the total weight of products and technical and biological materials used was adjusted retrospectively from 12,878,998 tons to 532,945 tons, with all underlying values adjusted accordingly (see also ESRS 2 Basis and standards of reporting).

[2, 3] An approximation is used. For more, see methodology below.

Total weight of products and materials used to manufacture products and deliver services

Our assessment is based on the total weight of products in metric tons used to manufacture the products during the reporting period. We do not use approximations or assumptions for this metric.

Our procured materials and products (including packaging materials) are used at the respective sites, depending on the business sector and production process. The procured materials and products are subdivided into subgroups such as raw materials, biologics and chemicals.

The complete data of the resource inflows is based on invoicing data.

Percentage of biological materials used to manufacture products and services that are sustainably sourced

The assessment is based on the percentage of biological materials used to manufacture the company's products and services that come from sustainable sources. We calculate this metric as follows: (biological materials used to manufacture the company's products and services that are sustainably sourced)/(overall total weight of materials used during the reporting period) x 100.

We use an approximation for this indicator. In our purchasing process, we distinguish between material categories, but there is currently no label for specific material types (for example, biological). Consequently, only an approximation based on industrial and internal resources is made today.

We uphold sustainable sourcing of biological materials through our Supplier Code of Conduct, which emphasizes ethical and environmental standards. Suppliers are expected to apply circular economy principles and operate robust waste systems with adequate management and treatment of hazardous waste. We do not currently apply a specific certification scheme for sustainably sourced biological materials.

We apply the cascading principle broadly across materials and processes, prioritizing avoidance, reuse/repair, and recycling, with lower-value recovery (including energy recovery) as a last resort.

Weight in absolute value of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging)

The assessment is based on the weight in absolute value of secondary reused products used to manufacture the company's products (including packaging). We do not use approximations or assumptions for this indicator.

Weight in percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging)

The assessment is based on the percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging). We calculate this metric as follows: (secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the company's products and services (including packaging))/(overall total weight of materials used during the reporting period) x 100. We use an approximation for this indicator. In our purchasing process, we distinguish between material categories, but there is currently no label for specific material types (for example, recycled). Consequently, only an approximation based on industrial and internal resources is made today. The measurement of the resource inflows metric has not been validated separately by an external body.

Our resource outflows (E5-5)

Metrics related to resource outflows – waste

The following table details our metrics related to resource outflows – waste:

Resource outflows – Waste (in metric tons)[1]	**2025**	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Waste generated	**152,959**	**161,143**	**52,602**	**64,234**
Hazardous waste diverted from disposal due to preparation for reuse[2]				
Hazardous waste diverted from disposal due to recycling	24,694	22,177	311	82
Hazardous waste diverted from disposal due to other recovery operations	13,380	12,539	143	75
Non-hazardous waste diverted from disposal due to preparation for reuse[2]				
Non-hazardous waste diverted from disposal due to recycling	57,677	70,636	32,241	47,403
Non-hazardous waste diverted from disposal due to other recovery operations	10,989	9,974	1,354	554
Total waste by weight diverted from disposal	106,740	115,326	34,049	48,114
Hazardous waste directed to disposal by incineration	25,878	27,320	5,518	5,670
Hazardous waste directed to disposal by landfilling	610	639	158	231
Hazardous waste directed to disposal by other disposal operations	832	1,588	–	–
Hazardous waste directed to disposal	27,320	29,548	5,676	6,058
Non-hazardous waste directed to disposal	18,898	16,269	12,874	10,219
Non-hazardous waste directed to disposal by incineration	14,161	11,502	12,874	10,219
Non-hazardous waste directed to disposal by landfilling	4,738	4,766	–	–
Non-hazardous waste directed to disposal by other disposal operations	–	–	–	–
Non-recycled waste	70,588	68,330	20,050	16,749
Share of non-recycled waste (in %)	46	42	38	26
Hazardous waste	65,395	64,264	6,130	6,058
Total radioactive waste	–	–	–	–
Total amount of waste directed to disposal	46,219	45,817	18,550	16,120
The total amount of hazardous waste summing all three recovery operation types: preparation for reuse; recycling; and other recovery operations.	38,074	34,717	454	157
The total amount of non-hazardous waste summing all three recovery operation types: preparation for reuse; recycling; and other recovery operations.	68,666	80,610	33,595	47,957

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

[2] Not material.

Our Waste Management Standard regulates the key principles for effective and sustainable waste management, emphasizing the need to identify opportunities to minimize waste and maximize the use of recyclable and reusable materials wherever possible.

We record avoided waste as a company-specific metric. The amounts of waste avoided arise from permanent process optimizations (continuous avoidance) or from one-time measures.The quantities of avoided waste are collected quarterly, in fiscal 2025, 5,754 metric tons were avoided through one-time measures.

The documentation of waste streams and their classification is carried out on the basis of predefined waste categories. In addition to the distinction between hazardous and non-hazardous waste (which is done at site level, according to local legislation), more detailed information on the type of waste is recorded and waste categories such as electronic waste, waste from wastewater treatment plants or organic solvents are tracked individually.

Among the waste to be disposed of, the following waste categories are significant for the company's value-adding activities:

- Waste from production (excluding solvents, as these are listed in a separate category): Examples include chemicals such as acids, bases or biohazardous waste.
- Waste from wastewater treatment plants (for example, different types of sludges from effluent treatment or wastewater that is disposed of as waste).

Among the waste that is not to be disposed of, the following waste categories are significant for the company's value-adding activities:

- Organic non-halogenated solvents (Halogen <5%): Our broad product portfolio and diverse manufacturing methods result in the creation of various types of solvent waste, primarily arising from synthesis-, purification-, cleaning- and distillation activities. These solvents and solvent mixtures include acetone, heptane and toluene, as well as other organic solvents.
- Non-hazardous paper and cardboard waste.
- Non-hazardous household and similar waste (for example, waste from office spaces and canteens, waste to be composted).
- Non-hazardous plastic waste.

We do not use approximations or assumptions for waste diverted from disposal or waste directed to disposal for various disposal operations. The data collected is based on production data and the quantities reported by the respective disposal companies. The measurement of the resource outflows – waste metric has not been validated separately by an external body.

Metrics related to our own resource outflows

Metrics related to recyclable content in packaging

The proportion of recyclable content in packaging in the year 2025 was 88.8% (2024: 87.5%).

We do not manufacture our own packaging but only purchase it. The recyclable portion of all our packaging is determined based on the procurement data. The quantification is based on mass. The recyclable content is defined based on the technical feasibility of the recycling process. Recycling carried out by the customer and the final recycling rates are not quantified or considered here. For fiscal 2024, the proportion of recyclable content in packaging was adjusted retrospectively from 97.7% to 87.5%, with all underlying values were adjusted accordingly.

The measurement of the recyclable content in packaging metric has not been validated separately by an external body.

Expected durability of Healthcare products

The expected durability of Healthcare products represented 3 years (2024: 3 years) in the reporting year 2025. To define this indicator, we use the maximum durability of the individual Healthcare products. These are quantified on the basis of their respective share of sales and then added up. The contribution of each individual product to the sum parameter of the total durability is thus based on sales. We do not use approximations or assumptions for this indicator. The durability of the individual Healthcare products is clearly defined and publicly available. For the indu stry average, we select comparable drugs from other pharmaceutical companies and average their shelf life across all treatment categories.

When considering essential factors such as product design, operational processes and environmental conditions, our disclosures for expected durability of products have limitations. We do not use any approximations or assumptions. Instead, the information of the individual products is clearly defined and publicly available for Healthcare products because of their determined longevity, resilience and robustness. These products are quantified based on their respective share of sales and then added up. The contribution of Healthcare products to the sum parameter of the total durability is thus based on sales. The expected durability of Life Science and Electronics products is not material.

Product repairability in Life Science and Electronics

The product repairability in Life Science is 50% (2024: 51%) in the reporting year 2025. In Electronics, product repairability amounts to 100% (2024: 100%) in the reporting year 2025. The repairability is either taken as given (and thus rated as 100%), not given (and thus rated as 0%) or not applicable (and thus not included in the rating).

Our disclosures for product repairability have limitations. The respective rating distinguishes between (1) repairability as given (and thus rated as 100%), (2) not given (and thus rated as 0%), or not applicable. Healthcare products are excluded from this rating because they do not demonstrate mentionable serviceability, maintainability and reusability.

Proportion of recyclable content in Healthcare products

The proportion of recyclable content in Healthcare products is 0% (2024: 0%) in the reporting year 2025. We use an approximation for this indicator. The assessment of recyclability or the recyclable content is applied to our entire product portfolio. The products were categorized into groups. The recyclable portion of these product groups was quantified and weighted based on their respective sales share and then added up. The contribution of each individual product group to the sum parameter of the recyclable portion is thus based on sales. We estimate the recyclable content of products in the Healthcare business sector to be 0% since the processing infrastructure for primary packaging is currently only being established, and contaminated packaging can only be recycled in very special cases. The actual active ingredients, when quantified by mass, make up a smaller share and, according to our assumptions, do not contain any recyclable content. The recyclable content is defined based on the technical feasibility of processing. The recycling carried out by the customer and the final recycling rates are not quantified or considered here.

Proportion of recyclable content in Life Science and Electronics products

In Life Science, the proportion of recyclable content is 18% (2024: 18%) in the reporting year 2025. The same indicator in Electronics amounts to 9% (2024: 9%) in the reporting year 2025. We use an approximation for this indicator. The assessment of recyclability or the recyclable content is applied to our entire portfolio. The products were categorized into groups. The recyclable portion of these product groups was quantified and weighted based on their respective sales share and then added up. The contribution of each individual product group to the sum parameter of the recyclable portion is thus based on sales. The recyclable content is defined based on technical feasibility for processing. The recycling carried out by the customer and the final recycling rates are not quantified or considered here. The measurement of our own resource outflows metric has not been validated separately by an external body.

Our circular design for products and materials

We are enhancing our commitment to integrating circular mechanisms into our development and production of key products, and encouraging our suppliers to adopt similar practices. This approach aims to improve resource efficiency and material recovery while creating more sustainable supply chains.

Several of our key products and materials either follow circular design principles or incorporate circular mechanisms in line with industry standards. In our Electronics business sector, we have designed reusable packaging for specialty gases, thin films and patterning materials, with containers that can be returned, refurbished and refilled to reduce waste and resource use. Similarly, our OLED materials incorporate circular practices through internal reprocessing and solvent recycling. In the Healthcare business sector, we are redesigning selected packaging formats to enable reuse, improve recyclability and support ongoing zero-waste efforts. In Life Science, we are replacing conventional solvents with bio-based alternatives to reduce their environmental impact. We are also transitioning from non-recyclable packaging materials to recyclable versions, such as molded pulp.

The assessment of recyclability or the recyclable content is applied to our entire portfolio. The products were categorized into groups. The recyclable portion of these product groups was quantified and weighted based on their respective sales share and then added up. The contribution of each individual product group to the sum parameter of the recyclable portion is thus based on sales.

Social

Own Workforce (S1)

Our company vision – “Sparking Discovery, Elevating Humanity” – inspires our employees to help create a brighter, healthier and more sustainable world. They tackle complex challenges and cultivate a culture of innovation and inclusion. We encourage our workforce to pursue careers that resonate with their individual aspirations, skills and passions. This will not only boost employee satisfaction but also unlock our collective potential across the Group.

Definition of our own workforce

Our own workforce consists of employees and non-employees. Employees include all persons who are employed on a full-time or part-time basis, have a permanent or fixed-term formal employment relationship contract with one of our subsidiaries and are paid via the payroll of the respective business sectors or Group functions. We are actively working to gain insights into how individuals with specific characteristics may experience varying levels of risk.

Non-employees are those persons who do not have a formal employment relationship with any of our Group’s subsidiaries. This includes anyone engaged for training or educational purposes, such as apprentices, interns and working students. Contingent workers are also considered non-employees and are not paid via the payroll. They typically work on an interim basis for a specified period of time, for example, to complete specific projects, temporarily fill an open position, address short-term increases in workload, or perform a seasonal job. Our relationship with contingent workers depends on the scope of their assignment or project. Contingent workers include temporary workers provided to us by a third-party vendor as well as independent contractors, who are self-employed or sole proprietors providing specialized skills, training or services.

Workers in our upstream and downstream value chain who are or can be potentially impacted by activities connected to our own operations and value chain, including through our products or services, as well as through our business relationships, do not count as non-employees. Our reporting regarding workers in our value chain can be found under S2.

Our material impacts, risks and opportunities related to our own workforce (S1 SBM-3)

Gender equality and equal pay for work of equal value

Identifier	S1-NI-01
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Short-term
Value chain step	Own operations
Description	Equal pay: If companies that operate globally and employ a large workforce, such as our company, fail to achieve equal pay among their employees, this could lead to negative impacts on the financial situation of employees and create dissatisfaction and reduced morale in the workplace.

Work-life balance

Identifier	S1-NI-02
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Short-term
Value chain step	Own operations
Description	Work-life imbalance: Employees working in companies with complex operations and business models may face a higher risk of a potential work-life imbalance. Poor work-life balance can lead to increased stress and burnout among employees, negatively affecting their mental and physical health.

Secure employment; working time; adequate wages; collective bargaining, including rate of workers covered by collective agreements

Identifier	S1-NI-03
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Short-term
Value chain step	Own operations
Description	Inadequate working conditions: As a global company, we also operate in countries and markets where adequate working conditions may not be mandated by law. Potential disrespect of adequate working conditions like the right to collective bargaining can lead to a lack of dialogue and unfair agreements between management and employees, which reduces employee motivation, collaboration and trust between both parties. This ultimately may negatively impact a culture of respect and partnership in our workforce.

Health and safety, collective bargaining, working time, diversity

Identifier	S1-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Not applicable
Value chain step	Own operations
Description	Compliance with workplace-related laws: Companies that operate globally must comply with local government and legal requirements related to working conditions and employee matters. This includes regulations on working hours, safety standards and programs that promote belonging and inclusion. If these requirements are not properly met, it can result in penalties that may harm the business locally.

Diversity

Identifier	S1-PI-01
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Inclusive workplace culture: We promote an inclusive workplace that supports professional development, fosters a culture of acceptance for employees of all backgrounds, and leads to increased innovation and employee engagement.

Training and skills development

Identifier	S1-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Professional development: We provide employees with access to personalized development and various learning opportunities. They enhance their skills and advance their careers, which creates benefits for both individuals and the organization.

Health and safety

Identifier	S1-PI-03
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Employee health and well-being: We address employee health and well-being beyond occupational health and safety management systems. This can enhance employees' mental and physical health, contributing to a positive work culture that boosts employee engagement and productivity.

Work-life balance

Identifier	S1-PI-04
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations
Description	Work-life balance beyond legal obligations: We offer work-life balance measures beyond statutory obligations, contributing to employees' ability to reconcile work and family life.

Our strategy for empowering our own workforce

Our business model is designed to empower our employees through fair working conditions, including health and safety, alongside our dedication to belonging and inclusion. Our success derives from our employees. We support them in their development and promote an inclusive company culture. By fostering an environment in which every employee feels valued, engaged and empowered to contribute to our collective success is the core of our High-Impact Culture. This commitment enables us to continuously re-examine our ways of working and challenge long-held assumptions to advance human progress. More information regarding our High-Impact Culture can be found under “Corporate culture (G1)”.

Our Group Human Resources (HR) unit supports all business sectors and Group functions as regards our human capital. We want to ensure that our workforce strategies engage our people in alignment with Group-wide HR guidelines. This commitment includes offering attractive remuneration and benefits that reflect our dedication to nurturing talent and fostering an inclusive workplace.

The insights we gather from understanding workforce impacts are essential to our strategic planning and business model evolution. Our Chief People Officer leads the HR function, overseeing initiatives that create an environment where every employee feels valued and appreciated. This inclusive approach enhances overall performance and leads to positive outcomes for our customers, patients and partners.

To reinforce our commitment to Belonging & Inclusion, we have established a centralized Belonging & Inclusion Council. Comprising business leaders from the business sectors and Group functions, this council works collaboratively to build belonging and provide guidance for our collective effort in fostering an inclusive workforce. It champions Belonging & Inclusion to ensure that inclusive practices are woven into our enterprise-wide strategy, aligning workforce dynamics with our business objectives.

Understanding and addressing workforce impacts is crucial for cultivating an inclusive culture that enhances employee engagement and drives our strategic direction. We continually adapt our business model to reflect the needs and aspirations of our workforce, thereby positioning ourselves for sustained growth and success.

Our policies related to our own workforce (S1-1)

We aim to manage the identified material impacts and risks related to our own workforce with the following policies:

Social and Labor Standards Policy	
Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02; S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-PI-03; S1-R-01
Material sustainability matter	Working conditions: secure employment; working time; adequate wages; collective bargaining; work-life balance; health and safety Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity; training and skills development
Key contents	The policy defines our commitment to human rights and upholding international social and labor standards throughout our operations. It specifies our endeavors to foster a respectful and safe working environment while promoting accountability and compliance with labor standards in the following areas: Forced labor, modern slavery and human trafficking: We prohibit all forms of forced or compulsory labor and emphasize ethical recruitment practices. Child labor: We do not use child labor and we support protective actions for young workers. Freedom of association and collective bargaining: We recognize employees' right to organize and bargain collectively. Fairness and respect: We promote an inclusive company culture and prohibit discrimination in the workplace. Occupational health and safety: We are committed to protecting employees from work-related illnesses and accidents. Working time and remuneration: We ensure appropriate remuneration and compliance with local laws regarding working hours. Parental leave: We offer support for employees during and after childbirth. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Managing Directors of our legal entities.
Third-party standards/initiatives	The policy is based on the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the ILO Convention on Safety and Health at Work and the ILO Declaration on Multinational Enterprises. We are also committed to ethical recruitment, and the Employer Pays Principle.
Consideration of stakeholder interests	When setting the policy, we involved internal stakeholders such as our internal HR country heads and employees from our legal department.
Availability	The policy is available internally on the intranet and publicly on our website.

Human Rights Charter

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02; S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-PI-03; S1-R-01
Material sustainability matter	Working conditions; health and safety; Equal treatment and opportunities for all; gender equality and equal pay for work of equal value; diversity; training and skills development
Key contents	The policy outlines our commitment to respecting human rights and supporting its realization across our operations, supply chain, and business relationships. It addresses specific human rights issue areas such as social and labor standards, access to health, product stewardship, research ethics, privacy, supply chain and business relationships, investment decisions, communities, security, and bribery and corruption. Additionally, the policy describes our overarching human rights due diligence process including the handling of concerns and grievances. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. Furthermore, we expect our business partners and other parties linked to our operations, products and services to respect human rights and practice human rights due diligence as articulated in our policy.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the International Bill of Human Rights; the UN Guiding Principles on Business and Human Rights (UNGP); the principles of the UN Global Compact; the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, and the ILO Declaration on Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered the interests of external stakeholders such as trade unions, industry associations, and representatives of potentially impacted groups. We also drew on the knowledge of internal topic experts in these matters.
Availability	The policy is available internally on the intranet and publicly on our website.

Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-PI-03; S1-R-01
Material sustainability matter	Working conditions: health and safety; Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity; training and skills development
Key contents	The policy guides our workforce in conducting business ethically, in line with our company values and the law. It outlines our commitment to respect human rights, our principles in the workplace and for dealing with external business partners, customers, consumers and end-users. The policy also addresses our principles of responsible business conduct, for example, product safety, patient safety and the ethical conduct of clinical studies. Furthermore, the policy describes various reporting methods for employees if they suspect that internal or external rules are being breached. The update incorporated content and structural changes and improved user-friendliness to enhance readability and access to related governance documents and tools. Along with our values, it now addresses other important topics such as digital and data ethics, money laundering prevention and our High-Impact Culture. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. It also applies to downstream business activities and relations with external stakeholders, such as consumers and end-users.
Accountability	Executive Board.
Third-party standards/initiatives	The policy follows the principles of the UN Global Compact.
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Policy Statement on Compliance with Human Rights and Environmental Due Diligence Obligations

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02; S1-NI-03; S1-NI-04; S1-PI-01; S1-PI-02; S1-R-01
Material sustainability matters	Working conditions: secure employment; working time; adequate wages; collective bargaining; health and safety
Key contents	The policy emphasizes our commitment to human rights and environmental standards, detailing the processes and actions in place, such as risk management, preventive measures and remedial action, to uphold these principles across our operations and supply chain. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations and to the upstream and downstream value chain.
Accountability	Human Rights Officer.
Third-party standards/initiatives	The policy is based on the ILO core labor standards; the UN Global Compact; the International Covenant on Civil and Political Rights; the International Covenant on Economic; Social and Cultural Rights; the UN Guiding Principles on Business and Human Rights; and the OECD Guidelines for Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered expertise from an external legal consultancy as well as our internal topic experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Flexible Working Guideline

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-01; S1-NI-02
Material sustainability matter	Working conditions: working time; work-life balance
Key contents	This policy is designed to take account of today’s dynamic working world and create a high degree of working flexibility in our organization. The aim is to promote agility in collaboration by balancing remote and office-based working. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our operations.
Accountability	HR People Recognition, Rewards & Relations unit.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees by incorporating employee feedback gathered from our annual engagement survey and insights from local benchmarking within the employee market.
Availability	The policy is available internally on the intranet.

EHS-Policy

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01; S1-R-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy clarifies our responsibility for Environment, Health and Safety (EHS) and commits to operating in a manner that reduces or eliminates risks to the environment, human health and safety while enabling sustainable business performance. Core elements include leadership accountability for a strong safety culture, robust compliance processes, integration of EHS into strategic business decisions, targeted EHS training and engagement, and product stewardship across the life cycle. The policy drives continual improvement via goals, programs and indicators to monitor and reduce injuries/accidents, energy and resource consumption, and waste, alongside emergency preparedness for environmental and safety protection and business continuity. The policy is continually monitored and part of our EHS management system.
Scope of application	The policy applies Group-wide to our own operations and to the upstream and downstream value chain.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	The policy is based on the principles of the UN Global Compact and the Responsible Care® Global Charter. It considers requirements of our global integrated management system, notably ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 50001 Energy Management System.
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees and customers.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Employee Health Standard

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01; S1-R-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy defines a systematic Group-wide recognition for the health of our employees. Protecting, maintaining and promoting the individual health and well-being of our employees is an integral part of the way we work. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chief Sustainability Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees through, among other things, discussions with the Works Council as well as through our diverse, international and cross-functional teams.
Availability	The policy is available internally on the intranet.

Contractor EHS Management Standard

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy defines binding requirements for local management systems and their processes in order to manage contractors so that they work on our premises safely. This comprises five steps: (1) contractor selection, (2) work planning, (3) work execution, (4) monitoring, and (5) evaluation. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees and contractors at our own operations.
Accountability	Managing Director or Site Manager.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet.

Safety Culture Excellence Standard

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-01
Material sustainability matter	Working conditions: health and safety
Key contents	The policy describes our efforts to create a culture of safety excellence by ensuring methods are in place to continuously improve and maintain the safety culture, including evaluating gaps, setting local targets, developing plans, and implementing actions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of our employees.
Availability	The policy is available internally on the intranet.

Belonging & Inclusion Policy

Connection to material impacts, risks and/or opportunities	Identifier S1-NI-03; S1-NI-04; S1-PI-02
Material sustainability matter	Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity
Key contents	The policy creates a company-wide framework for Belonging & Inclusion activities at our organization. The aim is to foster an inclusive culture in which all employees can thrive, regardless of their backgrounds. The policy defines management responsibilities in promoting Belonging & Inclusion initiatives and includes commitments to equal opportunities for all and non-discrimination and to fostering an inclusive culture for all employees. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chief Belonging and Inclusion Officer.
Third-party standards/initiatives	The policy is based on the fundamental conventions of the International Labour Organization (ILO).
Consideration of stakeholder interests	When setting the policy, we considered expertise from the Belonging & Inclusion Council, the legal team, our internal topic experts and external best practices.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Standard – People Development and Learning

Connection to material impacts, risks and/or opportunities	Identifier S1-PI-03
Material sustainability matter	Equal treatment and opportunities for all: training and skills development
Key contents	The policy sets the framework within which our employees can develop. It takes a holistic view of the development opportunities within our company, particularly in the following areas: development and career planning, feedback tools, development and learning solutions. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations.
Accountability	Chief People Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet.

Our human rights commitment

Our Human Rights Charter, the Social and Labor Standards Policy and our Human Rights Policy Statement follow the principles of the UN Guiding Principles on Business and Human Rights as well as the International Labour Organization Declaration on Fundamental Principles and Rights at Work. In the Human Rights Policy statement, we additionally declare our commitment to the OECD Guidelines for Multinational Enterprises. Furthermore, all three documents explicitly address trafficking in human beings, forced labor and child labor.

Our Human Rights Charter is our overarching company directive that articulates our overall commitment to upholding human rights, including labor rights. It interlinks and complements our existing rules and regulations pertaining to human rights. We expect our employees as well as our suppliers and all companies with which we have business ties to comply with the Charter.

As a signatory to the UN Global Compact since 2005, we endeavor to prevent the risk of human rights violations as far as possible across our own sites and our supply chain. That is why we integrate human rights due diligence into our business processes. Our approach to human rights due diligence encompasses six main components:

- Policy commitment: Human Rights Charter and Human Rights Policy Statement
- Identifying human rights risks and violations
- Addressing our impacts via defined responsibilities and management processes
- Training and capability building on human rights throughout the entire organization and beyond
- Reporting on human rights due diligence activities
- Ensuring effective complaint systems are in place

We view our human rights due diligence approach as an ongoing process that requires continuous adaptation and improvement. We are constantly expanding our internal communications and engagement to better embed our commitment to human rights across the Group. For example, the implementation of the Social and Labor Standards Policy includes open dialogue and cooperation between employees and management. Furthermore, our cross-sectoral Human Rights Panel exchanges information on activities and the latest developments in the areas of business and human rights. As an active member of the Business & Human Rights Peer Learning Group within the UN Global Compact Network Germany, we engage with other companies to discuss challenges, current issues, experiences, and successful approaches in exercising human rights due diligence.

We have a Group-wide complaints system in place for reporting human rights and environmental concerns (more information can be found under **S1-3**). If we identify a violation of human rights or environmental obligations at our own operations or in our supply chain, we aim to take immediate action.

Fostering belonging and an inclusive culture

Our commitment to equal opportunity for all and non-discrimination is set out in our Human Rights Charter, Code of Conduct, Social and Labor Standards Policy as well as our Belonging & Inclusion Policy. These documents form a framework that aims to eliminate discrimination and harassment, and promote equal opportunities for all. Our Social and Labor Standards Policy specifically covers the following grounds for discrimination: gender identity, ethnicity, race, religion, faiths, sexual orientation, national origin, socioeconomic and family status, different mental or physical abilities, neurodiversity spectrum, age, military service, political perspective, or any other forms of discrimination prohibited by law.

Furthermore, our Belonging & Inclusion Policy reflects our commitment to recognizing the unique contributions of all individuals. We strive for equitable outcomes and actively work to identify and eliminate barriers that may hinder our colleagues' contributions or ability to thrive. We are committed to fostering a truly inclusive culture for all employees; that is an environment in which all employees have a strong sense of belonging, a culture where we care about one another, everyone feels welcome, and everyone's voice is heard. Additionally, our position papers on Belonging & Inclusion affirm that our company advocates disability inclusion and does not tolerate any form of discrimination, physical or verbal harassment or intolerance.

We have established various reporting channels to ensure employees have a clear point of contact if they believe that they have experienced harassment or discrimination in the workplace or any other violations of our standards. Their first points of contact are their supervisors, HR or compliance teams. They can also use the anonymous Compliance Hotline. All complaints are treated confidentially, and investigations are conducted by independent personnel. If violations are confirmed, we strive to implement appropriate preventive and remedial actions.

Creating a safe and healthy work environment

We are committed to going beyond EHS regulatory compliance by establishing a culture of continuous improvement and health and safety excellence. Our EHS Policy spells out our overall commitment to operating in a manner that reduces or eliminates risks to the environment, human health and safety. The complementary Safety Culture Excellence Standard describes our Group-wide approach to occupational health and safety including workplace accident prevention. Furthermore, we have a health and safety management system in place that covers the prevention of workplace accidents and is part of our globally integrated management system that comprehensively addresses quality, environmental, health, and safety aspects.

Our processes for engaging with our own workforce and employees' representatives about impacts (S1-2)

We recognize that our workforce is a vital stakeholder in shaping our sustainability strategy and practices. To ensure that our employees' perspectives inform our decisions concerning working conditions as well as equal treatment and opportunity for all, we have implemented the following processes:

Engagement surveys

We aim to increase employee engagement and promote individual accountability by creating regular opportunities for dialogue and participation within the company. In addition to topic-specific pulse surveys, our primary method is the annual global Employee Engagement Survey (EES), which serves as the central feedback channel for all our employees. The confidential survey allows employees to share their views on various aspects, such as employee satisfaction, leadership, workplace-related topics, (mental) health, and work-life balance. In some countries and markets, in compliance with local laws, it also includes voluntary self-identification questions related to disabilities, neurodiversity, LGBTQIA+ affiliation, and ethnic origin, helping us to foster a more inclusive environment for underrepresented groups. The EES results provide valuable data points for managers, employees and HR to reassess past and ongoing measures and develop new measures and initiatives that promote a culture of trust and collaboration in the workplace. By incorporating employee feedback, we aim to ensure that our decisions and activities align with our people's needs and perspectives. The operational responsibility for the EES lies with our Chief People Officer.

Our Euroforum

Our Euroforum serves as our key platform to facilitate engagement between employer and employee representatives at a European level. It represents employees in all EU countries as well as Switzerland, Norway and the United Kingdom, although not all eligible countries send delegates. The members of the Euroforum represent employees in their respective countries and bring relevant topics to the Euroforum. For information and consultation, we maintain close contact with the Executive Committee, which represents our Euroforum. All delegates meet at least once a year during the forum's annual meeting where they participate in internal consultations and social dialogue with senior management. The Euroforum thereby maintains direct access to top management, fostering transparency and trust through open communication with the Executive Board. It advocates employees' interests and facilitates the sharing of knowledge and best practices among our European sites. The forum's focus includes the current global (European) economic situation, employment rates and significant changes within our company affecting multiple countries. It holds regular exchanges and additional meetings as required. The Chair and Co-Chair of the Euroforum are responsible for ensuring that engagement regarding transparency and trust is not only encouraged but also effectively implemented. Their leadership plays a crucial role in integrating the insights gained from these engagements into the company's strategic approach.

FutURe project

The FutURe project, which we launched in Europe in 2022, aims to actively involve younger generations in decision-making processes and to give them a voice in shaping the future – at our company and in society generally. The project is available in several countries in Europe and is built on three main pillars. First, we conduct the FutURe barometer, an annual survey of young employees at our operations in Europe. The purpose is to better understand their needs, priorities, and concerns. Second, we bring together young experts, senior leaders and policymakers to participate in roundtables in individual countries and at the European level. Together, they discuss key issues, such as emotional well-being, innovation and sustainable health. Third, we have established an internal advocacy platform that empowers talented young people at our company to work together on initiatives that promote topics like team leadership, cross-generational collaboration and the adoption of artificial intelligence and other innovations. The FutURe project is designed to enhance inclusion and representation, while helping position us as a pioneer in addressing the needs of next generations. It is led by the Senior Vice President Europe, Healthcare at our China & International organization.

Employee networks

We support multiple in-house Belonging & Inclusion employee groups and networks. There are nine clusters: well-being, disability, international communities, generational groups, LGBTQIA+, women, veterans, culture and ethnicity, and additional inclusion topics. These groups and networks are open to all employees and foster a strong sense of belonging for their members and allies. Their perspectives play a crucial role in informing our decisions and activities aimed at managing workforce impacts and enhancing our corporate culture and effectiveness. The groups and networks share their insights with the global Belonging & Inclusion team on a regular basis. This helps us ensure that our strategies align with our workforce's needs and experiences. Our Chief Belonging & Inclusion Officer is responsible for our global strategy and for overseeing its activities.

Learning needs analysis

We conduct a comprehensive analysis of the skills that employees tell us they wish to develop. The analysis enables us to understand employees' perspectives on required skills, knowledge, behaviors, and preferred learning experiences, ensuring that every voice is heard.

Group HR is responsible for ensuring that the results of the analysis inform the development of our learning catalogues at both the global and regional levels, thus shaping our approach to learning and development. The current process, driven by HR, emphasizes HR-owned learning content and portfolios, such as human skills and other cross-functional topics including change management and project management that support our High-Impact Culture. Additionally, we request feedback from all participants regarding the quality of their training sessions. The insights gathered from these feedback surveys are essential for guiding and shaping quality management activities related to our learning offerings.

Our processes to remediate negative impacts and channels for our own workforce to raise concerns (S1-3)

We have established comprehensive processes to identify, address and remediate potential material impacts on our workforce. These include readily accessible channels that encourage our workforce to report potential violations or other concerns. Our employees' first point of contact is their supervisor, HR or our compliance units. In addition, we have other processes in place to address negative impacts on our workforce:

Our complaints system

We have set up a Group-wide whistleblowing and complaints system that can be used to report actual and potential violations. A central component of this is our free and anonymous Compliance Hotline. Our employees as well as any other person or organization can use the hotline – if they wish, anonymously – to report suspected violations or other concerns. It can be reached via our website and is available in more than 40 languages. Information on reporting channels and investigation procedures as well as general information (such as on protection from retaliation) is available to all employees in the Whistleblowing and Investigations Standard. This standard was updated in 2023 and rolled out to all employees worldwide via a training request. Every new employee is also assigned to this standard as mandatory training. More information can be found under Corporate culture (G1).

Protecting complainants from potential retaliation following a complaint is a central concern for us, to which we dedicate ourselves with utmost care. We have a compliance case management procedure in place to systematically process reports. This helps us to assess the effectiveness of the remedies provided while also aiming to address and resolve any substantiated complaint appropriately. All complaints are treated confidentially, and investigations are conducted by independent personnel. If violations are confirmed, we strive to implement appropriate preventive and remedial actions. Our complaints system is also designed with the aim of adhering to the established effectiveness criteria for non-judicial grievance mechanisms, as set out in the UN Guiding Principles on Business and Human Rights in order to be legitimate, accessible, predictable, fair, and transparent. Our complaints system is part of our commitment to creating a supportive work environment where employees can raise concerns without fear of retaliation and where their needs are addressed effectively.

Working time

We respect the right to rest and leisure and, in particular, to a reasonable limit on working hours and regular paid leave. As far as possible, we offer our employees various flexible working models to enable them to achieve a good work-life balance. We are guided by locally applicable regulations on working hours and believe that overtime should in principle be voluntary and not be demanded on a regular basis. Certain operational circumstances may, however, require overtime. Overtime may be requested to meet short-term business requirements and where permitted by national law and/or a relevant collective agreement. All employees receive at least one day off per seven-day period.

Work-life balance

We value our employees' individuality and take their different life situations into consideration. We therefore support our employees worldwide with locally appropriate offers ranging from parental leave and childcare to support in caring for relatives in need.

We want to provide the best possible support for our employees who perform care work. Our services range from daycare centers in Darmstadt and Mumbai to emergency childcare services in Germany and the United States, as well as special networks and leave-of-absence opportunities for those who provide care to elderly or sick relatives. During 2025, we introduced the Caregiver Leave Benefit to provide emergency leave during critical situations, such as critical illness or palliative care of dependent family members. Our Colleagues Supporting Colleagues initiative creates opportunities for parents and carers to provide each other with valuable support. In addition to paid maternity leave of at least eight weeks worldwide, we offer further options for paid parental leave in many countries and markets for people who are directly involved in childcare.

Occupational safety training

Experience shows that most workplace accidents can be prevented through proper conduct. It is therefore crucial that our employees are qualified and trained in EHS issues. We not only inform them but also actively involve them, for example during inspections or when selecting personal protective equipment. In doing so, we aim to continuously improve occupational health and safety. Training as part of our BeSafe program, for example, is carried out at our locations worldwide in accordance with local regulations.

Equal pay for work of equal value

We are dedicated to ensuring equitable remuneration for all employees. To achieve this, in compliance with local laws, we have established a robust approach to pay equity that includes continuous monitoring of salary information and regular analyses to identify and address any pay disparities. When necessary, we implement individual salary adjustments to uphold equity.

We also prioritize training for our HR department as well as people managers on pay equity, empowering them to make informed and unbiased salary decisions. To assess the effectiveness of our initiatives, we evaluate the outcomes of our salary adjustments and monitor the adjusted global gender pay gap over time. This ongoing commitment enables us to drive meaningful improvements in pay equity across our organization.

Our actions related to our employees (S1-4)

We have implemented comprehensive processes to identify and address potential and actual negative impacts on our employees. This includes regular impact assessments, stakeholder engagement initiatives and data analysis to monitor workforce well-being and job satisfaction. With our approach we aim to develop and implement targeted action plans, such as enhanced health support programs and inclusion training, aimed at mitigating identified material impacts and risks. We continuously evaluate the effectiveness of these actions through feedback mechanisms and specific indicators, thereby aiming to ensure transparency in our reporting.

We prioritize the well-being of our workforce and are committed to ensuring that our practices do not cause or contribute to material negative impacts on our employees. We implement rigorous policies and procedures across all business sectors, to uphold high ethical standards and protect our workforce. Our procurement practices include thorough supplier assessments to ensure compliance with labor standards and human rights, while our sales strategies are guided by principles that prioritize employee welfare and customer integrity. In managing data, we aim to adhere to strict privacy and security protocols, safeguarding employee information and promoting responsible use of data.

In instances where tensions arise between the prevention or mitigation of material negative impacts and other business pressures, we adopt a balanced approach that emphasizes dialogue and collaboration. We engage relevant stakeholders to assess the situation, considering both the potential impacts on our workforce and the broader business objectives. This commitment to open communication enables us to make informed decisions that align with our values while maintaining operational effectiveness. Ultimately, we strive to maintain a work environment that not only meets business targets but also fosters a culture of respect, safety and well-being for all employees.

To date, we have not taken any measures to mitigate negative impacts on our workforce related to the transition to a greener, climate-neutral economy, as we have not identified any such impacts. Since we understand the significance of addressing potential challenges related to a greener transition, we remain committed to monitoring external developments that may affect our workforce and plan to evaluate the need for future actions as the situation evolves.

Fertility Benefit Program

We continued to offer the Fertility Benefit Program in 2025 as an additional service reflecting our commitment to health, well-being and Belonging & Inclusion. The program, which builds on a policy started in 2023, reimburses employees for fertility treatments and gives them access to in-house and outside support resources. It is available to all employees and/or their partners – regardless of marital status, gender identity, or sexual orientation – in all countries and markets where we operate, subject to local law. In 2025, we increased the maximum lifetime claim amount to €100,000 for all employees, enhanced access to educational resources and advertised the program to employees across our operations.

Caregiver leave benefit

We expanded our family-friendly offerings in 2025 by introducing a caregiver leave benefit under the title Moments That Matter Leave. It reflects our ongoing commitment to employee well-being and supporting those who are carers. The benefit gives employees worldwide caring for critically and terminally ill immediate family members a minimum of ten days of paid leave. This includes but is not limited to parents, children and partners. The program reinforces our dedication to responding to employees' personal circumstances and offering them essential support during challenging times.

BeHealthy Toolbox

As part of our global health employee strategy BeHealthy, we again offered various health promotion services in 2025, including training courses, self-tests, risk analyses, checklists, advice on mental, physical and workplace-related health. Our Mindfulness Community comprises a group of employees, including the Mindfulness Ambassadors, that regularly shares information on mindfulness, which is an awareness technique for stress regulation. We aim to anchor the topic in the workforce, and several mindfulness sessions are available globally to attend every week. We also held information campaigns and events on various health topics, such as mental health, movement and community engagement. In addition, we conducted our company's first-ever global BeHealthy Day, consisting of various health-related online sessions as well as in-person activities at many sites.

The Employee Assistance Program (EAP), which HR offers as part of the BeHealthy Toolbox, is a confidential telephone counseling service that provides our employees with independent and holistic support. Employees can turn to the EAP for help with numerous problems. It offers short-term counseling and support for stress, anxiety, depression, relationship problems, or other personal, practical or professional problems.

Another core element of our health strategy is mandatory training for managers to promote a health-oriented leadership culture. We aim to continuously improve the concepts and related materials we provide to managers for this purpose and plan to complete the rollout by the end of 2026.

In 2025, we analyzed employee medical insurance claims in Germany based on anonymized and aggregated data from 2024 and identified health trends within our workforce. Further analyses in Indonesia and the Philippines showed two areas – dengue fever and dental hygiene – in which employee health outcomes were below expectations compared with local market norms. In response, we conducted health education campaigns in these countries to raise awareness and encourage preventive care. Employee engagement was strong. The educational materials are now part of our BeHealthy Toolbox and will be used to support similar programs in other countries in 2026 and beyond.

We use the annual Employee Engagement Survey to calculate our healthiness index and track the effectiveness of our actions. This is intended to show the health status of our employees throughout the Group. We also measure the implementation progress of the BeHealthy strategy by the extent to which our employees use the BeHealthy Toolbox and participate in the Mindfulness Community.

Analysis of pay differences

In line with our company values of integrity and respect, in compliance with local laws, we are driving pay equity, a crucial aspect of our Belonging & Inclusion strategy. The journey toward global gender pay equity started in 2021 by analyzing ten of our largest countries and markets, which encompassed approximately 80% of our total workforce. We extended the analysis in 2023 to all countries and markets where we operate (except for the United States) and repeated this global analysis in 2025. More information can be found under **S1-16**.

Daily commitment to inclusion

Our framework for Belonging & Inclusion education, tools and best practice sharing along with empowerment measures supports intentional inclusion in our organization. For example, an Inclusive Leadership Workshop, which is mandatory for all our leaders, helps maximize their effectiveness in building belonging-oriented and inclusive teams. The workshop combines global leadership interactions, peer coaching and continuous self-reflection. It also emphasizes the importance of psychological safety.

In 2025, we launched the Belonging & Inclusion Learning Hub as a one-stop resource, enabling everyone at our organization to help foster a more inclusive and supportive workplace. It provides employees at all levels with structured learning opportunities to deepen their Belonging & Inclusion awareness. It consists of self-guided learning materials, digital leaning modules and the new Inclusive Leadership Workshop, which is now available to our entire workforce. The Belonging & Inclusion Learning Hub embeds inclusive practices into daily work to support our broader sustainability objectives.

Further, our ongoing Tech4Inclusion initiative is part of our global Belonging & Inclusion strategy and embeds accessibility as well as inclusive design into our digital experience and infrastructure. The initiative helps remove barriers and fosters an equitable workplace. Examples include enabling live captions in meetings, providing multiple content formats and leveraging inclusive design principles.

In addition, we offer numerous opportunities for employees to learn how to be more inclusive colleagues, reduce unconscious bias at work and foster psychological safety, particularly in countries where such training is permitted. In 2025, we continued to implement a mandatory e-learning module on preventing workplace harassment for our employees across all countries and markets, as allowed by law.

Neurodiversity

Our approach to accessibility and neuroinclusion focuses on eliminating social barriers and recognizing neurodiversity as a natural variation in human cognition, identity and communication. We are committed to fostering a more inclusive culture by engaging in sustained socialization and awareness initiatives to enhance organizational understanding of neurodiversity and accessibility. These efforts are designed to address cultural nuances, foster validation and flexibility, and close knowledge gaps across our global operations.

Our Global Accessibility Strategy Roadmap to 2030 reflects this proactive, multi-layered and data-driven approach. In 2025, we introduced a comprehensive Inclusive Workplace Toolkit to guide facility design, inclusive engagement practices and welcoming workspaces – adapted to local needs and contexts. Our Success Enablers pilot service empowers employees to explore personalized support options that reflect their lived experiences and help remove traditional barriers.

Individual development

In 2025, we continued the MyGrowth initiative. With this, we aim to further strengthen our commitment to a competency-oriented company. Enabled by a growth mindset and our AI-driven platform, MyGrowth represents a commitment to development that enables employees to shape their professional journey at our company. By providing access to tailored learning opportunities, mentorship programs and internal job prospects, and more, MyGrowth promotes a continuous learning culture that aligns employee growth with the strategic needs of the company.

Continuous advancement of learning and development

Our global Learning & Development experts are revising our global learning and development landscape with the aim of improving our employees' learning experience. The objective is to come up with a refined training standard, establishing well-defined roles and responsibilities for managing learning content, overseeing the portfolio and coordinating the learning processes across all business sectors and Group functions. We want to implement this strategic approach throughout the company over the next three to five years.

Roles and responsibilities

Global HR is responsible for advising all business sectors and Group functions on matters concerning human capital, such as topics related to recruiting, vocational training and advanced training. Across all our sites, HR employees work with leaders from various functions and business sectors to employ strategies that engage our people in line with Group-wide HR guidelines and requirements, including attractive compensation and benefits.

The Chief People Officer and Member of the Executive Board is responsible for Group HR. The Chief People Officer also serves as our Chief HR Officer, leading the HR function and overseeing all our HR activities. Our Business Services unit oversees the operational tasks of HR work, such as drafting contracts and payroll accounting. The Chief Financial Officer is responsible for this unit. Our Chief Belonging Officer reporting to the Chief People Officer and member of the Executive Board is responsible for our global strategy and for steering its related activities.

Our health and safety management system is the responsibility of Corporate Sustainability, Quality and Trade Compliance (SQ), which in turn reports to the Chief People Officer and Member of the Executive Board. SQ sets objectives, oversees the respective initiatives globally and conducts internal EHS audits. Local EHS managers and their teams work towards ensuring that our individual sites comply with all occupational health and safety laws and regulations. The EHS managers also implement local projects, campaigns and onsite programs.

Our targets related to our employees (S1-5)

Lost Time Injury Rate (LTIR)

Reference to material impacts, risks and/or opportunities	Identifier S1-PI-01
Material sustainability matter	Working conditions: health and safety
Target	Our target is to reduce our lost time injury rate (LTIR) to below 1.0 by the end of 2025.
Reference value/year	1.2 (2021)
Methodology	LTIR measures all work-related accidents resulting in injuries worldwide that have resulted in at least one day of missed work per one million hours worked. We determine Group-wide LTIR for our employees. It is one of our strategic key indicators which is monitored by the Group Sustainability Council.
Consideration of stakeholders	When setting safety targets, we take the employee perspective into account, aiming to protect their safety with a reduced LTIR. We continuously consider internal stakeholders while monitoring our performance.
Changes from the previous year	No changes were made.
Performance/Key figures	Our LTIR amounted to 0.98 (2024: 1.16).

Injury Count Rate

Reference to material impacts, risks and/or opportunities	Identifiers S1-PI-01
Material sustainability matter	Working conditions: health and safety
Target	Our target is to reduce our injury count rate (ICR) to 1.8 or below at the end of 2030.
Reference value/year	2.15 (December 2025)
Methodology	ICR measures all work-related accidents resulting in injuries worldwide that have resulted in at least one day of missed work per one million hours worked as well as all medical treatment cases. We determine Group-wide ICR for our employees. It is one of our strategic key indicators which is monitored by the Group Sustainability Council.
Consideration of stakeholders	When setting safety targets, we take the employee perspective into account, aiming to protect their safety with a reduced ICR. We continuously consider internal stakeholders while monitoring our performance.
Changes from the previous year	New target.
Performance/Key figures	Our ICR amounted to 2.15.

Workforce representation and equal opportunity: Women in leadership

Reference to material impacts, risks and/or opportunities	Identifiers S1-NI-04; S1-PI-02
Material sustainability matter	Equal treatment and opportunities for all: gender equality and equal pay for work of equal value; diversity
Target	We provide equal opportunities for all backgrounds to join and succeed at our company based on performance and potential. We aim to achieve workforce balance, including diverse representation such as gender balance in management positions outside the United States by 2030.
Reference value/year	36% (2021, including U.S.)
Methods	To calculate the share of women in leadership outside the United States, we consider the number of women from middle and top management (role level 4+) in relation to the total number of middle and top management employees. The indicator is monitored by the Belonging & Inclusion Council, which is responsible for integrating Belonging & Inclusion activities into the company's strategy and identifying areas for improvement to develop targeted initiatives.
Consideration of stakeholders	We have involved internal stakeholders such as the HR department, Employee Resource Groups, the Belonging & Inclusion Council, and Executive Board when setting the aspiration, and are in continuous communication with affected internal stakeholders when tracking progress.
Changes from the previous year	We combined our initial target for gender equity, culture and ethnicity into a comprehensive focus on workforce representation and equal opportunities for all. This approach allows us to track our workforce more cohesively. We have removed numerical aspirations for the United States.
Performance/Key figures	The share of women in leadership (middle and top management, role 4+, without United States) amounted to 39.2%.

Belonging & Inclusion: Participants in Inclusive Training Offerings

Reference to material impacts, risks and/or opportunities	Identifier S1-NI-03
Material sustainability matter	Equal treatment and opportunities for all: diversity
Target	We build inclusive leadership and learning practices into our global culture, fostering a sense of belonging for all. To achieve this, all employees and people managers have access to inclusion training offerings. We aim to maintain a participation rate of >90% by 2030.
Reference value/year	37% (2021, people managers)
Methods	To calculate the proportion of participants in Belonging & Inclusion trainings, we consider the number of participants since 2021 in relation to the total number of employees. The indicator is monitored by the Group Sustainability Council and the Belonging & Inclusion Council, which is responsible for integrating Belonging & Inclusion activities into the company's strategy and identifying areas for improvement to develop targeted initiatives.
Consideration of stakeholders	We have involved internal stakeholders such as the HR department, Employee Resource Group, the Belonging & Inclusion Council, and the Executive Board when setting the aspiration and are in continuous communication with affected internal stakeholders when tracking progress.
Changes from the previous year	We expanded the target to include more than the Inclusive Leadership Workshops and added additional inclusion training offerings, broadening the target audience to include all employees and not only people managers.
Performance/Key figures	The cumulative participation rate for all employees amounted to 88%.

We have not set measurable, outcome-oriented targets in accordance with ESRS requirements for the material sustainability matters of adequate wages, collective bargaining, secure employment, working time, work-life balance, or training and skills development. Nevertheless, we track the effectiveness of our policies and measures related to these sustainability matters through engagement processes (see **S1-2**) or by monitoring progress with specific indicators (see **S1-6**, **S1-8**, **S1-10**, **S1-13**).

Our metrics related to our employees

Unless otherwise stated, we report our employee-related figures in headcount and as of December 31, 2025. The actual workforce size is defined as the number of people ('heads') who work for us, considering only active employees based on their status. All active regular employees count as one person. Regular employees include those working either full-time or part-time and have either a limited or unlimited formal contract with one of our subsidiaries. Non-employees are not included.

For the employee breakdown by gender, we use the following three gender categories: 'female', 'male' and 'other' (including 'not reported'). To determine gender, we use information provided in accepted identification documents in the country of location of the employee. The country breakdown only consists of countries where we employ 50 or more employees representing at least 10% of our total number of employees. The measurement of any employee-related metric has not been validated separately by an external body.

Characteristics of our employees (S1-6)

In the following table, we disclose the total number of employees, broken down by gender:

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany[3]
Male	34,962	35,168	2,190	2,248
Female	27,478	27,245	1,442	1,467
Other[2]	21	144	1	–
Total employees	**62,461**	**62,557**	**3,633**	**3,715**

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

[2] In 2024, most employees in the category "other" belonged to the acquired subsidiary, Unity-SC SAS, France. The integration process resulted in incomplete gender demographic data from the acquired company.

[3] A dash indicates that a value was collected that corresponds to 0 when rounded.

The following table displays the number of employees in each country where we have 50 or more employees representing at least 10% of our total number of employees. We determine the employee's country allocation by the work location of the respective employee.

	2025	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**[1]	2024 thereof: Merck KGaA, Darmstadt, Germany[1]
Germany	12,540	13,236	3,633	3,715
United States	14,383	13,976		

[1] A gray background indicates that the value was not collected.

The most representative numbers in the Financial Statements that are related to the general characteristics of our employees can be found in the Notes to the Consolidated Financials Statements under (31) "Number of employees" and under (8) "Segment Reporting".

In general, we aim to ensure the safe employment of our employees and to comply with legally prescribed country-specific exemptions. The following table presents the number of employees by contract type and broken down by gender:

2025[1]

	Female	Male	Other	**Total**
Total number of employees	27,478	34,962	21	62,461
Number of permanent employees	25,763	33,294	20	59,077
Number of temporary employees	1,715	1,668	1	3,384

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

2025 thereof: Merck KGaA, Darmstadt, Germany

	Female	Male	Other	**Total**
Total number of employees	1,442	2,190	1	3,633
Number of permanent employees[1]	1,394	2,138	–	3,532
Number of temporary employees	48	52	1	101

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

2024

	Female	Male	Other	**Total**
Total number of employees	27,245	35,168	144	**62,557**
Number of permanent employees	25,381	33,495	144	**59,020**
Number of temporary employees[1]	1,864	1,673	–	**3,537**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

2024 thereof: Merck KGaA, Darmstadt, Germany

	Female	Male	Other[1]	**Total**
Total number of employees	1,467	2,248	–	**3,715**
Number of permanent employees	1,426	2,189	–	**3,615**
Number of temporary employees	41	59	–	**100**

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

The figures disclosed for permanent employees include all active employees who have an unlimited contract with one of our subsidiaries. The figures disclosed for temporary employees include all active employees who have a limited contract. We do not apply non-guaranteed hours employment contracts. Therefore, we do not report this category.

The total number of employees who have left the company during fiscal 2025 amounted to 5,036 (2024: 5,746). Thus, in 2025, the employee turnover rate amounted to 8.0% (2024: 9.2%). The employee turnover rate is calculated by dividing the total number of leavers (including voluntary as well as involuntary fluctuation) during the reporting period by the average employee headcount in the same period multiplied by 100. The turnover indicators exclude employees who pause due to parental leave or a long-term illness as well as employees who are transitioning to the non-working phase of partial retirement. Employees who leave the company due to a divestment e.g. our Surface Solutions business unit are excluded as well.

Our metrics related to working conditions

Collective bargaining coverage and social dialogue (S1-8)

The following table presents the overall collective bargaining coverage among our employees. We apply the phase-in option per ESRS 1 Appendix C and thus the figures only contain the total percentage across countries and markets where we operate, that are part of the European Economic Area (EEA). Within the EEA, we have multiple collective bargaining agreements :

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Total employees covered by collective bargaining agreements (in %)	85.7	86.0	16.0	16.0

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

Furthermore, the following table shows the percentage of our employees covered by collective bargaining agreements broken down by country for countries that are part (or not part) of the EEA. We only disclose the coverage for EEA countries where we employ at least 50 employees (by headcount) collectively representing at least 10% of our total number of employees. We cluster the countries according to their coverage rate. Applying the same approach, we also disclose the percentage of employees covered by workers' representatives by EEA country.

2025

	Collective bargaining coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 employees representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%	–	Phase-in option	–
20-39%	–	Phase-in option	–
40-59%	–	Phase-in option	–
60-79%	–	Phase-in option	–
80-100%	Germany; Merck KGaA, Darmstadt, Germany	Phase-in option	Germany; Merck KGaA, Darmstadt, Germany

2024

	Collective bargaining coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 employees representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% total employees)
0-19%	–	Phase-in option	–
20-39%	–	Phase-in option	–
40-59%	–	Phase-in option	–
60-79%	–	Phase-in option	–
80-100%	Germany; Merck KGaA, Darmstadt, Germany	Phase-in option	Germany; Merck KGaA, Darmstadt, Germany

In countries and markets where collective agreements do not apply due to different administrative, commercial and legal structures, we work closely with trade unions to implement operational decisions and coordinate relations between management and employees. The working conditions and terms of employment of employees in these countries are determined by legal requirements and our global guidelines.

Regarding employee representation, we have an agreement on the establishment of our Euroforum. More information on the Euroforum can be found under **S1-2**.

Adequate wages (S1-10)

We are committed to the principle of “equal pay for equal work” and offer our employees competitive remuneration including additional benefits. The remuneration at least meets or exceeds the local remuneration conditions and guidelines and is intended to ensure a decent standard of living for our employees and their families. Our remuneration is based on the requirements of the respective position and the employee’s performance. Our remuneration structures are benchmarked externally and updated based on prevailing local conditions. We empower our managers to decide on employees’ pay, based on local conditions and the requirements of the job, within the framework of the company’s remuneration structures and philosophy. Managers are responsible for enabling employees to understand our remuneration structures and addressing any concerns. If there are further concerns, our HR Business Partners may be contacted by the employees as well.

To calculate whether all our employees are paid an adequate wage, we record the local minimum wage requirements and the wage of the lowest-paid employee per country and compare the two. The cut-off date for the data collected was December 31, 2025.

We comply with local regulations for appropriate remuneration in all countries and markets in which we operate worldwide. In the reporting period, we paid all our employees an adequate wage, in line with the methodology described above.

Health and safety metrics (S1-14)

The following table discloses the share of our own workforce that is covered by our occupational health and safety management system. The calculation is based on head count:

	2025	2024
Total (in %)	**100.0**	**100.0**

Our occupational health and safety (OHS) management system considers the key positions of ISO 45001 and is established Group-wide as part of our globally integrated management system. This approach enables us to ensure, among other things, the occupational health and safety of all employees. Furthermore, as part of a Group certificate, our OHS management system is annually ISO 45001-certified at selected sites. The sites individually define the scope of their certification. For example, at the Darmstadt site, the ISO 45001 certificate covers employees in the production units as well as those working in infrastructure. For the coverage percentage disclosed above, we consider the coverage of our OHS management system and thus, the number includes exclusively our own employees. This also applies to employees who work at non-certified sites as well as those who are active at sites that are not included in the Group certificate, since our OHS management system is established at all our locations.

Work-related accidents

The following tables disclose figures regarding work-related accidents. A work-related accident is defined as an event that occurs during the course of work that results in injury or ill health. This encompasses sudden personal injuries that happen on site or during business trips, as long as they are connected to the employee's work and not caused by internal factors, such as heart attacks or epilepsy. Additionally, pre-existing damage to ligaments, joints, or back issues is typically not included. Injuries that occur while commuting or during company sports activities are also not counted in the figures below. Work-related ill health refers to any illness that can be attributed to the workplace and is verified by an occupational physician.

2025

	Employees[1]	Non-employees[1]	Total[1]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	236	27	263
Rate of recordable work-related accidents	2.1	2.9	2.1
Number of cases of recordable work-related ill health	38		
Number of days lost to work-related injuries and fatalities from work-related accidents	2,643		

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

2025 thereof: Merck KGaA, Darmstadt, Germany

	Employees[1]	Non-employees[1]	Total[1]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	16	–	16
Rate of recordable work-related accidents	1.9	–	1.8
Number of cases of recordable work-related ill health	–		
Number of days lost to work-related injuries and fatalities from work-related accidents	136		

[1] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

2024

	Employees[2]	Non-employees[2]	Total[2]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	287	14	301
Rate of recordable work-related accidents	2.5	1.6	2.5
Number of cases of recordable work-related ill health	36		
Number of days lost to work-related injuries and fatalities from work-related accidents	2,911[1]		

[1] The value for 2024 (5,783) has been adjusted retrospectively (see also ESRS 2 Basis and standards of reporting).

[2] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

2024 thereof: Merck KGaA, Darmstadt, Germany

	Employees[2]	Non-employees[2]	Total[2]
Number of fatalities as a result of work-related injuries	–	–	–
Number of recordable work-related accidents	37	1	38
Rate of recordable work-related accidents	3.4	64.7	3.5
Number of cases of recordable work-related ill health	4		
Number of days lost to work-related injuries and fatalities from work-related accidents	325[1]		

[1] The value for 2024 (1,789) has been adjusted retrospectively (see also ESRS 2 Basis and standards of reporting).

[2] A dash indicates that a value was collected that corresponds to 0 when rounded. A gray background indicates that the value was not collected.

The number of fatalities as a result of work-related injuries of other workers working on our sites, such as contractors, amounted to 0 in fiscal 2025 (2024: 0).

The rate of recordable work-related accidents represents the number of respective cases per one million hours worked without taking into account whether these cases resulted in missed days of work. Additionally, we report the lost time injury rate (LTIR) under **S1-5** and **ESRS 2** as it is one of our strategic sustainability key indicators used to gauge the success of our occupational safety efforts. LTIR measures work-related injuries resulting in at least one day of missed work per one million hours worked (see **S1-5** and **ESRS 2**).

Additionally, we use our Environment, Health and Safety Incident Rate (EHS IR) to track incidents. Under our EHS IR, we track and evaluate all major and minor accidents, environmental incidents as well as EHS non-compliances. It covers both our own employees as well as those of contractors. To calculate it, we state the number of incidents and the severity of the event in relation to the number of hours worked. The EHS IR represents an average value. The lower the EHS IR, the better the EHS performance of the site. In 2025, the ratio was 1.85 (2024: 2.23). As one of our strategic key indicators, we also report the EHS IR under **ESRS 2 (SBM-1)**.

Incidents, complaints and severe human rights impacts (S1-17)

The following table shows the number of work-related incidents and complaints concerning a violation of our Social and Labor Standards Policy within our own workforce. We distinguish between the number of reported violations filed through our existing grievance system as well as the number of confirmed violations of our Social and Labor Standards Policy during 2025. Confirmed violations comprise reported violations that were confirmed following investigations. Additionally, we disclose the number of reported and confirmed incidents of discrimination, including harassment as a specific form of discrimination.

	2025	2024
Total number of complaints filed through channels for people in our own workforce to raise concerns: reported incidents of our Social and Labor Standards Policy	231	183
thereof: number of complaints of discrimination, including harassment: reported incidents	37	28
Total number of complaints filed through channels for people in our own workforce to raise concerns: confirmed incidents of Social and Labor Standards Policy	60	57
thereof: total number of complaints of discrimination, including harassment: confirmed incidents	16	10

The total number of confirmed violations of the Social and Labor Standards Policy is one of our strategic key indicators which we use to measure the progress of our sustainability strategy in the focus area of ‘Our people and communities; providing a diverse and inclusive environment’, see ESRS 2 (SBM-1).

In 2025, fines, penalties and compensation for damages as a result of incidents and complaints disclosed in the table above totaled € 0 (2024: € 0). During the reporting period, no complaints in connection with our company and related to matters concerning our employees were filed to the National Contact Points for OECD Guidelines for Multinational Enterprises.

The following table discloses the number of severe human rights incidents connected to our own workforce. We consider incidents of forced labor, modern slavery, human trafficking and child labor as severe human rights incidents.

	2025	2024
Number of severe human rights incidents connected to own workforce[1]	–	–
thereof: cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises[1]	–	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

In 2025, fines, penalties and compensation for damages as a result of severe human rights incidents disclosed in the table above totaled € 0 (2024: € 0).

Our metrics related to equal treatment and opportunities for all

Diversity metrics (S1-9)

The following table discloses the gender distribution at our top-management level:

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Number of female employees at top management level	61	58	18	15
Share of female employees at top management level (in %)	31.3	29.9	32.0	30.6
Number of male employees at top management level	134	136	38	34
Share of male employees at top management level (in %)	68.7	70.1	68.0	69.4
Number of employees with other gender at top management level[2]	–	–	–	–
Share of employees with other gender at top management level (in %)[2]	–	–	–	–
Total number of employees at top management level	**195**	**194**	**56**	**49**

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

[2] A dash indicates that a value was collected that corresponds to 0 when rounded.

We define top management level as all employees in senior management positions (Role 6+). We use a market-oriented system to rate positions within the company. To facilitate consistency across the organization, each position is assigned to a specific role with an overarching job architecture classifying each role as one of 11 levels, 15 functions and a range of career types (Core Operations, Services & Support Groups; Experts; Managers; Project Managers).

The following table shows the total number of employees, broken down by age:

	2025[1]	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Number of employees under 30 years old	7,750	8,174	483	504
Number of employees between 30 and 50 years old	40,046	39,520	2,107	2,099
Number of employees over 50 years old	14,665	14,862	1,043	1,112

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

Based on birth year, we determine employees' age and allocate them to their respective age group.

Training and skills development metrics (S1-13)

The following table discloses employees' participation in regular performance and career development reviews, including a breakdown by gender as well as the average number of training hours per employee:

	2025	2024
Share of employees that participated in regular performance and career development reviews (in %)	98.0	98.0
by gender		
Female (in %)	98.0	99.0
Male (in %)	98.0	98.0
Other (in %)	29.0	3.0

Performance and career development indicators are based on the number of performance reviews (year-end conversations) documented in our central HR system. Year-end conversations are considered valuable input for career and development conversations. The majority of employees in the category "other" belongs to a in 2025 acquired subsidiary. As Employee data related to performance management is not yet fully integrated into our database Therefore, the actual percentage of employees in the gender category "other" may be higher.

Work-life balance (S1-15)

100% of our employees were entitled to take family-related leave, ensuring that all employees have access to one or more of these leave options. Family-related leave includes maternity (or primary carer) leave, paternity (or secondary carer) leave, general leave related to children, and specific leave for critical situations related to immediate family (or carer) leave.

Remuneration metrics (pay gap and total remuneration) (S1-16)

Our remuneration is based on the requirements of the respective position on the one hand and the performance of the individual employee on the other hand. We make no distinctions based on gender or any other demographic characteristics. To ensure a competitive remuneration structure, we regularly review our salary policy using data analyses and industry benchmarks. Before we make changes, we thoroughly analyze current market conditions and practices and involve relevant stakeholders as well as important stakeholder groups, such as employee representatives, where applicable. In addition to individual performance, our annual and long-term incentive plans measure company performance on the basis of financial and non-financial indicators. The latter are intended to drive forward our High-Impact Culture and sustainability strategy. In addition to a competitive salary, we offer attractive additional and social benefits through our benefits programs, such as a company pension scheme, health insurance and other employee insurances as well as other local offers, such as bicycle leasing or discount programs.

The percentage gap in pay between female and male employees, expressed as a percentage of the average pay level of male employees, amounted to 7.3% (2024: 8.8%) in 2025 (unadjusted pay gap). For the calculation, we considered the difference in average pay levels between female and male employees. Additionally, we opt to analyze the adjusted gender pay gap as we understand that this metric provides a more accurate representation of pay disparities by controlling for various factors such as education, experience and job roles. The adjusted gender pay gap defines the difference in average pay levels between female and male employees after controlling for various factors that can influence pay. In the most recent analysis of all countries and markets where we operate (except the United States), the adjusted (unexplained) gender base pay gap was identified to be less than 1,5% in favor of men. While this outcome is positive and below the established benchmark, we remain committed to monitoring pay data and taking appropriate actions as necessary.

The ratio between the remuneration of our highest-paid individual and the median remuneration for our employees amounted to 122 in fiscal 2025 (2024: 97.3). The underlying calculations for both indicators are based on taxable employee compensation; they include annual base salary, short-term and long-term incentives, all other recurring payments (such as allowance and profit sharing), and all benefits in kind (taxable benefits). Various objective factors influence the pay gap as well as the total annual remuneration, including the type of work, the country/market and business sector in which employees are employed as well as individual factors such as educational qualifications, length of service, age, performance, and work experience. To calculate the median annual total remuneration, we included all employees who worked for us the full year, excluding the highest paid individual and employees on unpaid leave.

Workers in the Value Chain (S2)

Our business model is based on scientific research and responsible entrepreneurship. For us, they are the key to technological progress. We source numerous raw materials, packaging materials, technical products, components, and services from all over the world. Accordingly, we depend on the stability and reliability of our suppliers and supply chains. The impacts identified in our materiality assessment related to workers in the value chain result from our complex supply chain, our business activities and geographical conditions. Therefore, the objectives of our supplier management are compliance with human rights and environmental due diligence obligations through suitable policies, processes, and actions. We aim to act ethically and responsibly in our own business practices as well as in our supply chain to minimize human rights violations and abuses. We expect the same commitment from our suppliers and have defined this in our Supplier Code of Conduct. In case human rights violations or breaches of labor standards occur in the supply chain, we apply remedial actions specifically targeted at our suppliers and expect the deviations to be addressed promptly and effectively.

Definition of workers in our value chain

Our company operates in complex supply chains, often involving several supplier levels between us and the sources of the raw materials used in our products. Consequently, our manufacturing operations may indirectly have adverse impacts on workers in our upstream value chain, especially their working conditions, equal treatment and opportunities, and other work-related rights. The risks of such impacts are mostly widespread and often systemic, particularly in supply chains involving raw materials extraction and sectors such as transportation, logistics and distribution.

In this context, workers who may be particularly affected by human rights violations in the value chain include:

- Workers who extract, process and transport conflict minerals such as tin, tungsten, tantalum, and gold (3TG). A significant proportion of these workers often operate in the informal economy and lack access to basic labor protections. They may be exposed to unsafe work environments, discrimination, insufficient health and safety practices, unfair pay and, in severe cases, child labor. In addition, conflict minerals may be extracted in conflict-affected and high-risk areas, where armed groups may trade minerals to finance and continue conflict that affects workers and local communities.
- Workers who extract, process and transport mica. Mica is an important raw material in effect pigments, which are used in the automotive, cosmetics, and plastics industries. We used this raw material in our business unit Surface Solutions, which we divested on July 31, 2025. We sourced most of our mica from Rajasthan and Bihar, India, where mining conditions are often hazardous. Similarly, as for the 3TG, there is a considerable risk of child labor, discrimination, unsafe working conditions and a lack of formal employment structures. Local authorities' lax supervision further exacerbates this problem.
- Workers in the transportation, logistics, and distribution sector may experience precarious working conditions, excessive working hours, a lack of health and safety protection, and mistreatment and discrimination.

Workers in our upstream value chain from the aforementioned groups are particularly susceptible to negative effects. This includes people who do not have a good command of language in the workplace, meaning they have difficulty understanding safety instructions and/or communicating effectively with colleagues, for example. Workers with physical or mental challenges may also be more susceptible to injury or accidents in the workplace. Women can be discriminated against and treated unequally in the workplace, affecting their access to work in the first place, safe working conditions, fair promotion opportunities, and adequate health and safety resources.

Workers in our upstream and downstream value chain, such as distributors or agents, may be additionally affected by geopolitical events. These events and the risks they pose are external and therefore not linked to any impacts or dependencies by our business activities or relationships with workers in our value chain. Workers working in the operations of a joint venture or workers in our downstream value chain are not affected by our material impacts. Workers who work on our site and fall into the category of non-employees (for example, self-employed workers or temporary workers contracted by temporary employment agencies) are part of our own workforce (S1).

Our main impacts, risks and opportunities related to workers in the value chain (SBM-3)

Diversity, Employment and inclusion of persons with disabilities

Identifier	S2-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Discrimination: Disrespecting equal opportunities, diversity, equity, inclusion and non-discrimination can lead to human rights violations in our value chain. In our upstream areas of work, it is possible that women and minorities are comparatively underrepresented.

Measures against violence and harassment in the workplace

Identifier	S2-NI-02
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Violance and harassment: In our complex international supply chains with different levels of employee protection, certain workers for example in risky countries may be exposed to violence and harassment in the workplace. Violence and harassment in the workplace creates severe negative consequences for workers' physical and mental health.

Child labor, Forced labor

Identifier	S2-NI-03
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Medium-term
Value chain step	Upstream
Description	Forced and child labor: The presence of forced labor and child labour within the value chain has severe negative implications for workers, organizations, and society as a whole. This exploitative practice undermines fundamental human rights and has significant negative impact for workers health and quality of life. Despite robust due diligence and monitoring mechanisms, there is a possibillity that forced labor and child labor might occur in the supply chain of multinational organizations with complex supply chains, especially when raw materials, for example conflict minerals, are sourced from risky regions.

Adequate housing, Water and Sanitation, Privacy

Identifier	S2-NI-04
Material impacts, risks and opportunities	Potential negative impact
Time horizon	Medium-term
Value chain step	Upstream
Description	Inadequate living standards: Due to the complexity of our supply chains and the nature of the materials we are sourcing, it cannot be ruled out that workers in the upstream value chain are affected by inadequate housing, lack of water and sanitation, and insufficient privacy. For instance, this may be the case in the mining industry by sourcing mica.

Secure employment, Working time, Adequate wages

Identifier	S2-NI-05
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Social protection gaps: As our global supply chains comprise countries with limited regulation or enforcement measures to protect workers, we bear the risk that companies providing inadequate wages and social insecurity are part of our supply chain and negatively affect workers' living conditions.

Health and Safety

Identifier	S2-NI-06
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream
Description	Hazardous working conditions: Health and safety aspects play a major role in our supply chains, which also include countries with weak enforcement of health and safety laws. For example, contract manufacturers in industrial manufacturing or workers in the mining industry face health and safety risks from exposure to heavy machinery, harmful substances and high temperatures, among others. Unhealthy, unsafe and hazardous work conditions can cause physical and mental health issues for workers.

Health and safety

Identifier	S2-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Short-term
Value chain step	Upstream; downstream
Description	Geopolitical disruption risks: The effects of some unprecedented geopolitical events do not only pose a burden on the health care system, but also directly affect economies. In case of such events for which there is no adequate ad hoc measures or treatments in place, there is a risk that supply bottlenecks will arise through the loss of people/workforce, which can lead to financial and reputational damage for the Group.

Our policies related to workers in the value chain (S2-1)

Human Rights Charter	
Connection to material impacts, risks and/or opportunities	Identifier S2-NI-05; S2-NI-07; S2-NI-08
Material sustainability matter	Health and safety, child labor, forced labor
Key contents	The policy outlines our commitment to respecting human rights and supporting its realization across our operations, supply chain, and business relationships. It addresses specific human rights issue areas such as social and labor standards, access to health, product stewardship, research ethics, privacy, supply chain and business relationships, investment decisions, communities, security, and bribery and corruption. Additionally, the policy describes our overarching human rights due diligence process including the handling of concerns and grievances. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. Furthermore, we expect our business partners and other parties linked to our operations, products and services to respect human rights and practice human rights due diligence as articulated in our policy.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the International Bill of Human Rights; the UN Guiding Principles on Business and Human Rights (UNGP); the principles of the UN Global Compact; the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, and the ILO Declaration on Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered the interests of external stakeholders such as trade unions, industry associations, and representatives of potentially impacted groups. We also drew on the knowledge of internal topic experts in these matters.
Availability	The policy is available internally on the intranet and publicly on our website.

Group Policy Statement on Compliance with Human Rights and Environmental Due Diligence Obligations	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-01; S2-NI-02; S2-NI-03; S2-NI-05; S2-NI-06
Material sustainability matters	Health and safety, other work-related rights
Key contents	This policy aims to uphold human rights and ensure sustainable environmental practices throughout the entire supply chain. The policy includes our human rights commitment and our due diligence obligations. Moreover, it describes the process of how we ensure that we meet our human rights and environmental due diligence obligations. This process includes risk analysis, preventive action and remedial action, complaints procedures as well as documentation and reporting obligations. Our due diligence obligations are implemented based on national and international standards and in line with the German Supply Chain Due Diligence Act. Our expectations as regards to human rights and the environment as per the German Supply Chain Due Diligence Act must be acknowledged and adhered to by all of our employees and suppliers: • Ban on child labor: We take a zero-tolerance approach to any form of child labor; • Ban on discrimination: We do not tolerate discrimination against anyone based on characteristics such as gender or gender identity, culture or national origin, ethnic origin, race, color, religion or beliefs, disabilities, age, sexual orientation, family or marital status, military or veteran status; • Ban on forced labor: We take a zero-tolerance approach to any form of forced or compulsory labor, slavery and human trafficking; • Freedom of association: We respect the right to form employee representative bodies and engage in collective bargaining (in accordance with the law in the place of employment); • Compliance with legal requirements on pay and working hours: We comply with national legislation on working hours, pay, minimum wage and social security benefits or the international standards of the ILO where there are no national regulations; • Security personnel monitoring: Regardless of the type of contract, we observe applicable national law when using external personnel (e.g., security personnel) in contractual and labor relations. We take appropriate action to inform and monitor external personnel, especially with regard to human rights risks; • Occupational health and safety: We conduct suitable occupational health and safety management action to prevent accidents and work-related illness wherever possible.
Scope of application	The policy applies Group-wide at all our sites and to our upstream and downstream value chain.
Accountability	The Executive Board and Human Rights Officer.
Third-party standards/initiatives	The policy is based on the Universal declaration of Human Rights, the ILO core labor standards, the Ten Principles of the UN Global Compact, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal and external stakeholders.
Availability	The policy is publicly available on our website.

Supplier Code of Conduct	
Connection to material impacts, risks and/or opportunities	Identifier S2-NI-02; S2-NI-03; S2-NI-04 S2-NI-05; S2-NI-06
Material sustainability matter	Working conditions, health and safety
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services (“Suppliers”) and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel.
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

Responsible Minerals Sourcing Charter	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-03; S2-NI-04; S2-NI-05; S2-NI-06
Material sustainability matter	Health and safety
Key contents	The policy governs our approach to the sourcing of minerals from conflict-affected and high-risk areas. The focus of this charter is on minerals such as tin, tungsten, tantalum and gold (also known as 3TGs) as well as cobalt, which are mined in conflict and high-risk areas. The extraction of these minerals, also known as "conflict minerals", carry the risk of contributing to human rights violations. For this reason, we have developed a comprehensive due diligence program and due diligence practices that comply with international laws.
Scope of application	The policy applies Group-wide and supplements the requirements arising from our Supplier Code of Conduct.
Accountability	Senior Management of business sectors, Business Sector Conflict Minerals Lead and Group Procurement.
Third-party standards/initiatives	The policy is based on the EU Conflict Minerals Regulation (EU) 2017/821 and German law 585/19 on the implementation of (EU) 2017/821 of the European Parliament. We also strive for practices that are in line with the Dodd-Frank Wall Street Reform and Consumer Act, section 1502 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is publicly available on our website.

Conflict Minerals Due Diligence Guideline	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-03, S2-NI-04, S2-NI-05, S2-NI-06
Material sustainability matters	Health and safety, child labor, forced labor
Key contents	The objective of the policy is to ensure compliance with applicable laws and codes as well as international standards relating to the sourcing of conflict minerals from conflict-affected and high-risk areas. To comply with these regulations and maintain consistency, the policy describes our due diligence process and the associated practices specifically designed to address conflict minerals originating from conflict-affected and high-risk areas. The policy is regularly updated and monitored.
Scope of application	The policy applies Group-wide at all sites and also to our value chain.
Responsibility	Business Sector Senior Management, Business Sector Conflict Minerals Lead and Group Procurement.
Third-party standards/initiatives	The policy is based on the EU Conflict Minerals Regulation (EU) 2017/821, the German Act 585/19 implementing Regulation (EU) 2017/821 of the European Parliament, the Dodd-Frank Wall Street Reform and Consumer Act, Section 1502 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on our intranet.

Mica Sourcing Governance Process	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-03; S2-NI-04; S2-NI-05; S2-NI-06
Material sustainability matters	Health and safety, child labor, forced labor
Key contents	Mica is sourced for the production of effect pigments from regions that face challenges related to poverty, political instability and human rights issues. According to our human rights commitments outlined in our Human Rights Charter and policy statement, we have to ensure that no human rights violations occur within our respective sphere of influence and that our business activities do not infringe upon these rights. The policy process aims to ensure that our suppliers comply with the requirements of the Supplier Code of Conduct and our Human Rights Charter. For example, progress in improving sustainability in mica sourcing is to be summarized and documented in order to provide a shared view of the current status. The policy is regularly updated and monitored.
Scope of application	The policy applies Group-wide to our value chain.
Accountability	Mica Steering Committee.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders.
Availability	The policy is available on our intranet.

Risk Management Process for External Supply Chain	
Connection to material impacts, risks and/or opportunities	Identifier: S2-NI-01; S2-NI-02; S2-NI-03; S2-NI-05; S2-NI-06
Material sustainability matter	Health and safety, child labor, forced labor
Key contents	The Risk Management Policy document for our external Supply Chain refers to the Group Standard "Human Rights Due Diligence Obligation." This document, which is applicable for the entire company, defines a system with core elements of the diligence obligations regarding the protection of human rights including the social and specific environmental aspects. The policy is regularly updated and monitored.
Scope of application	The policy applies Group-wide to our own operations and to our upstream value chain.
Accountability	Group Procurement and the Executive Board.
Third-party standards/initiatives	None
Consideration of stakeholder interests	When setting the policy, we considered the interests of internal stakeholders and experts
Availability	The policy is available on our intranet.

Our human rights commitment

As an international company, we have the responsibility to respect human rights, including labor rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. We want to ensure that no human rights violations occur at our subsidiaries, suppliers, or business partners. We also aim to work toward improving the respective circumstances if human rights violations are identified. In doing so, we are fulfilling our due diligence obligations and complying with legal obligations, such as the German Supply Chain Due Diligence Act. In the event of inconsistencies between our Group-wide standards and national laws, we try to act in accordance with whichever standard is stricter while complying with the laws in the countries in which we operate. This helps us to contribute to the UN Sustainable Development Goals (SDGs).

We do not engage directly with workers in our value chain. We work with other companies in industry initiatives to ensure that we operate according to industry standards and can rely on comparative data and expert analyses. For example, until the divestment of our business unit Surface Solutions, we engaged in the multi-stakeholder group Responsible Mica Initiative (RMI). RMI aims to reduce human rights risks in the mica supply chain. In addition to the interests of companies, the interests of value chain workers are also considered in order to improve working conditions and eliminate child labor and forced labor. More information can be found under **S2-4**.

We have processes to remedy human rights and environmental violations. They include a Group-wide whistleblowing and complaints system through which any stakeholder can anonymously report potential violations. Regardless of the source – such as reports from the media or civil society or reports from our complaints system – we take effective action to end, remediate or otherwise address the potential harm to affected stakeholders. If an investigation confirms that a supplier poses a human rights or environmental risk or has committed a violation, we take appropriate steps, such as audits and corrective action plans. More information can be found under **S2-3**.

The implementation and operationalization of our human rights due diligence has been outlined, including clear responsibilities assigned for the monitoring of risk management. Our Human Rights Officer is responsible for monitoring human rights and environmental due diligence. As we consider the fulfillment of due diligence obligations as a cross-sectoral task, in addition to our Human Rights Officer, topic managers in the respective functions, business sectors and local units are also responsible for their operational implementation. In addition, external experts are consulted for certain topics and tasks. The overall responsibility for respecting human rights lies with our Executive Board.

In fiscal year 2025 we did not record any confirmed cases in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct our supply chain (2024: 0). One case was reported through our Compliance Hotline. The case was investigated and not confirmed as a human rights violation. Our Human Rights Officer was informed about the matter.

Our processes for engaging with workers in value chain in relation to the impacts on them (S2-2)

We do not yet have processes in place to directly engage with workers in the value chain and their representatives about material actual/potential impacts and risks affecting them.

Our processes for addressing negative impacts and channels through which workers in the value chain can raise concerns (S2-3)

As a multinational company that operates globally, we cannot rule out the possibility that negative impacts on people and the environment occur in our supply chains. We therefore work systematically to identify, prevent, mitigate or otherwise address such impacts. These efforts include standardized processes – in particular, our supplier selection and supplier performance evaluation processes – as well as our integrated Human Rights and Environmental Due Diligence program. This program encompasses a full range of due diligence processes, such as risk management, preventive and remedial actions, our complaints system, news monitoring as well as our specific process for conflict minerals.

Supplier selection and evaluation processes

We factor social, human rights, and environmental expectations into the selection and evaluation of suppliers. Our supplier sustainability score combines ratings of suppliers' ESG practices (primarily reflected in their EcoVadis assessment) with various decarbonization indicators (such as availability of product carbon footprint, SBTi targets, or share of renewable electricity). The supplier sustainability score is considered when selecting suppliers and when assessing their overall performance. Our overarching objective is to gradually shift a greater proportion of spend to suppliers that demonstrate a strong sustainability performance. The supplier sustainability score supports this objective.

Risk management process

We conduct an annual risk analysis to identify and monitor our suppliers' human rights and environmental risks. If business realities change, we conduct additional risk analyses on an ad hoc basis. The analysis's findings flow into our decision-making and other business processes and shape our choice of preventive and remedial actions. The annual risk analysis has two stages: abstract and concrete. The abstract risk analysis is based on third-party country and industry indices and our business volume with each supplier. It enables us to identify risky and top-spend suppliers, which are subjected to the second, concrete stage. This involves an EcoVadis assessment to evaluate the robustness of their sustainability management systems and to obtain a comprehensive scan of news reports about them and any sanctions they may face. We classify suppliers whose performance falls below a certain threshold as high-risk suppliers. For those, we need to take remedial action, as described in the next section.

Preventive and remedial actions

When risks have been identified, we take preventive measures. These include, for example, acknowledging our Supplier Code of Conduct, completing the associated training, and conducting supplier assessments and audits. More information can be found under **S2-4**.

The Remedial Actions Guideline explains the actions that we need to take to incentivize suppliers to end, mitigate or otherwise address a human rights or environmental violation. There are two scenarios under which remedial action is necessary: first, if our suppliers' sustainability assessment or audit results do not meet our expectations; second, if we obtain knowledge of adverse impacts through our complaints mechanism or news monitoring. The latter scenario is described in the next two sections: "Complaints mechanism" and "News monitoring".

If suppliers do not meet our expectations regarding their sustainability assessment or audit, we work with them to define and implement remedial action plans within an appropriate timeframe. The most common issues requiring remedial action in 2025 were employee health and safety, social dialogue and diversity, discrimination and harassment. In addition, we ask our suppliers to formally acknowledge our Supplier Code of Conduct and complete a training module on the policy.

Complaints system

Potential violations of human rights, legal provisions and environmental regulations can be reported via our Group-wide whistleblowing and complaints system. A central component of this is our Compliance Hotline, which we have set up in collaboration with a third-party provider. Both our employees and workers in our value chain can report suspected cases in more than 40 languages via this system: free of charge and anonymously, either by telephone or via a web-based application. The channels can be accessed via our external website **Compliance-Hotline**. All reports are treated confidentially and are checked and processed according to a clear and transparent process. The persons responsible for the investigation are independent and autonomous. Group Compliance accepts complaints received via the aforementioned channels and passes them to the specialist departments responsible for processing. The respective Group functions are responsible for complaints that concern their business activity.

The Center of Excellence for Sustainability within Group Procurement is responsible for the timely handling of possible violations in the supply chain. If the investigation confirms human rights or certain environmental risks or violations in our company or at our suppliers, appropriate remedial measures are initiated in accordance with our Remedial Actions Guideline. At the same time, we regard the reports as an opportunity to review our internal processes and structures and improve them where necessary. The human rights and environmental whistleblowing procedures contain a description of our compliance process and are available on our website in the following languages: English, German, Chinese, French, Hindi, Japanese, Korean, Portuguese and Spanish. The complaints system is described in our Supplier Code of Conduct. Furthermore, we outline in our Supplier Code of Conduct that our suppliers need to have a complaint system in line with effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights (UNGPs) or other applicable laws. They must encourage and enable their employees to report concerns or illegal activities. Suppliers shall follow up on concerns and take corrective actions if needed. The complaints system also needs to be made available and actively communicated to external rights holders. Additionally, our suppliers with low human rights scores have to complete a training module on our Supplier Code of Conduct, which specifically includes information about our complaints system.

Our complaints system meets all established effectiveness criteria for non-judicial grievance mechanisms, as set out in the UN Guiding Principles on Business and Human Rights (UNGPs): it is legitimate, accessible, predictable, fair, and transparent. We are working on improving the effectiveness of our complaints system.

News monitoring

When we become aware of news media, government or civil society reports of potential human rights or environmental violations in our supply chain, we investigate the matter immediately. If the allegations are substantiated, we take appropriate action to ensure that the supplier in question mitigates, ends or otherwise addresses the violations. In the event of severe human rights violations we may terminate our commercial relationship with a supplier if they fail to cooperate in remediating the violation.

Our investigation process consists of identifying the nature of our business relationship with the entity (direct supplier or indirect upstream supplier), establishing a timeline of events, collecting contextual information from various public sources and requesting that the supplier provide a formal statement on the matter. Regardless of whether the violation occurs at a direct or indirect supplier, our respective sourcing team first engages with the direct supplier with which we have a contractual relationship. If the violation involves an upstream indirect supplier, we collaborate with our direct supplier to investigate and remediate the case. The complaints procedure is closed if the investigation determines with sufficient certainty that no violation occurred. If the supplier responsible for the violation is unresponsive and/or unwilling to take remedial action, we initiate an escalation process as defined in our Remedial Actions Guideline.

Similarly, as for cases reported through our complaints system, the investigation, remedial actions and escalations draw on expertise from across our company, including Procurement, the Human Rights Office of Merck KGaA, Darmstadt, Germany, the Legal team, and business risk owners from the affected business sectors (Life Science, Healthcare, Electronics).

Due diligence process for responsible mineral sourcing

During the fiscal year 2025, we were subject to the EU Conflict Minerals Regulation (EU) 2017/821, which requires companies to exercise due diligence in sourcing minerals from conflict-affected and high-risk areas. As part of this obligation, we conducted and publicly disclosed an independent third-party assessment of our responsible minerals sourcing practices. Our human rights and environmental due diligence program prioritizes materials with elevated risk profiles, particularly mica and conflict minerals, namely tin, tantalum, tungsten and gold (3TG). We identified high-risk suppliers in India and conducted independent third-party on site audits for all of them.

In addition to our standard due diligence procedures, we implement dedicated activities as outlined in our Conflict Minerals Due Diligence Guideline. Our Procurement and Quality departments worked together to collect Conflict Minerals Reporting Templates (CMRTs) and/or Extended Minerals Reporting Templates (EMRTs) from our suppliers and validate them. If the Responsible Minerals Initiative’s (RMI) Responsible Minerals Assurance Process deems a smelter listed in our suppliers’ CMRTs or EMRTs to be non-conformant, we engage with the smelter and require them to implement a remedial action plan within a defined timeframe. If there are clear indications that suppliers do not adhere to our principles for responsible minerals sourcing, we require an independent third-party on site audit. In cases where serious concerns persist and the supplier fail to cooperate, we reserve the right to terminate the business relationship.

Our initiatives and actions regarding workers in the value chain (S2-4)

In order to fulfill our human rights due diligence obligations, we have implemented a variety of measures as described in the following. The aim is to protect affected workers and to prevent, end, mitigate or otherwise address adverse impacts on human rights. Unless otherwise stated, all memberships in the industry initiatives listed below-are ongoing.

Together for Sustainability supplier assessments and audits

Together for Sustainability (TfS) is a global initiative that brings together more than 50 leading companies to promote sustainable sourcing practices in the chemicals industry. Suppliers' sustainability performance is assessed by TfS member companies or by EcoVadis, an independent rating agency. EcoVadis assesses suppliers from more than 175 countries and over 200 sectors in four key areas: environment, labor and human rights, ethics, and sustainable procurement. On top of the assessments, suppliers are also monitored through a 360-degree news watch. The results are shared among TfS member companies in compliance with all restrictions stipulated by antitrust law.

TfS provides us access to 2,179 (2024: 2,695) valid scorecards on the assessment of our suppliers, almost 2,092 (2024: 2,587) of which completed a new assessment or re-assessment in 2025. These were either initiated by us or by other TfS members. In 2025, we continued our collaboration with member companies in TfS workstreams. We contributed to several best practice sharing and collaboration formats such as the TfS Talks as well as TfS Coordinator Roundtable. The TfS Academy offers training courses for employees of member companies. The module on human rights due diligence covers topics such as child labor, forced labor, human trafficking, discrimination and harassment. We use this leverage to enforce sustainability standards and requirements in supplier contracts to ensure compliance with ethical practices and environmental responsibility. We pool our knowledge and resources in a global network to drive systematic improvements in the supply chain.

Training on the Code of Conduct

Since January 1, 2023, a specific contractual clause has been applied to all new contracts, through which we enshrine the obligation to comply with our Supplier Code of Conduct. Suppliers that present certain risk factors or a low human rights score must undertake training on our Supplier Code of Conduct. This involves using an interactive e-learning tool that we have developed based on the content of the policy in various language formats. The training can also be carried out as part of an existing action plan or to enhance supplier awareness. All remedial actions and training initiatives of suppliers are documented. By this, we aim to ensure that the implemented measures are driving continuous improvement of our supplier's performance. If the supplier fails to meet the minimum requirements and does not show improvement, appropriate escalation is initiated.

Membership of the Responsible Minerals Initiative

Our membership in the Responsible Minerals Initiative (RMI) reflects our commitment to safeguarding the labor and human rights of workers in our minerals supply chains. The RMI provides us with various tools and resources that support us in making responsible sourcing decisions that comply with the EU Conflict Minerals Regulation (EU) 2017/821. For example, the RMI Facilities Database allows us to check audit results of smelters and refiners that are in our suppliers' supply chains in accordance with the RMI's Responsible Minerals Assurance Process. The Reasonable Country of Origin Inquiry list gives insights into smelters' and refiners' source countries. In addition, RMI's Global Risk Mapping Platform allows users to identify material mineral-related risks at early on.

Membership of the Responsible Mica Initiative

We are a founding member of the Responsible Mica Initiative and held its presidency from 2017 to 2025. The initiative brings together more than 100 companies and organizations dedicated to eliminating child labor and unacceptable working conditions in the mica supply chain. In 2025, we continued to support the initiative's efforts to improve both the working conditions in mica extraction (in part by conducting audits) and the living conditions in nearby communities. We divested Surface Solutions – our only business unit that used mica as a raw material, effective July 31, 2025, and therefore ended our membership in the initiative.

Improving the living conditions of mica workers

Our business unit Surface Solutions, which was divested on July 31, 2025, sourced mica from the Indian states of Jharkhand and Bihar. Insufficient social and economic factors contribute to poor working conditions, including child labor in these regions. We supported this region by safeguarding local employment and livelihoods. Therefore, we contractually agreed a monthly wage of 17,500 Indian rupees with our suppliers for the workers in the mines and factories. In 2023, the workers in processing units and mines in our supply chain already received the aforementioned fixed salary, independent of mica volumes harvested or processed. This wage is a living wage that contributes to a decent standard of living for workers and their families while helping to eliminate the root cause of child labor. We continued to monitor the maintenance of this living wage. Moreover, we worked to improve the living conditions of families in mica mining areas. Since 2012, we have been funding three schools in Jharkhand, India, which currently have around 490 students, as well as five vocational training centers, all of which are run by our local partner, the non-governmental organization “The Indo-German Export Promotion Project” (IGEP). In addition to our support for education, we also helped to improve access to healthcare. For example, we fully fund a health center operated by IGEP in Sapahi, Bihar, which serves around 20,000 residents of the region. Due to the divestiture of our Surface Solutions business unit, which used mica as raw material, by July 31, 2025 the initiative will no longer be moved forward by us.

External audits in the mica supply chain

Until the divesture of our business unit Surface Solutions, we collaborated with our partner IGEP. This organization IGEP has been carrying out regular unannounced visits since 2013: IGEP monitors occupational safety and compliance with laws to combat child labor. In 2025, its inspections focused on medical check-ups for workers and conducting mock fire drills. We regularly optimized the escalation process together with IGEP. Supplier assessments were carried out in meetings every third week with representatives of our company. These meetings helped to identify any required actions, which our sourcing teams then discussed and implemented with our suppliers. Our employees in Kolkata and Darmstadt took action to address any identified issues. As a result, our suppliers have successfully improved the working conditions at these sites. If the corrective actions are not respected, we may suspend or even terminate our business relationship with them.

Evaluating and tracking mica sources

We used a digital traceability system to help ensure that the mica we purchase is derived from mica sources qualified by our company and audited accordingly as described above, focused on working conditions as well as environmental, health and safety aspects. Based on written records of the daily extraction quantities, we reviewed the volumes of mica reported and supplied to the processing facilities. The effectiveness of this initiative was proven by the fact that we only sourced mica from mines that fulfill due diligence requirements.

Monitoring of supply chain resilience

To increase supply resilience, we identify and monitor relevant suppliers against criteria such as financial, operational and ESG related risks, and their strategic importance to the business. This approach supports our category sourcing teams to identify potential mitigation actions with impacted suppliers and supports them in making improvements. As part of our comprehensive procurement risk management approach, which is based on various external data sources and indices, we also monitor potential global events (for example, geopolitical, climate, natural catastrophes, military conflicts, etc.). In the case of an identified risk, our sourcing teams work closely with our business sectors to take the necessary action, for example, creating a contingency plan with our suppliers.

Ensuring ethical labor practices: Our commitment to SDG 8.7

We demonstrate our commitment to Goal 8 of the 17 UN Sustainable Development Goals "decent work and economic growth" through our initiatives, taking immediate and effective actions to contribute to the elimination of forced labor, end modern slavery and human trafficking, prohibit and eliminate the worst forms of child labor, including conscription and the use of child soldiers, and end all forms of child labor. We have an ongoing commitment to help establish and maintain fair and ethical labor practices in our operations and throughout the supply chain. By adhering to stringent ethical and social standards, regularly reviewing compliance, as well as engaging with suppliers to ensure ethical practices, our approach facilitates continued improvement in eradicating forced labor, modern slavery, human trafficking, and child labor. This commitment to human rights due diligence and responsible supply chain standards aligns with the aim of SDG target 8.7 and contributes to the company's ongoing dedication to ensuring fair and ethical labor practices within its operations and across its supply chains.

Roles and Responsibilities

Procurement is responsible for integrating sustainability requirements into the relevant stages of our sourcing and supplier management processes. Our Center of Excellence for Sustainability coordinates the relevant actions, such as updating our guidelines where necessary, examining processes and coordinating our participation in external initiatives to collaborate with peers and further stakeholders about human rights due diligence in our supply chain. We use internal communication channels and training to regularly inform and update Sourcing teams responsible for selecting and contracting suppliers. These updates include our guidelines and sustainability requirements, including human rights requirements affecting workers in the value chain as set out in our Supplier Code of Conduct.

We have defined clear roles for the governance of the due diligence process for conflict minerals. The Conflict Minerals Project Lead oversees the governance process, leads the project teams, and updates senior management. The Business Sector Conflict Minerals Lead oversees supplier reporting and participates in due diligence activities, for example, by monitoring conflict mineral supplier assessments, including human rights aspects for workers in the value chain via the RMI Facility database at an early stage. The procurement team engages in risk mitigation and ensures compliance with sourcing expectations. They are also responsible for gathering supplier information and managing supplier relationships.

The Head of Corporate Responsibility, Surface Solutions, was the central contact for topics related to mica sourcing until July 31, 2025. Under his responsibility business requirements were defined, audits executed and outcomes reviewed to manage corrective actions that affect working conditions for mica workers, for example. Our procurement unit responsible for sourcing mica was in direct contact with suppliers to reiterate the importance we place on ethical, social and environmental standards. Our Head of Product Compliance, Surface Solutions headed mica advocacy efforts and served as the President of the Responsible Mica Initiative until the divestment of our business unit Surface Solutions effective July 31, 2025.

Our targets in relation to workers in the value chain (S2-5)

Sustainability assessment of our relevant suppliers	
Reference to material impacts, risks and/or opportunities	Identifier: S2-NI-04; S2-NI-05; S2-NI-06
Material sustainability matters	Child labor; forced labor; adequate housing; secure employment; working hours; adequate pay; health and safety
Target	We strive for transparency in all our procurement regions. This is in direct relation to the strategic goal of anchoring sustainability throughout value chains by 2030. Our interim objective is to ensure that by the end of 2025, 73% of our relevant suppliers and 92% of our relevant supplier spend (based on spend data from 2024) will be covered by a sustainability assessment. We define relevant suppliers as: a) Annual total number of suppliers, which are rated with a higher risk score according to our human rights and environmental risk analysis b) Total annual number of suppliers contributing to 50% of procurement-related spend, excluding suppliers mentioned under a). Our target for sustainability assessments reflects our overarching Group Sustainability Strategic goal: By 2030, we will fully integrate sustainability into our value chains. We defined it in an internal, interdisciplinary process to ensure alignment with our procurement objectives. Supplier data is consolidated through an automated process and regularly reviewed by the Sustainability Council of Merck KGaA, Darmstadt, Germany. Due to its strategic relevance, we also report this indicator under ESRS 2 (SBM-1). We are working on enhancing our sustainability performance indicators regarding suppliers. Therefore, since we now have appropriate sustainability assessments for the majority of the relevant suppliers, we will focus on selecting more suppliers with a good sustainability profile from 2025 onwards.
Reference value/year	We introduced supplier assessments as a sustainability key indicator in fiscal year 2022 (based on data from fiscal year 2021). At that time, 33% of our relevant suppliers and 74% of our procurement spend attributable to them were covered by a valid sustainability assessment.
Methods	The annual calculation of the key indicator is based on the data from our relevant suppliers. This includes the procurement-related spend and the number of suppliers as of December 31 of the previous year, along with valid sustainability assessments from the current year. The first step is to consolidate the assessments of our relevant suppliers from various external platforms. We then compare the total number of ratings with the total number of our relevant suppliers. In the second step, we evaluate how much of our procurement-related spend is attributable to these assessed suppliers and compare this figure with our total procurement spend.
Consideration of stakeholders	We developed the target internally.
Changes from the previous year	No changes were made.
Performance/Key figures	In fiscal year 2025, we worked with our relevant suppliers on new assessments and reassessments. 73% (2024: 75%) of our relevant suppliers were covered by a valid sustainability assessment. 96% (2024: 94%) of our procurement spend attributable to these suppliers was covered by suppliers with a valid sustainability assessment.

Sustainability assessment of our suppliers with good sustainability profile	
Reference to material impacts, risks and/or opportunities	Identifier: S2-NI-04; S2-NI-05; S2-NI-06
Material topic	Child labor; forced labor; adequate housing; secure employment; working hours; adequate pay; health and safety
Target	As part of our ambition to achieve transparent and sustainable supply chains, we set a new target in 2025. We aim to increase the proportion of our total spend that is allocated to suppliers with a valid sustainability assessment rated 'good' or higher to 61% by 2027.
Reference value/year	The baseline for the target is 2024, at that time 55% of the total spend allocated to our suppliers had a sustainability assessment rated with “good” or higher.
Methods	The annual calculation of the indicator considers the sourcing supplier spend as of December 31 of previous year and current year data for valid assessments. A “good” rating for suppliers in sustainability assessments indicates that the supplier has exceeded a predefined threshold assessment score. Suppliers with a “good” rating have achieved a high level of maturity in criteria such as environmental impact, human rights, and compliance with sustainability standards. These suppliers are considered to be reliable partners that contribute to our overall sustainability goals.
Consideration of stakeholders	We developed the target internally.
Changes from the previous year	New target
Performance/Key figures	In fiscal 2025 59% of our spend was allocated to suppliers with a sustainability assessment rated “good” or higher.

The measurement of metrics related to workers in the value chain has not been separately validated by an external body.

Consumers and End-Users (S4)

Ensuring patient health and safety is our top priority. From clinical trials to post-market surveillance, we aim to ensure that our medicinal products are effective in combatting disease while posing the lowest possible risk to patients. At the same time, we recognize that access to healthcare remains unequal. Our strong commitment to health equity includes holistically combining innovation, equitable access and active community engagement to ensure that all individuals – regardless of their geographical, social and economic background – can benefit from our healthcare solutions. This chapter is divided into two subchapters: Health and safety of our patients as well as access to our products and services and access to (quality) information. They describe how we safeguard patient well-being, promote equitable access to healthcare solutions and help patients make informed decisions about our medicinal products.

Definition of consumers and end-users

Our materiality analysis included identifying impacts, risks and opportunities related to consumers and end-users. All consumers and end-users who are likely to be materially impacted by our company were taken into account when describing our strategy and business model. All impacts, risks and opportunities related to consumers and end-users that exceed our materiality threshold are attributable to our Healthcare business sector.

Our Healthcare business sector's consumers are primarily individuals who acquire, consume, use, or are intended to use our medicinal products and services, such as patients, their relatives or carers. Our primary end-users are adult and pediatric patients who use or are intended to ultimately use our medicinal products and services. End-users also include clinical trial participants (patients or healthy volunteers participating in clinical trials).

Furthermore, our end-users include those who benefit from the information and services we offer, such as people who are made aware of diseases through campaigns and/or who make use of our diagnostic or screening services. The same applies to students or researchers who take part in initiatives to foster health skills in science. Our end-users are particularly vulnerable to health impacts as they are primarily patients or people with medical needs. Medicinal products offer benefits to patients, yet may also pose risks. Consequently, our products may result in some end-users experiencing adverse effects and/or facing an increased risk of undesirable conditions/diseases. Consumers and end-users of our products depend on accurate and accessible product- or service-related information – such as manuals, product labels or package inserts – for healthcare professionals or for themselves to use the product correctly and ultimately obtain the intended effects and minimize adverse effects. In addition, our end-users may also include particularly vulnerable populations, such as children or people who are financially disadvantaged.

Moreover, the range of therapeutic areas in which we aim to improve healthcare and the nature of our business model result in our treatments being provided to consumers and end-users who may be at greater risk of harm due to particular characteristics. Examples of such end-user groups include:

- End-users participating in clinical trials for innovative treatments for severe diseases who may be exposed to risk of harm due to the less-well-characterized efficacy and safety profile of the treatment solutions under investigation.
- Oncology patients who are exposed to cancer drugs that can have inherently harmful effects (adverse effects) due to their mode of action. However, patients being treated for a life-threatening disease like cancer may accept such risk if the treatment is beneficial in combatting the disease.
- Pediatric patients (such as those receiving medicinal products for the treatment of schistosomiasis) are vulnerable end-users.

Our material impacts, risks and opportunities in relation to consumers and end-users (S4 SBM-3)

Health and safety	
Identifier	S4-PI-01
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Own operations; downstream
Description	Health innovation: Our medicinal products have a direct or indirect positive impact on public health. Exploring transformative technologies beyond our core products and markets can help develop breakthrough solutions that benefit society.

Health and safety	
Identifier	S4-PI-02
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Short-term
Value chain step	Own operations; downstream
Description	Patient-focused development: In the healthcare sector, ensuring the safety and efficacy of our medicinal products is crucial for public health. We strive to adhere to high ethical and scientific standards. During clinical trials we implement patient-focused drug development to involve patients, carers and their advocates more actively. Additionally, we secure early access to drugs through specific programs. These efforts ensure that patients receive our medicinal products safely and enable the delivery of new treatments to people worldwide, including in low- and middle-income countries.

Health and safety	
Identifier	S4-PI-03
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Short-term
Value chain step	Downstream
Description	Pharmacovigilance: Promoting robust safety frameworks and a safer healthcare environment promotes the well-being of all patients. We strive to proactively work with health authorities to improve and strengthen pharmacovigilance systems in order to benefit patients. This collaboration can improve the health and safety of consumers and end-users by ensuring the effective monitoring and management of the safety of our medicinal products.

Health and safety

Identifier	S4-PI-04
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Short-term
Value chain step	Downstream
Description	Product-related crime: Illegal or counterfeit medicinal products pose a significant threat to public health. Our initiatives to combat counterfeit medicinal products often exceed legal requirements. By implementing measures that enhance the detection of counterfeit medicinal products and assist authorities, we ultimately improve patient protection.

Access to products and services

Identifier	S4-PI-05
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Downstream
Description	Access to health: Access to products and services is essential for patients because it directly improves their health outcomes and quality of life. However, healthcare systems face multiple challenges in providing access to healthcare for all patients. Pharmaceutical companies and healthcare providers play a crucial role in ensuring this access. Beyond what is required by law, we strive to promote health equity by making health solutions available, accessible and affordable. This has a positive impact on our consumers and end-users. Access not only leads to better health outcomes but also enhances overall patient satisfaction and well-being.

Access to (quality) information

Identifier	S4-PI-06
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Not applicable
Value chain step	Downstream
Description	Health awareness and capacity: Access to quality information is crucial for patients and the community as a whole. It significantly influences health outcomes and overall well-being. When people are well-informed about their health conditions and treatment options, they are empowered to make better decisions. Access to quality information is a fundamental aspect of our concept of people-centered care. Furthermore, our capacity-building and health-system-strengthening initiatives are essential to ensure that healthcare providers have the necessary skills and knowledge to benefit patients. Pharmaceutical companies play a vital role in this landscape by providing clear, accurate, and accessible information about their products and associated diseases.

Health and safety

Identifier	S4-R-01
Material impacts, risks and opportunities	Risk
Time horizon	Medium-term
Value chain step	Own operations; downstream
Description	Liability claims: In the pharmaceutical industry, companies encounter inherent risks associated with liability claims related to the health and safety of patients. We are exposed to potential liability claims concerning our marketed medicinal products and clinical trials. Although we anticipate that significant product claims will occur with low probability, there is a risk that our insurance coverage may not be sufficient to cover such claims, potentially leading to financial loss.

Health and safety

Identifier	S4-R-02
Material impacts, risks and opportunities	Risk
Time horizon	Short-term
Value chain step	Own operations; downstream
Description	Pharmaceutical research and development risk: There is a risk that new drug candidates in development may not achieve the intended clinical outcomes during preclinical or clinical trials. This may be due to a lack of efficacy or unforeseen safety issues. Even if clinical trials are successfully completed, there remains the possibility that regulatory authorities may not grant marketing authorization due to concerns about the benefit-risk profile, insufficient data, or compliance issues. This poses financial and reputational risks to our company.

Health and safety

Identifier	S4-O-01
Material impacts, risks and opportunities	Opportunity
Time horizon	Short-term
Value chain step	Own operations; downstream
Description	Developing innovative medicinal products: Advancing health and safety for patients presents a significant opportunity for growth in the pharmaceutical industry. We are committed to research and development (R&D), continuously evaluating and realigning our pipeline projects through regular portfolio management reviews. This strategic focus allows us to invest in areas that best meet patient needs, enabling the development of innovative medicinal products. Additionally, we pursue strategic alliances with external partners and engage in in- or out-licensing of programs to ensure efficient resource allocation in addressing health and safety challenges.

Patient health and safety

Our strategy to improve patient health

As a science and technology company, we are committed to advancing healthcare and to improving patient health by using our innovations to deliver first-in-class or best-in-class medicinal products that pose the lowest possible risk. The safety of patients treated with our medicinal products is our top priority. We continuously aim to adapt our strategy to address material impacts.

Our focus on innovative solutions and transformative technologies aligns with our strategy to address high unmet medical needs across all our therapeutic areas, thereby driving our organic growth. In addition, we continuously evaluate our R&D pipeline to prioritize investments in areas that best meet patient needs and to focus in particular on complex or rare chronic conditions. Communicating effectively and monitoring our products post launch enable us to mitigate risks associated with adverse effects, underscoring our commitment to patient safety throughout the product life cycle. Our portfolio includes the therapeutic areas of oncology, rare diseases, neurology and immunology, fertility as well as diabetes, cardiovascular diseases, metabolic disorders, and endocrinology. **Fundamental Information about the Group** contains more details about our healthcare product portfolio. It can be found in the Management Report under Company Profile and Structure/Healthcare.

Clinical trials

Obtaining regulatory approval for our medicinal products involves conducting clinical trials with patients and, if necessary, also with healthy volunteers to investigate the safety and efficacy of our medicinal products. We aim to do so only in countries where we intend to market our medicinal products to ensure accessibility to them after successful market authorization. Clinical trials, which typically involve hundreds of participants, enable us to investigate and provide new treatments to patients, including those living in low- and middle-income countries. Clinical trials may also have a positive impact on participants, who receive potentially life-saving medicinal products in a controlled setting and prior to commercial availability. Before deciding whether to continue developing a medicinal product, we carefully and thoroughly assess all available data to ensure that its potential benefits for patients outweigh its potential risks.

If a medicinal product demonstrates a favorable benefit-to-risk ratio in clinical trials and receives regulatory approval, we launch it commercially. We aim to ensure the safe use of our products on the market by continuously reviewing and assessing safety data updates on them.

In the event that drug candidates fall short of expectations, we set up financial provisions for costs necessary to meet our obligations to trial participants (connected to IRO S4-R-02). As of December 31, 2025, provisions for follow-on obligations in connection with discontinued clinical development programs in the amount of € 80 million are accounted for. Of this amount, € 45 million are additions in fiscal 2025 and payments totaling € 43 million were made, as well as reversals totaling € 69 million. More information can be found under Note **(27) Other provisions** in the Notes to the Consolidated Financial Statement. Furthermore, impairment losses on intangible assets in the amount of € 223 million were recognized in fiscal 2025 in connection with discontinued development projects in the Healthcare business sector. The further financial consequences of this risk on the next reporting period cannot be estimated at this time.

Ethical and scientific principles

We have established strict company requirements and compliance guidelines to ensure that we conduct clinical trials ethically. The safety, well-being, dignity, and rights of the sick and healthy participants in our clinical trials are our top priority. We ensure patient safety during clinical trials by selecting participants based on eligibility criteria considering known risk factors, such as age and comorbidities. Notably, we only enroll the precise number of patients required to answer the scientific and medical questions posed. Our clinical trials always address issues that are relevant to improving the healthcare that patients receive. We only conduct them if our established methodology indicates that the medicinal product being developed is likely to demonstrate significant therapeutic promise and a positive benefit-to-risk ratio.

Special protection for specific patient groups

We are committed to conducting clinical trials that adequately represent the diverse patient populations that are likely to use our medicinal products after regulatory approval. This ensures that we assess the safety and efficacy of our medicinal products across different patient populations. We achieve this by enrolling a diverse range of participants. Participants vary by a number of factors, including but not limited to age, sex and gender identification, ethnicity, race, religion, socioeconomic background, and disability. A written statement of our commitment to diversity in our trials can be found on our **website**. In addition, each clinical trial has specific inclusion and exclusion criteria to ensure that only participants likely to benefit from the treatment are selected. This enables us to increase the likelihood that our clinical trials ultimately have a positive impact on the patients and communities who need the medicinal products being tested.

Clinical trials that involve participants from vulnerable populations must be conducted with particular care to ensure compliance with the highest ethical and scientific standards. We therefore only conduct studies involving such populations if scientifically justified and if there is no alternative approach to achieving conclusive results.

Integrating patient perspectives

We are committed to patient-focused drug development that actively involves patients, carers and their representatives. Their valuable perspectives and insights into disease and treatment management help us make more informed decisions at every stage of drug development. **S4-2** provides more information.

Governance and compliance in clinical trials

We audit the processes and procedures of our clinical trials on a regular basis to verify their compliance with applicable laws and guidelines. Regulatory agencies also perform inspections for external verification. In addition, we review the safety reports across the entire product life cycle and immediately address any unforeseen risks as applicable. Senior boards, such as our Medical Safety and Ethics Board, oversee emerging safety concerns. In addition, cross-functional teams assess the benefit-risk ratio of each medicinal product and its development strategy, seeking to properly characterize and mitigate risks for our consumers and end-users while increasing the likelihood that the medicinal products will have a beneficial effect.

Early access programs

Our early access programs make some of our investigational medicinal products available for treatment prior to the approval of health authorities. We strictly control access to these programs to ensure the safety and well-being of patients. Patients treated with such products must have a serious or life-threatening disease or condition, have exhausted all other treatment options and be unable to participate in a clinical trial. Moreover, clinical data must sufficiently indicate a reasonable expectation that the patient can have a clinically meaningful benefit and that the medicinal product has an acceptable safety profile for the patient. Internal audit procedures ensure compliance with our standard governing this type of access.

Approved medication for unapproved uses

Additionally, we receive unsolicited requests from physicians to provide access to approved medicinal products for unapproved use, free of charge. We strictly control access to ensure patient safety and well-being. The same conditions regarding patient status and benefit-risk profiles apply as described for the early access programs.

Post marketing

Once the medicinal products receive regulatory approval and enter the downstream value chain, we collaborate with wholesalers and/or distributors as well as pharmacies in the respective countries to deliver our medicinal products. Pharmacies also help to ensure correct and responsible product use. Our medicinal products can be obtained with a prescription to ensure that their use is safe and medically justified. Where applicable, we support patients and end-users by providing educational materials and guidance on safe administration. We periodically hold Patient Advisory Board meetings to learn more about our patients' perspective. These meetings focus on patient-facing materials, disease journeys, and support programs. **S4-2** and **S4-3** describe the various ways in which we engage with patients. We also work closely with healthcare professionals and organize Medical Advisory Boards to gain insights from their treatment experience. Their feedback informs our business strategy, including drug development and the design of patient-support programs aimed at improving care.

Ongoing product safety monitoring

As stated in our Code of Conduct, the safety of patients treated with our medicinal products is our top priority. We strive to continuously monitor any treatment-related risks or adverse effects and take the necessary action to minimize them in order to safeguard the interests and the rights of our consumers and end-users of our medicinal products. We have established a pharmacovigilance system in accordance with our legal obligations and international guidelines to ensure that we monitor adverse effects, including those not detected during clinical development. This enables us to identify and communicate them transparently, thereby reducing risks for patients. Our pharmacovigilance encompasses the entire life cycle of a medicinal product: development, market launch, clinical use, and, in some cases, expiration or revocation of regulatory approval.

Our policies related to consumers and end-users (S4-1)

Standards on Human Research and Clinical Trials

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-05; S4-R-02; S4-O-01
Material sustainability matter	Health and safety
Key contents	We have several internal policies on human research and clinical trials: Standard on Human Research, Standard on Investigator-Sponsored Studies and Standard on Collaborative Research Studies. These policies define how we strive to protect the safety, well-being, dignity, and rights of all patients in our clinical trials. They also cover the principles of ethical medical governance, the appropriate frameworks for clinical trials with the aim of advancing clinical and medical knowledge in accordance with applicable laws and codes. The policies are regularly monitored and updated if necessary. Compliance with the policies is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policies covers the downstream value chain of the Healthcare business sector. The policies' affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policies.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	The policies are based on the World Medical Association's (WMA) Declaration of Helsinki on ethical principles for medical research involving human subjects, the ICH Guideline for Good Clinical Practice (GCP) E6 (R2) and the CIOMS International Ethical Guidelines for Health-related Research Involving Humans. Other quality documents incorporate additional principles and guidelines, such as our position statement on data privacy. These documents include references to other guidelines and principles, such as Good Laboratory Practice (GLP), Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), the Joint Position on the Disclosure of Clinical Trial Information via Clinical Trial Registries and Databases, and the Joint Position on the Publication of Clinical Trial Results in the Scientific Literature published by the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the Pharmaceutical Research and Manufacturers of America (PhRMA), and the EFPIA and PhRMA Principles for Responsible Clinical Trial Data Sharing and the IFPMA Principles for Responsible Clinical Trial Data Sharing.
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and requirements.
Availability	The policies are available internally on the intranet.

Medical Governance Standard

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-PI-05; S4-O-01; S4-R-02
Material sustainability matter	Health and safety
Key contents	The purpose of the policy is to ensure compliance of all human research activities with recognized medical and ethical standards. It aims to protect the rights, safety, dignity, and well-being of patients using our products and subjects participating in clinical studies. This policy describes the framework of our internal medical governance with roles and responsibilities, committees, guidelines, standards, and processes. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers downstream activities of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	The policy is based on the WMA Declaration of Helsinki and the ICH GCP E6 (R2).
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Standard on Managed Access to Medicinal Products

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-PI-05
Material sustainability matter	Health and safety
Key contents	This policy describes the principles and requirements for managing patients' access to medicinal products in three specific situations: early access to investigational medicinal products (Early Access), access to approved medicinal products for unapproved uses (Post-Approval Access) and access to medicinal products following participation in a clinical study (Post-Study Access). The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers downstream activities of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as healthcare professionals and employees of the Healthcare business sector who need to comply with it and are trained on the policy.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	The policy is based on the Principles of the Pharmaceutical Research and Manufacturers of America on conduct of clinical studies, while the section addressing Post-Study Access is based on the Principles of Post-Trial Continued Access to an Investigational Product (November 2024), the WMA's Declaration of Helsinki, and the International Ethical Guidelines for Health-related Research Involving Humans by the Council for International Organizations of Medical Sciences.
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Standard Procedure: Product Quality Complaint Management

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-02; S4-PI-03; S4-R-01
Material sustainability matter	Health and safety
Key contents	The policy defines the following requirements: All complaints regarding products and services related to GMP (Good Manufacturing Practice) or GDP (Good Distribution Practice) must be recorded and investigated promptly and effectively. Complaint management includes receiving, recording, evaluating, investigating, responding to, and monitoring complaints, as well as analyzing complaint trends to prevent recurrence. Additionally, complaints should be screened for adverse events and forwarded to the relevant safety function. Furthermore, the policy defines the rules for reporting such complaints to management and to health authorities. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Healthcare Quality unit.
Third-party standards/initiatives	The policy is based on: ISO 9000:2005: Quality Management Systems – Fundamentals and vocabulary; WHO-GMP: Good Manufacturing Practices for pharmaceutical products; ICH Q10: Pharmaceutical Quality Systems; US-GMP: Code of Federal Regulations (CFR) parts 210, 211, 600, 803, 820; Eudralex Volume 4 Chapter 8; ISO 13485:2003: Medical devices – Quality management systems – Requirements for regulatory purposes; ISO 14971:2007: Medical Devices – Application of Risk Management to Medical Devices; EMA Classification: Rapid Alert System: Classification of Urgency of Defective Medicinal Product Alerts (EMEA/INS/GMP/313510/2006, rev 1); Europe MEDDEV 2.12-1 rev 8: Guidelines on a medical devices vigilance system; European Commission: Falsified medicinal products directive, 2011/62/EU & European Commission: Commission Delegated Regulation, 2016/161/EU; Health Canada, Health Products and Food Branch Inspectorate; Good Manufacturing Practices (GMP) Guidelines – 2009 Edition, Version 2; Canadian Medical Device Regulations SOR/98-282
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-02; S4-PI-03 ; S4-PI-06; S4-R-01
Material sustainability matter	Health and safety
Key contents	The policy guides our workforce in conducting business ethically, in line with our company values and the law. It outlines our commitment to respect human rights, our principles in the workplace and for dealing with external business partners, customers, consumers and end-users. The policy also addresses our principles of responsible business conduct, for example, product safety, patient safety and the ethical conduct of clinical studies. Furthermore, the policy describes various reporting methods for employees if they suspect that internal or external rules are being breached. The update incorporated content and structural changes and improved user-friendliness to enhance readability and access to related governance documents and tools. Along with our values, it now addresses other important topics such as digital and data ethics, money laundering prevention and our High-Impact Culture. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. It also applies to downstream business activities and relations with external stakeholders, such as consumers and end-users.
Accountability	Executive Board.
Third-party standards/initiatives	The policy follows the principles of the UN Global Compact.
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Pharmacovigilance Governance Standard

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-R-01; S4-R-02; S4-O-01
Material sustainability matter	Health and safety
Key contents	The policy addresses patient safety. In line with the policy's objectives, our Global Patient Safety unit has a clear organizational structure in which all local/regional patient safety staff report directly to Global Patient Safety. The policy describes our pharmacovigilance framework, including organizational structure, processes, governance, and systems. Pharmacovigilance objectives are monitored through our pharmacovigilance quality strategy and the annual quality plan; performance and compliance are monitored through internal and external key performance indicators. The policy is regularly monitored and updated, if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers downstream activities of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Head of Global Patient Safety unit.
Third-party standards/initiatives	The policy is based on the Commission Implementing Regulation (EU) 2025/1466 amending Commission Implementing Regulation (EU) No 520/2012, Directive 2010/84/EU; the General Data Protection Regulation (GDPR); the Regulation (EU) 2016/679 GVP Modules and Annexes; the Regulation (EC) No 726/2004 and U.S. Food and Drug Administration (FDA): Code of Federal Regulation 21, Title 21 and relevant FDA drug safety guidance documents.
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Standard on Patient Support Programs

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-05
Material sustainability matter	Health and safety
Key contents	The policy provides a framework of general requirements and operational guidelines for the management of all types of patient support programs to comply with applicable laws, codes and company standards. Patient support programs conducted by the Healthcare business sector or any third party acting on behalf of our company are organized programs with the objective of providing benefits and support to patients in the diagnosis, treatment and management of their disease or condition and/or addressing specific aspects of their patient journey (for example, education, diagnoses, adherence, and compliance). According to this policy, the purpose of such programs is to enhance patient care, which will directly benefit patients and they are not revenue-driven or conducted for the purpose of generating profits. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users based on the Healthcare business sector's definition as well as employees of the Healthcare business sector who need to comply with and are trained on the policy.
Accountability	Chief Medical Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Group Standard Illicit Trade & Product Crime Prevention

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-04
Material sustainability matter	Health and safety
Key contents	The policy defines the general actions required to protect the business, patients and our customers from product-related crime. The policy is regularly monitored and updated if necessary. Compliance with the policy is to be ensured by internal audit procedures.
Scope of application	The scope of the globally applicable policy covers all consumers and end-users affected by counterfeit products that are falsely associated with our company.
Accountability	Chief Security Officer.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Good Practice and Process Guidance: Engagement with Patients, Patient Opinion Leaders, Carers, Patient and Carer-led Organizations

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-O-01
Material sustainability matter	Health and safety
Key contents	The policy provides a framework for working with patients, patient opinion leaders, carers, and patient- and carer-led organizations. As a global healthcare company focused on patients' needs, our company is committed to fostering an open dialogue with and listening to the patient community and their carers to increase our knowledge of patients' needs and act to meet them. This is in order to: • Find better innovative healthcare solutions for patients; • Take into account and respond to the broader needs of patients and carers throughout the patient journey; • Facilitate meaningful patient engagement in the areas of improved health outcomes, access to care, policy issues, clinical development, and medical innovation. The policy is regularly monitored and updated if necessary.
Scope of application	The scope of the globally applicable policy covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users based on the Healthcare business sector definition as well as employees of the Healthcare business sector (excluding U.S. employees) who need to comply with and are trained on the standards.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Group Quality Policy

Connection to material impacts, risks and/or opportunities	Identifier S4-PI-01; S4-PI-02; S4-PI-03; S4-PI-05; S4-R-01; S4-R-02
Material sustainability matter	Health and safety
Key contents	This policy follows the vision "Quality is embedded in everything we do" and defines the strategic framework for quality-related activities at our company. These activities must be performed in compliance with our Code of Conduct, the applicable Group Quality Documents, the Healthcare Marketing Best Practices, and the applicable regulations. The objective is to ensure that products, services and systems are delivered to patients and our customers at the intended level of quality, safety and efficacy. The policy is regularly monitored and updated if necessary. Compliance with the policy and internal quality standards is to be ensured by internal quality audits.
Scope of application	The scope of the globally applicable Group policy also covers the downstream value chain of the Healthcare business sector. The policy's affected stakeholder groups are consumers and end-users as well as employees from all organizational units and legal entities who need to comply with the policy.
Accountability	Head of Corporate Quality Assurance.
Third-party standards/initiatives	None
Consideration of stakeholder interests	Due to strict regulatory requirements, consumers and end-users were not directly involved. The policy is based on regulatory sources and requirements.
Availability	The policy is available internally on the intranet.

Our human rights commitment

We are committed to respecting the human rights of consumers and end-users in line with the UN Guiding Principles on Business and Human Rights (UNGP), and we expect our employees and our business partners to do so as well. Specific company documents outline the relevant management processes and actions for particular human rights issues such as research ethics, including clinical studies. However, we currently do not explicitly monitor compliance with human-rights-related processes and actions with regards to consumers and end-users. Our commitment to human rights is further reflected in our long-standing participation in the UN Global Compact, which we joined in 2005. We endeavor to prevent the risk of human rights violations to the greatest degree possible, not only at our own sites but also along our entire value chain. More information can be found under **Our policies related to consumers and end-users**.

We have also adopted a Supplier Code of Conduct, which applies to all providers of goods and/or services to our company (suppliers) and sales intermediates (such as dealers, distributors, wholesalers, agents, and resellers). It defines minimum standards, which suppliers agree to meet, for respecting human and labor rights, occupational health and safety, business integrity, environmental protection, continuous improvement, and supplier management. More information can be found under **S2**.

We have a Group-wide whistleblowing and complaints system that enables any stakeholder to report – anonymously and free of charge – potential human rights violations or product-related risks. The WHO Patient Safety Rights Charter (2024) considers patient safety to be an important application of human rights norms and standards in healthcare settings. For example, patients have the right to receive safe medication, to be heard when they experience adverse effects related to the use of our products, and to obtain timely, accurate and complete information about how to use our products safely. Our product complaints channel and our pharmacovigilance system address these rights of patients and end-users. If new safety risks are identified, we immediately inform health authorities and relevant stakeholders and take corrective action, including product recalls where necessary. Our complaints system is general and is not limited to cases relating to consumers and end-users. Violations of our Code of Conduct or legal provisions as well as human rights and environmental concerns during clinical studies can be reported via our Group-wide whistleblowing and complaints system.No severe human rights issues or incidents connected to consumers and end-users were reported in 2025.

If our safety risk assessments identify any new safety issues, if safety observations in the downstream value chain require urgent safety measures or if we identify new safety information that could impact the benefit-risk profile of our medicinal products (for example, in the event of a product recall as part of crisis management), we immediately notify the health authorities using the appropriate emergency response procedures. Emergency response procedures include seeking health authority approval for further actions and communicating the information to relevant healthcare professionals. In addition, we promptly share this information with our business partners and clinical trial investigators, enabling them to take proper action where the medicinal product in question is used. More information can be found under **Our complaint handling mechanisms**.

Our processes for engaging with consumers and end-users (S4-2; S4-3)

We aim to continuously improve our research and development approach and are committed to patient-focused drug development. We actively engage with patients, carers and their representatives as well as patient experts and patient advocacy groups – throughout the drug development process as well as after drugs become available on the market – to understand their needs. Their valuable insights into disease and treatment management help us make more informed decisions that benefit the patients throughout a medicinal product's life cycle. Our compliance guidelines define how we aim to ensure that our engagement activities take place within an ethical framework. The phases in which we engage with consumers and end-users, as well as the type and frequency of engagement vary by process. We generally work with consumers and end-users or their representatives either directly and/or through credible proxies. We issue press releases that provide updates on development milestones in order to transparently disclose new achievements that have the potential to change the treatment patients receive.

Patient Advisory Boards

Patient Advisory Boards (PAB) are a key source of insights from patients and carers. PABs draw from interviews, consulting agreements, surveys, and qualitative and quantitative research projects involving consumers and end-users. We collect feedback on specific conditions and on the experience of living with diseases. Insights from PABs guide decisions across our Medical, Clinical, Clinical Operations, Digital Health, and Communications functions. They also shape patient-support programs, digital tools, awareness campaigns, company strategies, and the development of patient-facing materials to ensure clarity and understanding. In addition, early input from PABs informs protocol development and execution to help make our clinical trials even more patient-centric. Responsibility for PABs lies with Clinical and Medical functions as well as with Government and Public Affairs. All PAB-related activities follow the guidelines of the European Federation of Pharmaceutical Industries and Associations and our policy, Good Practice and Process Guidance: Engagement with Patients, Patient Opinion Leaders, Carers, Patient and Carer-led Organizations.

Patient 360 program

Our annual Patient 360 summit and our Patient 360 projects enable us to collaborate with suitable patients, carers and patient organizations to find solutions for identified gaps or medical needs. We consult with them by means of e-mail and virtual or in-person meetings. After an advisory board session, we typically conduct a survey to gather feedback and assess the process. We summarize the insights, including concrete recommendations for action, in a report that we share with participants of the session and with relevant internal functions that may benefit from it. Valuable insights gained through the program have, for example, helped us plan and validate patient-engagement initiatives, identify gaps in support for carers of individuals with multiple sclerosis and myasthenia gravis, and co-create a website that provides information to patients and carers. The Director of Global Patient Insights & Advocacy for Neurology & Immunology and the Vice President for Global Patient Insights & Advocacy share responsibility for the Patient 360 program.

Medical Advisory Board

Our Medical Advisory Board serves as a forum in which external healthcare professionals can meet with our business sector’s medical employees to discuss unmet medical needs or evidence gaps. The board, which meets on an ad hoc basis, also enables us to obtain direct feedback from treating physicians. In 2025, the board convened 26 times. We supplement this with patients’ feedback on their treatment experience and patient-reported outcomes. We draw on this information to plan our clinical studies. For example, information might lead us to exercise greater caution when enrolling for trials in a particular country in order to prevent bias, to adjust treatments and patient populations, or to modify biomarker strategies to enhance the value of clinical data and improve patient stratification. Our aim is to deliver higher quality work in meeting patients’ needs during drug development, increase the benefits of drugs, and minimize the risks for participants in clinical studies. The accountability for the Medical Advisory Board meetings lies with the Medical function Heads.

Patient Data Collection System

We run a variety of programs to actively communicate with consumers and end-users of the medicinal products we have in the market. The programs may engage with patients, relatives, carers, and healthcare professionals as well as vulnerable groups, such as children, seniors, and pregnant or breastfeeding patients. Other forms of engagement include market research, digital health monitoring tools, patient support programs, and patient hotlines. Such programs or forms of engagement in which we gather feedback about our medicinal products from consumers or end-users constitute our Patient Data Collection System (PDCS). We use the system to collect information about adverse events raised or other concerns regarding a medicinal product’s safety and efficacy. A PDCS undergoes a certification process to ensure consistent safety practices across all qualified programs. The Head of Global Patient Safety unit oversees the PDCS process.

Individual Case Safety Report Management

Our Individual Case Safety Report Management gives consumers, end-users and healthcare professionals several channels to report adverse events. These channels include e-mail, fax, telephone, webpages, and various programs. Our Healthcare business sector provides employees with basic pharmacovigilance training to enable them to collect and report information on adverse events from all sources. Employees who work in programs or tasks related to patient safety receive additional role-specific training. We have established appropriate procedures for supplier management, the management of pharmacovigilance agreements with our business partners and conduct of audits. The adverse event data we collect inform the outcome of our safety evaluation as well as our decision-making. Individual Case Safety Report Management is overseen by the Head of Global Patient Safety unit and follows the Guideline on Good Pharmacovigilance Practices (GVP), Module VI – Collection, management and submission of reports of suspected adverse reactions to medicinal products.

Post-Authorization Safety Studies

Once a medicinal product has been approved by the regulatory authority, the authority may request a study to collect further safety data. These Post-Authorization Safety Studies (PASS) create a mechanism by which we can collect safety data recorded or reported by healthcare professionals. The frequency of engagement to healthcare professionals varies depending on the program structure and requirements. Our Pharmacovigilance Advisory Board is involved in the review and endorsement of each PASS. Once approved and initiated, these clinical studies are then tracked in accordance with Good Pharmacovigilance Practices guidelines. Our collection of data through PASS also considers the vulnerable patient groups mentioned in previous paragraphs. PASS findings are published in the catalogues of Real-World Data Sources and Studies. Our Clinical Studies Transparency Officer also enters the relevant information in **ClinicalTrials.gov**. Accountability for the PASS process lies with the Head of the Global Patient Safety unit.

Up-to-date labeling and product information

Product information documents – such as package inserts, summaries of product characteristics, U.S. prescribing information, instructions for use, and illustrations – provide consumers, end-users, and healthcare professionals with information and labeling about the medicinal products we market. Employees involved in product information and labeling receive role-specific training. Our procedures for medicinal product information are designed to ensure that we update safety information in public portals, on package inserts and in illustrations for all the medicinal products we market. They also aim to ensure that safety information about known product characteristics, indications, ingredients, dosage, storage, warnings, and precautions as well as potential side effects is available to healthcare professionals, consumers and end-users. Package leaflets may include instructions for disposing environmentally harmful ingredients. We regularly review and update our information documents to ensure they reflect the latest safety, efficacy and formulation information. Actual and potential impacts on consumers and end-users of our medicinal products contribute to our product information documents. The Head of the Global Labeling unit is responsible for drug information and labeling.

Safety communications

If our ongoing safety monitoring activities of our medicinal products identify important new safety findings with a potential impact on the benefit-risk profile, we organize the respective safety communication after obtaining the necessary approvals from the relevant regulatory authorities. The safety communication message is delivered to the target group (such as our business partners, healthcare professionals and consumers and end-users) in the appropriate format. Depending on the life cycle of the medicinal product in question and applicable requirements, communication takes the form of a letter, an e-mail, a video, a written statement on a website, or via other internet-based channels such as social media. Safety communication messages disseminated to healthcare professionals are tracked. Employee training for the safety communication processes is covered by role-specific training. The responsibility for such processes lies with the Global Patient Safety unit.

In 2025, we had 3 drug product recalls affecting 446,689 units in total (2024: 5 recalls; 46,465 units).

Our complaint-handling mechanisms

Whistleblowing and complaints system

We have set up a Group-wide complaints system that can be used to report actual and potential violations. A central component of this is our free and anonymous Compliance Hotline. Complaints received via our Compliance Hotline are received by a central and independent team within Group Compliance. This team evaluates the reports and either initiates an investigation directly or, depending on the type, content and nature of the report, may forward the report to the responsible function. If the complaint involves concerns from consumers and end-users regarding medicinal products, the report is forwarded to the appropriate function (for example, the Global Patient Safety unit in case of adverse events) for further follow-up and for initiating appropriate measures. The end-to-end investigation process and remedial action lies within the responsibility of the respective function. Generally, if communication with the reporting person is possible, we would confirm receipt of the report within seven days and aim to provide information on the status of reported concerns within three months after the confirmation of receipt. We do not assess whether consumers and end-users are aware of and trust our Compliance Hotline as a way to raise concern. More information on the Compliance Hotline can be found under **corporate culture (G1)**.

Information and complaint channel

Our general call center 720 serves all customer groups, including healthcare professionals, patients and carers. Contact information, such as phone numbers and e-mail addresses, is provided in the package leaflets or the summaries of product characteristics of medicinal products as well as on the websites of the therapeutic areas. We are legally obligated to be available for reporting adverse events and product complaints, and reconciliation processes are in place for such requests to ensure that all cases are processed appropriately. Our call center services, which may be outsourced, are closely monitored for quality and efficiency and supported by service level agreements with the aim of ensuring high standards. Agents in the call center are subject to knowledge verification and regular training. We regularly review reports and analyses to maintain the availability and functionality of our communication channels. Documenting and tracking adverse event and product complaint reports are integral to our quality management system. We also record and analyze medical information requests to gain insights and assess the recognition and trustworthiness of our call center 720. We do not assess whether consumers and end-users are aware of and trust our call center 720 as a way to raise concerns.

With a centralized follow-up of corrective and preventive actions (CAPA), we help to verify the effectiveness of procedures in connection with complaints. To this end, we carry out regular trend analyses of complaints and their causes in order to identify areas that require improvement. All complaints received are anonymized. Digital systems are used to track complaints, while regular meetings with service providers in accordance with the service level agreements are intended to ensure effectiveness.

Combating product crime

We are committed to combating the illegal counterfeiting of our products. Our Group standard, Illicit Trade & Product Crime Prevention, sets out binding procedures for preventing, identifying and responding to pharmaceutical crime. Implementation is driven by a multidisciplinary team including security personnel and specialists from our Legal, Trademark, Procurement, Patient Safety, Regulatory Affairs, and Quality Assurance functions. This collaborative approach ensures comprehensive coverage and rapid response capabilities across all our operations.

We monitor online pharmacies, e-commerce platforms and social media to detect and remove illicit online listings of our medicinal products. Our investigations – both online and offline – aim to identify and disrupt the availability of illicit products in both legitimate and illegitimate channels. In close cooperation with law enforcement authorities, we support the prosecution of offenders. Our Compliance Hotline, 720 call center and patient safety and product complaint systems are among the channels stakeholders can use to report suspected illegitimate products. We have established processes to ensure rapid and reliable authentication of suspected

counterfeit medicinal products. All reports of suspected product-related crime are documented in our central, Group-wide reporting system, enabling us to compile comprehensive intelligence, link incidents and respond more effectively.

We also strive to fulfill regulatory requirements on product serialization and track-and-trace technologies across multiple countries and regions, including clear barcoding of individually and multiple packaged products. This enables supply chain traceability and increases the likelihood that counterfeit products are detected before they reach patients. Our risk-based approach involves adding extra security features to certain products to make them easier to verify as genuine, thereby promoting consumer and end-user safety.

More broadly, we support global initiatives to protect patients, such as the Global Pharma Health Fund (GPHF), a non-profit organization that supplies the GPHF-Minilab®. This mobile compact laboratory enables users to quickly and effectively test the presence and quantity of 113 different active ingredients, particularly in regions with limited access to healthcare solutions.

Our actions related to consumers and end-users (S4-4)

Our actions in relation to consumers and end-users follow our policies and aim to improve the protection and advance the healthcare of consumers and end-users. Through the following actions, we aim to make progress toward the targets we have set ourselves, which are detailed under **S4-5**. This primarily affects consumers and end-users, R&D functions and our Healthcare business sector as well as external service providers. Unless otherwise stated, all actions mentioned are to be regarded as ongoing and have no fixed completion date.

Inspections and audits to ensure patient safety

We conduct global internal audits to ensure compliance with legal and further requirements such as Good Clinical or Pharmacovigilance Practices as well as our internal standards, and to verify the effectiveness of protection measures for consumers and end-users. These audits affect our R&D function as well as further Healthcare units and external service providers. We carried out 109 audits in 2025 (2024: 113). Regular quality management reviews with Senior Management involve sharing identified trends and risks from audits and inspections. Internal audits that detect relevant observations trigger a root cause analysis and the definition of corrective and preventive actions, which are checked and approved by the R&D Quality Assurance department. In addition, regulatory authorities check whether we are complying with legal requirements and our internal standards. In 2025, 13 health authority inspections took place (2024: 17). We follow up on the findings of these inspections and take necessary actions to ensure the ongoing compliance of our pharmacovigilance system. All audits were completed without significant safety risks to subjects or impact on subject rights or data integrity that could lead to legal action. In addition, all inspections were completed without legal action by an authority. By conducting audits according to pre-defined audit plans, we ensure that our processes are appropriate and that the safety and rights of our consumers and end-users are at no time at risk. Audits and inspections accordingly also constitute a means to allow us to compliantly develop drugs, mitigating the risks for the company arising from dependencies on our consumers and end-users including liability claims.

Patient Safety Day

The aim of our Patient Safety Day is to raise employees' awareness of patient safety and the importance of pharmacovigilance in the local subsidiaries. This annual event is held in accordance with the WHO celebration event schedule. The global awareness campaign took place in September 2025, focusing in particular on ensuring safe care for every newborn and every child. We currently have no specific effectiveness tracking in place. Raising awareness of pharmacovigilance helps to protect patient safety, thus reducing the risk of our company being exposed to liability claims regarding pharmaceutical products.

Roles and responsibilities

Our Global Development unit is responsible for clinical development, including clinical studies and the associated management processes (connected to IROs S4-PI-01; S4-PI-02; S4-PI-03, S4-PI-05; S4-R-01; S4-R-02; S4-O-01). The Head of Global Research and Development reports to the CEO of the Healthcare business sector, who is also a Member of the Executive Board. We review the progress of the development of new products based on predefined milestones. Depending on the results of the clinical studies, we decide whether to continue, change or discontinue development. The Human Exposure Group, led by our Chief Medical Officer, carefully evaluates whether it is safe to expose humans to a new investigational drug in a first-in-human study.

For our medications that are endorsed to undergo active clinical development, two internal boards govern the clinical study protocols and operational plans of our clinical studies. The Integrated Protocol Review Committee is responsible for the studies we conduct with products that are in clinical development. The integrated Medical Study Governance Board is responsible for our own studies on products that have already been approved as well as for all studies conducted by independent investigators that are supported by our company (so-called investigator-sponsored studies). Both boards consist of medical and scientific experts as well as managers with many years of experience in clinical research.

We continuously analyze the potential risks for the participants in clinical studies and for the consumers and end-users of our medicinal products after commercial availability. Our Medical Safety and Ethics Board constitutes the most senior decision-making body for ensuring that the usage of our medicinal products across their life cycle is safe and that they exhibit a positive benefit-risk ratio. It also convenes as required to resolve any emerging questions related to patient safety and the benefit-risk profile of our medicinal products and to discuss particular actual or potential negative safety events. Depending on the type of issue, the board might mandate the termination of a trial, the adaptation of a clinical trial protocol, or a product batch recall, among other actions, to ensure the safety of our patients.

Our Global Patient Safety unit is responsible for managing patient safety (connected to IROs S4-PI-01; S4-PI-02; S4-PI-03; S4-R-01; S4-R-02; S4-O-01). The unit analyzes all safety data and assesses the risk profile on this basis, if necessary. If applicable, we inform regulatory authorities, healthcare professionals and patients about new risks, additional risk mitigation measures and potential changes to the benefit-risk profile. Our Healthcare Quality unit handles quality complaints in connection with our medicinal products.

Our Corporate Security team manages all security risks across our organization, including our strategies and initiatives against product-related crime (connected to IRO S4-PI-04). Supported by experts from Legal, Export Control, Supply Chain, Patient Safety, Regulatory Affairs, and Quality Assurance at both global and local levels, they work collaboratively to safeguard our products and patients.

Our targets related to consumers and end-users (S4-5)

Good Clinical and Good Pharmacovigilance Practice	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-02; S4-PI-03
Material sustainability matter	Health and Safety
Target	Our target for Good Clinical and Good Pharmacovigilance Practice is to achieve a 100% completion rate of the annual audit plan. We apply specific risk assessment tools at regular intervals for each audit type, to define objectives and prioritize audits. Our target for inspections carried out by regulatory authorities is to ensure that observations are properly mitigated to maintain compliance with regulations and internal standards. Furthermore, we aim to deliver inspection responses before or on the due date defined by the regulatory authority.
Reference value/year	Audits: Base value of 100% completion rate of annual audit plan. Inspections: Response to inspection observation delivered on time and no legal action initiated.
Methods	Our audits are based on a risk-based approach. Inspections are initiated by regulatory authorities. The target is not based on scientific evidence.
Consideration of stakeholders	Stakeholders were considered through questionnaires, interviews and previous experience.
Changes from the previous year	No changes were made.
Performance/Key figures	Audits: Target achievement is tracked on a quarterly basis. The progress in target achievement is below what had initially been planned for the reporting period, particularly due to lower-than-expected recruiting rates of patients in our clinical trials. In 2025 we conducted 109 audits (2024: 113). The completion rate of the annual audit plan 2025 (Q2 2025 to Q1 2026) is expected to reach 95% (2024: 96%). Inspections: In 2025, we documented 13 inspections (2024: 17). All inspection responses were delivered before or on the due date defined by the regulatory authority.

Specific information about our target-setting process in relation to the stated target cannot be disclosed. Furthermore, we lack systematic mechanisms to compare our performance with consumer expectations and experiences, and we have not implemented structured processes for collaborative learning and improvement with consumers. For both audits and inspections, we conduct internal learning sessions. Our current approach does not involve direct engagement with consumers and end-users at this stage. In addition, we are looking for ways to improve our understanding of the expectations and experiences of consumers and end-users. We recognize the importance of learning from our achievements and working with consumers and end-users to identify areas for improvement. Our ambition is to systematically identify, manage and report risks associated with consumers and end-users. More information on our actions can be found under **S4-4**.

Access to our products and services and access to (quality) information

Our strategy to improve health equity

Our company is committed to promoting health equity, a strategic priority aligned with our sustainability strategy. At least half of the world's population lacks access to essential health services, and approximately 344 million people live in poverty due to health-related expenses. Achieving health equity involves ensuring communities have access to quality care and addressing inequities in health and living conditions. Overcoming this multifaceted challenge requires collaboration among all health stakeholders. Every community deserves a fair chance at achieving optimal health. We help by working to lower systemic barriers and by creating sustainable, long-term solutions and partnerships to improve health outcomes. We integrate a people-centered approach.

Our efforts to promote health equity are guided by our principles: First, we start with people. We continually strive to respond to the needs of patients, carers and communities and always treat them as active participants in, and beneficiaries of, their care solutions. Second, we build through systems. This reflects our understanding of the importance of aligning our actions with global and local health priorities and forging partnerships that

foster the integration of health systems over the long term. Third, we sustain through shared value. Promoting health equity is beneficial for our business too. Consequently, we continually look for new ways to embed health equity into our commercial strategy as a growth driver and then to design sustainable and scalable business models to promote it.

A key component of our health equity strategy is enabling access to our medicines in low- and middle-income countries. We adopt a holistic approach in addressing the availability, accessibility, and affordability challenges to access these markets:

- Availability: We drive needs-based research and development, broaden and accelerate registration and responsibly manage intellectual property to accelerate the fastest and broadest access to innovation.
- Accessibility: We support countries in strengthening health infrastructure and services to improve patient access to the best possible care. In addition, we design and execute local advocacy initiatives to improve our products' accessibility.
- Affordability: We implement innovative mechanisms to ensure equitable and sustainable access to our innovations and established products.

Our medicines' availability and accessibility depend on a multi-stage process. Our efforts have always been directed toward ensuring that our medicines are readily available and that sustainable financing mechanisms are in place to meet patient needs. One way we ensure affordable access to our healthcare portfolio is by conducting annual price analyses. The purpose is to validate price thresholds and to provide our subsidiaries with guidance on local pricing for the following year. This consistent, data-driven approach combined with equitable pricing initiatives helps our subsidiaries meet their patients' access needs.

We run programs designed to lower barriers to health equity such as our Systematic Health Access and Patient Enablement (SHAPE) program. Our equitable pricing initiatives aim not only to improve access for underserved populations in low- and middle-income countries (LMICs), but also for patients with affordability challenges in high-income countries. More information on our actions can be found under **S4-4**.

Besides enabling access to our healthcare portfolio, our global health engagement also encompasses combatting diseases that disproportionally impact populations in LMICs. These include schistosomiasis, a neglected tropical disease (NTD), and malaria. Moreover, we strengthen healthcare systems in LMICs by investing in local R&D, manufacturing, education, and infrastructure.

Our overall efforts focus on reaching underserved populations in LMICs, where we aim to reach over 170 million patients annually by 2030. This includes more than 80 million through our healthcare portfolio and over 90 million through our global health initiatives. **S4-5** provides more information on our targets.

Our policies related to consumers and end-users (S4-1)

Health Equity Whitepaper	
Connection to material impacts, risks and/or opportunities	Identifier S4-PI-05; S4-PI-06
Material sustainability matter	Access to products and services and access to (quality) information
Key contents	The policy establishes the overarching definition, guiding principles, and framework for driving health equity in the Healthcare business sector. It replaces the Charter on Access to Health in Developing Countries. It aims to provide guidance to the entire company on how to integrate health equity considerations in the commercial, function, and country business plans. It provides guiding principles for engaging with health equity stakeholders, such as patients, communities, healthcare professionals, patient advocacy groups, civil society organizations and public health organizations. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide.
Accountability	Member of the Executive Board and CEO Healthcare.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy takes into consideration needs of stakeholders in driving health equity, including patients, communities, carers, health care systems, patient advocacy groups, civil society and public health providers. Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and credible proxies.
Availability	The policy is publicly available on our website.

SHAPE Governance for In-Market Products	
Connection to material impacts, risks and/or opportunities	Identifier S4-PI-05; S4-PI-06
Material sustainability matter	Access to products and services and access to (quality) information
Key contents	This policy establishes the overarching principles, framework, and governance structure for the SHAPE program within our Healthcare business sector. It is binding for all SHAPE access initiatives for in-market products and is supported by detailed procedural documents. The policy is regularly monitored and updated if necessary.
Scope of application	The policy focuses on our downstream value chain and affects various stakeholders, including patients, communities, healthcare professionals, health service providers (for example, hospitals), charitable organizations, and third-party providers of services and products, as well as employees of the Healthcare business sector who need to comply with the policy.
Accountability	Head of the Global Value Demonstration, Market Access & Pricing unit.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy is developed with patients' needs for accessibility, availability and affordability in mind, including unmet medical needs, ability to pay and availability and maturity of healthcare infrastructure such as testing and diagnostic facilities. Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and credible proxies.
Availability	The policy is available internally on the intranet.

Group Pricing and Access Policies	
Connection to material impacts, risks and/or opportunities	Identifier S4-PI-05; S4-PI-06
Material sustainability matter	Access to products and services
Key contents	Our internal policies on affordability include the following standards: Pricing Governance; Patient Access Program (PAP) Governance; Tender Management Governance. These policies describe how we price our products in a fair, responsible, equitable, and sustainable way. In addition, the policies create a comprehensive framework that defines the requirements, processes and operational guidelines for the initiation and management of our equitable pricing initiatives. The policies are regularly monitored and updated if necessary.
Scope of application	These policies focus on our downstream value chain and affect various stakeholders, including patients, healthcare professionals, health service providers (for example, hospitals), charitable organizations, and third-party providers of services and products, as well as employees of the Healthcare business sector who need to comply with the standards.
Accountability	Head of the Global Value Demonstration, Market Access & Pricing unit.
Third-party standards/initiatives	In developing the policies, we were guided by the Good Practice Standards of the Access to Medicines Foundation. These include addressing local needs and skills gaps, partnering with relevant stakeholders, ensuring strong governance to mitigate conflicts of interest, setting clear and measurable targets, conducting regular monitoring and evaluation while sharing progress publicly, and aiming for long-term integration within the health system.
Consideration of stakeholder interests	Pricing and access governance policies are developed with patients' needs for accessibility, availability and affordability in mind. For example, during the development of the PAP governance, we considered unmet medical needs, ability to pay, and availability and maturity of healthcare infrastructure such as testing and diagnostic facilities. Due to strict regulatory requirements, consumers and end-users were not directly involved. The policies are based on regulatory sources and credible proxies.
Availability	The policies are available internally on our intranet.

Our human rights commitment

As stated in our Human Rights Charter, we respect the right to health and are committed to providing high-quality, safe health solutions for all. Our philosophy follows the guidance from the World Health Organization (WHO), which demands "the right to the highest attainable standard of physical and mental health". We apply the concept of implementing this especially for populations in LMICs as well as for populations with access challenges in high-income countries.

Regarding complaint-handling mechanisms and further details on how we comply with laws and regulations but also international guidelines and principles concerning our products as well as how we report human rights incidents, the same apply as for the health and safety of our patients. More information can be found under **health and safety**.

Our processes for engaging with consumers and end-users (S4-2)

When planning our activities regarding access to products and services, as well as access to (quality) information, we do not have specific processes in place for involving consumers and end-users. Further information on our processes for engaging with consumers and end-users can also be found under **health and safety**. We conduct regular stakeholder dialogues with relevant groups, such as payers, payer advisors, patient representatives, and healthcare professionals, to understand the care landscape and the needs of patients and healthcare systems. Our exchange also extends to international organizations, non-governmental organizations, local institutions, and universities. When it comes to addressing global health challenges, we focus particularly on LMICs. Stakeholder dialogue takes place in all phases of the life cycle of our products – from research and development to market launch and post-launch. Engagement takes place through various platforms and in the form of market research projects, roundtables, discussions with stakeholders, education and awareness programs, public consultations, and the involvement of payers. The Member of the Executive Board and CEO of Healthcare is the most senior role responsible for ensuring the engagement.

Our actions related to consumers and end-users (S4-4)

Our actions related to consumers and end-users follow our strategy and aim to improve access to our products and services as well as to (quality) information. In 2025, we served around 108 million patients (2024: 103 million) with our healthcare portfolio, thereof around 70 million patients in LMICs (2024: 65 million). Furthermore, we enabled the treatment of around 75 million people with praziquantel against schistosomiasis (2024: 81 million). The total number of people reached in 2025 amounted to 182 million (2024: 184 million), which we show as a strategic sustainability key indicator (number of people treated with our Healthcare products) under **ESRS 2 (SBM-1)**. Through the following actions, we aim to make progress toward the targets we have set ourselves. Unless otherwise stated, all actions mentioned are to be regarded as ongoing and have no fixed completion date.

In 2025, we allocated € 48 million of operating expenditures (OpEx) to all our actions described in this report related to consumers and end-users to improve access to our products and services as well as to (quality) information. These OpEx are included in the respective lines of the Consolidated Income Statement. For fiscal 2026, we intend to allocate € 31 million of OpEx.

Access to health in low- and middle-income countries

As part of the implementation of our health equity ambition, SHAPE is our long-term, systematic flagship program for improving the availability, accessibility and affordability of our Healthcare medicinal products for underserved patient populations in LMICs. The program includes both existing and upcoming products in our healthcare portfolio. Specifically, we pursue a three-pronged approach that goes deeper, wider and faster. We are going deeper in our collaborative efforts to remove barriers to access in individual countries, including launching equitable pricing strategies and health system strengthening initiatives. We are going wider by making our medicines available in more countries, focusing on those with significant prevalence. And lastly, we are going faster when introducing new products to LMICs, reducing the time between the first global launch and regulatory filings in those countries supported by a streamlined LMIC launch planning process, governance and framework. We anticipate that the implementation and expansion of SHAPE will continue to positively impact our consumers and end-users, leading to more equitable access and further initiatives to strengthen the healthcare system in LMICs.

As of 2025, 15 pilot projects are currently operational in countries such as Argentina, Brazil, Egypt, Indonesia, Mexico, and Peru as well as several other countries in Central America and Africa. In Egypt, for example, we have implemented a SHAPE project for Erbitux®. The program aims to reduce the prevalence and mortality rates of colorectal cancers by increasing public awareness, providing continuous medical education for healthcare practitioners and supporting diagnosis and treatment. We also collaborate with the Cancer Early Detection Presidential initiative by providing education programs for healthcare professionals.

We continue to drive forward activities in and for LMICs through our health equity and accessibility initiatives that help strengthen local healthcare systems. In this way, we prepare and promote access to our innovations and products for high-burden, non-communicable diseases such as various cancer indications. We adopt a partnership approach to maximize our impact in this complex and challenging environment. This includes the shared value program, which supports our teams in LMICs in implementing initiatives that address health system barriers to patient access through capacity building and training for healthcare professionals. Our stakeholders are patients, health authorities, payers and healthcare providers.

The implementation of our aforementioned initiatives is supplemented by monitoring and evaluation processes. In our SHAPE program, the number of patients is the most important key indicator. This is tracked and evaluated on a quarterly basis. In addition, we continuously monitor the progress of the projects regarding important milestones. At the end of the year, we set and validate annual targets for patient numbers and investment needs to ensure the effective implementation of approved projects.

Eliminating schistosomiasis as a public health problem

We aim to eliminate schistosomiasis as a public health problem by 2030, in accordance with the Neglected Tropical Diseases (NTD) Roadmap 2021-2030 of the World Health Organization (WHO). We are committed to the targets of the Kigali Declaration on NTDs, according to which participating companies, governments and private organizations pledge to contain and ultimately eliminate the 21 NTDs, including schistosomiasis. Schistosomiasis, also known as bilharzia, is caused by parasitic worms and affects over 250 million people worldwide, mainly in sub-Saharan Africa. To fight this disease, we have adopted an integrated strategy, which we are implementing in close collaboration with multiple partners worldwide. Our approach is based on four pillars:

- Treatments: As part of our partnership with WHO, we donate up to 250 million praziquantel tablets every year for the treatment of schistosomiasis in countries where the disease is endemic. In 2025, we provided 187 million tablets (2024: 203 million). Based on the treatment guidance of WHO, we estimate that this number of tablets enabled the treatment of around 75 million people (2024: 81 million). Nearly 50 years after its development, praziquantel remains the standard of care for the effective treatment of schistosomiasis around the world. Our target is to reach over 90 million people per year by 2030. As part of the Pediatric Praziquantel Consortium, supported by external funds from Global Health Innovative Technology Fund and the European and Developing Countries Clinical Trials Partnership, we developed arpraziquantel, a new treatment for children aged three months to six years. After the European Medicines Agency issued a positive scientific opinion, in 2024 the WHO included arpraziquantel in its List of Prequalified Medicinal Products. Arpraziquantel dispersible tablets became available in the first African country, Uganda, at the end of 2024; the first preschool-aged children received the medicine in **March 2025** under the Consortium's ADOPT program. This program, which is being conducted in Côte d'Ivoire, Kenya and Uganda, aims to identify routine practices for expanding the new medicine's use in countries where schistosomiasis is endemic. Arpraziquantel was officially included into the WHO Essential Medicines List in September 2025. We applied for marketing authorizations in five countries in 2025: Côte d'Ivoire, Kenya, Senegal, and Uganda as well as Tanzania, where the authorization was already granted. We also continued our work to ensure large-scale local production and sustainable access to the medication.

- Research and development (R&D): We are advancing R&D for a next generation of drugs and have a promising candidate in the preclinical phase. In addition, our participation in a collaborative effort promotes the development of new and more sensitive diagnostics, which will help enable the transition from mass drug administration programs to target treatments.

- Health education for behavioral change: Health education is a crucial component in behavioral change strategies to control and eliminate schistosomiasis. It aims to modify risky behaviors related to water contact and sanitation practices. This will ultimately reduce disease transmission and improve treatment-seeking behavior. Effective health education for schistosomiasis focuses on increasing knowledge, fostering positive attitudes and promoting the adoption of healthy habits. We implement three collaborative initiatives involving local African institutions to raise disease awareness for prevention as well as to influence national policies.

- Advocacy and partnerships: We intend to make even faster progress in the fight against schistosomiasis. That is why we collaborate with a variety of stakeholders – such as academic institutions, research centers, international organizations, governments, and the private sector – and maintain an ongoing dialogue with the wider stakeholder community, for example through the Global Schistosomiasis Alliance (GSA). In October 2025, we signed a new Memorandum of Understanding (MOU) with the END Fund to strengthen our collaborative efforts to eliminate schistosomiasis. The MOU builds on more than a decade of partnership, to establish a strategic framework for joint initiatives to drive innovation and expand equitable and sustainable access to treatments.

Further information on our targets can be found under **S4-5**.

We collect various parameters: the demand for praziquantel tablets through WHO, the production and supply of tablets, the number of people reached (school-aged children and adults), and the countries in which they are used are tracked. We continuously monitor the program and outcomes. Final figures are consolidated and assessed on an annual basis. We expect to continue positively impacting our consumers and end-users through the availability of our products via new, diversified mechanisms for sustainable access, to reach people of all ages who are in need. In the light of the significant effects of recent donor funding cuts, such as those from United States Agency for International Development (USAID), we are exploring new strategies and interventions to reduce the prevalence of schistosomiasis infections.

Preventing and controlling malaria to support elimination

According to WHO estimates, almost half of the world's population is at risk of contracting malaria. The latest annual figures report over 260 million cases of malaria and close to 600,000 related deaths, with around 75% occurring in children under the age of five. Currently, 95% of cases and deaths occur in Africa.

Increasing drug resistance and the need for additional preventive measures render innovations necessary. We have invested in the development of a new medicine to cure and prevent the disease. This medicine has successfully completed Phase IIa clinical trials; the next phase of development is under preparation. The investment in this new health solution aims to create a significantly positive impact from health and socio-economical perspectives in the countries where malaria is endemic. The evaluation of the impact is currently in progress using an integrated model collaboratively developed. We monitor the progress of our activities on an ongoing basis. Reports to governance bodies are submitted upon reaching key milestones, which are used as a basis for making decisions. The development of innovations is complemented by the evaluation of mechanisms that will ensure sustainable and more equitable access to products, once available.

Health education and capacity building

The private sector is a crucial partner in responding to global health threats. We help to ensure that healthcare systems are prepared to address emergencies effectively and to sustainably deliver care to patients in need. In the area of global health, we have established a portfolio of collaborative projects that build up capacity and strengthen healthcare systems in LMICs by investing in four key areas: local research and development, production and supply chains, education and awareness, as well as health infrastructure and training.

We contribute to health equity by building scientific capacity and competencies through our R&D programs with a primary focus on schistosomiasis and malaria. Through technology transfers, we support local production to help countries to become self-sufficient and serve local in-need populations. We build sustainable supply chains of local distributors in Africa through partnership. We also invest in education and behavioral change initiatives to raise awareness on schistosomiasis, through our collaboration with the NALA Foundation in Ethiopia as well as our storytelling approach in Ethiopia, Kenya and Rwanda as examples. We collaboratively develop and implement new approaches and initiatives to strengthen healthcare systems and improve access to, for example, thyroid care in Indonesia, Peru, the Philippines, and in African countries, starting with Kenya.

Equitable pricing approaches

The prices of our products should not be a barrier to accessing treatment. We strive to ensure affordable access to our healthcare portfolio by monitoring the dynamic healthcare environment and markets, pricing and reimbursement systems as well as legal and regulatory guidelines and adjusting our prices where necessary. We have therefore implemented a multitude of equitable approaches including value-based contracting, Patient Access Programs (PAP) and second brands.

We are committed to advancing value-based healthcare through pricing and contracting mechanisms that comply with applicable local laws and regulations. In collaboration with payers, such as health insurance companies, we have developed various product- and market-specific reimbursement and contracting models. These help to provide patients with prompt access to our innovations. In 2025, we continued to implement and

maintain innovative risk-sharing agreements, which give patients with multiple sclerosis direct access to Mavenclad® with agreements in Europe, Latin America as well as the Middle East and Africa. We also implemented an adherence-based agreement for Saizen® in Spain and value-based contracting for multiple products in Korea.

Our PAPs are self-sustaining commercial programs through which we provide approved medicines to underserved populations in LMICs as well as patients with affordability challenges in high-income countries. In 2025, we operated PAPs for nine of our innovative products in over 20 global markets. In India, for example, we offer a PAP for our oncology drug Erbitux® through which financial assistance to eligible underprivileged patients in line with local laws and regulations is provided. Since we initiated the program in 2013, it has been made available to approximately over 10,000 patients nationally. In 2025, around 1,500 patients benefited from the program (2024: around 1,500). In the Kuwait and United Arab Emirates, we introduced a patient affordability initiative to provide access to our oncology and multiple sclerosis treatments to patients who cannot afford the cost. This program is carried out in collaboration with third-party providers and charitable organizations. In 2025, 54 patients benefited from this program (2024: 62).

For some of our existing high-quality products, we offer second brands at affordable prices, especially in countries where many patients live on low incomes. Second brands of the beta-blocker bisoprolol (Concor®) are available at affordable prices in Botswana, Brazil, Chile, Greece, Peru, Poland, Slovakia, and South Africa. Similarly, second brands of levothyroxine (Euthyrox®) are available in Brazil, Mexico and Peru, and second brands of extended-release metformin (Glucophage® and Glucophage XR®) are available in Chile, India, Mexico, Peru, and South Korea.

We expect that the introduction and expansion of our equitable pricing initiatives will continue to have a positive impact on our consumers and end-users over the next 3-5 years and beyond. We monitor the effectiveness of our equitable pricing initiatives on an ongoing basis; mechanisms used to assess the effectiveness vary. For example, the effectiveness of our value-based contracting programs is assessed against pre-set outcomes in the contract, such as financial indicators, performance, and patient adherence-based outcomes. We monitor the outcome of our Patient Access Programs (PAPs) based on patient numbers reached in the respective target populations.

Roles and responsibilities

The member of the Executive Board and CEO of Healthcare has the overarching responsibility for the initiatives related to access to our products and access to (quality) information.

Our Global Health & Health Equity organization is responsible for Group-wide initiatives and programs aimed at developing and providing access to health solutions and driving health equity by creating equitable and sustainable access mechanisms for patients and communities (connected to IROs S4-PI-05; S4-PI-06). Our team works closely with the various sectors to leverage our collective strengths and expertise internally as well as with a large number of international and local partners. Beyond enabling extended access to our healthcare portfolio by leveraging strategic approaches and shared value initiatives, we also focus on diseases that disproportionally impact populations in LMICs by prioritizing efforts for disease control toward the elimination of schistosomiasis as a public health problem, and catalyzing innovations for malaria.

Our Global Value Demonstration, Market Access & Pricing (GVAP) unit sets the prices for the market launch in coordination with the respective franchises and is responsible for the cross-functional global SHAPE program (connected to IROs S4-PI-05; S4-PI-06). It reports directly to a member of our Healthcare Executive Committee. In addition, the GVAP unit systematically evaluates our medicine portfolios and implements equitable access initiatives. Our local subsidiaries are responsible for price management and adapt prices to changing local conditions. This is done in accordance with our pricing governance and the defined price approval process.

Our targets related to consumers and end-users (S4-5)

Access to our Healthcare portfolio	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-05
Material sustainability matter	Access to products and services
Target	As part of our health equity ambition, we aim to increase access to our products and services in LMICs. Our target is to provide access to our Healthcare products for more than 80 million patients by 2030 (part of the overall target to reach more than 170 million patients each year including schistosomiasis in these countries by 2030). The focus for non-communicable diseases is on head and neck cancer, colorectal cancer and bladder cancer as well as endocrine disorders.
Reference value/year	Around 57 million patients in fiscal 2023.
Methods	We use our product sales figures to measure progress in the number of patients reached. The definition of the countries included is based on the World Bank's list of LMICs in 2022. We also utilize a quarterly tracking system to monitor progress, specifically focusing on the number of patients by product and country for SHAPE projects. The target is not based on scientific evidence.
Consideration of stakeholders	Stakeholders were not directly involved in our target setting; however, the needs of patients, payers and healthcare providers were taken into consideration via stakeholder engagement and dialogue. Additionally, we engage local teams in our company to assess consumer and end-user needs. Our method involves evaluating factors such as epidemiology, unmet patient needs, financial capacity, and existing healthcare infrastructure.
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, we supplied more than 70 million patients in LMICs (2024: 65 million) with our Healthcare portfolio. The progress toward achieving our target is in line with what was planned initially. Annual target with quarterly tracking of sustainability key indicator (number of patients).

Elimination of schistosomiasis with praziquantel	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-05
Material sustainability matter	Access to products and services
Target	Our integrated schistosomiasis strategy focuses on disease control in order to contribute to the elimination of schistosomiasis as a public health problem. We continue to produce and donate up to 250 million tablets of praziquantel per year. By 2030 we will provide sufficient praziquantel tablets to enable the treatment of 90 million people every year. The treatment is intended for school-aged children and adults mainly in sub-Saharan Africa where schistosomiasis is highly endemic.
Reference value/year	Around 73 million school-aged children in fiscal 2021.
Methods	We measure progress based on the number of tablets and the number of people reached (calculated on the basis of 2.5 tablets per person). We track targets annually on the basis of the figures provided by the WHO. We continue working with selected partners to further improve our monitoring. The target is not based on scientific evidence.
Consideration of stakeholders	External partner organizations (such as WHO)
Changes from the previous year	No changes were made.
Performance/Key figures	In 2025, we provided 187 million of tablets (2024: 203 million) of praziquantel, which enabled the treatment of around 75 million people (2024: 81 million). We maintain our commitment to providing up to 250 million praziquantel tablets annually, based on country demand via the WHO.

Elimination of schistosomiasis with arpraziquantel	
Reference to material impacts, risks and/or opportunities	Identifier S4-PI-05
Material sustainability matter	Access to products and services
Target	Our integrated schistosomiasis strategy focuses on disease control in order to contribute to the elimination of schistosomiasis as a public health problem. By 2030, sufficient arpraziquantel dispersible tablets will be made available to reach up to 12 million preschool-aged children.
Reference value/year	The first preschool-aged children received arpraziquantel in early 2025, which is our reference year.
Methods	We measure progress based on the number of tablets and the number of preschool-aged children reached (calculated on the basis of 5 tablets per child). Together with our partners, we are working on a process to assess and track the epidemiological impact of arpraziquantel in terms of control and elimination of schistosomiasis and the ultimate effect on the population in need. The target is not based on scientific evidence.
Consideration of stakeholders	External partner organizations (such as WHO)
Changes from the previous year	New target
Performance/Key figures	Ongoing monitoring, with annual tracking of the number of tablets and the number of preschool-aged children reached by the treatment. We provided 294,000 tablets of arpraziquantel in 2025, potentially reaching up to 58,800 preschoolers as part of the initial roll-out phase.

The measurement of metrics related to consumers and end-users has not been separately validated by an external body.

Governance

Business Conduct (G1)

Responsible corporate governance is the foundation for sustainable success and societal trust. To reflect the different material dimensions of this topic, the chapter is divided into three key areas: corporate culture, animal welfare and anti-corruption and bribery.

Our material impacts related to business conduct (G1 SBM-3)

Corporate Culture

Identifier	G1-PI-01
Material impacts, risks, and opportunities	Potential positive impact
Time horizon	Medium-term
Value chain step	Own operations
Description	High-Impact Culture: We are dedicated to cultivating a positive culture that prioritizes ethical conduct and employee well-being, enhances trust, innovation and a sense of belonging among employees. Companies that promote an inclusive work environment, where employees feel a deep sense of belonging, can achieve their full potential, benefiting both the workforce and the communities they serve.

Animal Welfare

Identifier	G1-NI-01
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream; own operations; downstream
Description	Impacts on animal welfare: To ensure the quality, safety and efficacy of our products and processes, the use of animals is often a regulatory requirement. Although the use of experimental animals is only permitted when no alternatives exist and is carried out under the highest animal welfare standards, there is still a risk of animal welfare incidents negatively impacting the health and well-being of the animals. Despite our diligent precautions, guidelines can be breached, and deviations from protocols or contracts may occur, leading to negative impacts on animal welfare, such as inadequate housing conditions, improper handling, or inappropriate study procedures.

Corruption and bribery

Identifier	G1-NI-02
Material impacts, risks and opportunities	Actual negative impact
Time horizon	Not applicable
Value chain step	Upstream, downstream
Description	Corruption and bribery in business operations: Potential corruption and bribery in business operations, particularly in countries identified as a high corruption risk according to the Corruption Perception Index, can significantly hinder the development of the local economy and undermine fair competition. Failure to prevent corruption and bribery through adequate measures can potentially result in legal repercussions, financial losses and reputational damage to the organization. Moreover, such misconduct distorts market competition, and leads to unfair advantages for certain entities resulting in a negative impact for local economies. Corruption may manifest in various forms of inappropriate business behavior, such as bribery of public officials or inappropriate transfers of value to business partners and third parties.

Our policies related to corporate culture (G1-1)

Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate Culture
Key contents	The policy guides our workforce in conducting business ethically, in line with our company values and the law. It outlines our commitment to respect human rights, our principles in the workplace and for dealing with external business partners, customers, consumers and end-users. The policy also addresses our principles of responsible business conduct, for example, product safety, patient safety and the ethical conduct of clinical studies. Furthermore, the policy describes various reporting methods for employees if they suspect that internal or external rules are being breached. The update incorporated content and structural changes and improved user-friendliness to enhance readability and access to related governance documents and tools. Along with our values, it now addresses other important topics such as digital and data ethics, money laundering prevention and our High-Impact Culture. The policy is regularly monitored and updated.
Scope of application	The policy applies Group-wide to all employees at our own operations. It also applies to downstream business activities and relations with external stakeholders, such as consumers and end-users.
Accountability	Executive Board.
Third-party standards/initiatives	The policy follows the principles of the UN Global Compact.
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and experts.
Availability	The policy is available internally on the intranet and publicly on our website.

High-Impact Culture Manifesto

Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate culture
Key contents	The policy illustrates our commitment to fostering a unified culture that emphasizes collaboration, innovation, and a customer-centric approach. At the same time, it encourages employees to drive meaningful impact in their work and communities. The progress of achievements across business sectors is monitored via the actions related to corporate culture. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide for all employees.
Accountability	Chair of the Executive Board and CEO.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders and external experts.
Availability	The policy is available internally on the intranet and can be downloaded in ten languages.

Whistleblowing and Investigations Standard

Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate culture
Key contents	The policy provides guidance on reporting potential violations, outlining our procedures for investigating reports of misconduct and unethical behaviors while ensuring confidentiality and whistleblower protection. Depending on the nature, content and type of the report, it may be reviewed, assessed, processed, and investigated in accordance with predefined internal responsibilities of responsible functions – Human Resources, Corporate Sustainability, Quality and Trade Compliance, Legal & Compliance, and Internal Auditing. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all employees and, where indicated, also to external parties.
Accountability	Senior leaders, reporting directly to the Executive Board.
Third-party standards/initiatives	The policy is based on the EU Whistleblowing Directive 2019/1937.
Consideration of stakeholder interests	The policy was established with consideration of regulatory standards and the interests of both internal and external stakeholders, incorporating their input through an internal review process.
Availability	The policy is internally available on the intranet.

Group AI Governance Standard

Connection to material impacts, risks and/or opportunities	Identifier G1-PI-01
Material sustainability matter	Corporate culture
Key contents	The policy provides the mandatory requirements for our Artificial Intelligence (AI) Governance Framework. It ensures we comply with the EU AI Act while fostering innovation and building the basis for trustworthy and transparent AI initiatives. The policy establishes a risk-based approach, adapted from the EU AI Act, and reflects its relevance to us. Our AI Governance Standard ensures the protection of patient and personal data in the EU. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all employees.
Accountability	Head of Digital Enterprise Solutions and Group CIO.
Third-party standards/initiatives	The policy is based on the EU AI Act.
Consideration of stakeholder interests	The policy was established with consideration of regulatory standards and the interests of stakeholders, incorporating their input via an internal review process.
Availability	The policy is internally available on the intranet.

Corporate culture

For over 350 years, we have aimed to improve and enhance people’s lives worldwide. Our High-Impact Culture enables us to continuously reexamine our ways of working and challenge long-held assumptions with the aim to advance human progress. It also motivates us to recruit, develop, retain, and promote top talent while cultivating and promoting an inclusive working environment.

As a science and technology company, we thrive on change and view it as an exciting opportunity for growth and innovation underscored by our company vision “Sparking Discovery, Elevating Humanity”. Our commitment is to create a brighter, healthier and more sustainable world for customers, patients and communities around the globe. Our multi-industry business model and global footprint represent a competitive advantage. In addition, with our values and behaviors rooted in a long history, we want to ensure that we can carefully plan for the needs of both current and future generations. Our research and business decisions are guided by a clear moral and ethical compass, outlined in our Code of Conduct. Furthermore, our High-Impact Culture and inclusive mindset are intended to give us the strength and agility to navigate through challenging circumstances. By embracing these values and behaviors, we set a foundation for a company where employees feel that they belong and are encouraged to thrive in their work.

Defining clear workplace behaviors helps us support our purpose and create an environment where everyone can grow and succeed. These behaviors reflect our values and ensure that our teams embrace different cultures, ideas and life experiences. The behaviors are:

- Be obsessed with customers and patients: We focus on the impact we create. The customer's and patient's needs are the starting point of our work.
- Act as the owners: We think and behave like owners, we make decisions and act on behalf of the company's best interest not just our own.
- Be curious and innovate boldly: We challenge our own thinking and the status quo, focusing on better approaches and innovative methods while staying aware of the competition.
- Simplify and act with urgency: We value simplicity and efficiency. By eliminating unnecessary processes, we focus on what matters most and adapt quickly, when necessary, as speed is crucial to staying competitive in every business.
- Raise the bar: We constantly set high standards for ourselves and our teams, striving to deliver the best quality in our products, services and processes.
- Disagree openly, decide, and deliver: We think independently and deliver as a team. We make clear what is important in every decision, take accountability, and avoid deferring difficult decisions. Once a decision is made, we all commit to it.

One core principle that guides our operation is maintaining high standards of ethical conduct. To support this, we implemented a Group-wide whistleblower and complaints system for reporting any forms of misconduct. A central component of this is our Compliance Hotline, which we have set up in collaboration with a third-party provider. It is accessible to our employees as well as external stakeholders. Concerns can be reported in more than 40 languages and around the clock, 365 days per year, free of charge and anonymously, either by telephone or via a web-based application. The channels can be accessed via our external website **Compliance Hotline**.

Our Whistleblowing and Investigations Standard reinforces our commitment to maintaining and strengthening a culture of speaking up. The policy provides guidance on reporting potential violations and our procedures for investigating reports of misconduct while ensuring confidentiality and protecting whistleblowers in line with the Directive (EU) 2019/1937.

Reports to the central reporting channels are directly received and reviewed by a central, independent, and qualified team from Group Compliance. The qualified experts handling the report must act impartially, objectively, and in a timely manner, while striving to maintain confidentiality. In addition, our qualified experts are provided with our Whistleblowing and Investigation Standard, Compliance-Hotline and Case Management relevant training materials and investigation related templates. Compliance-relevant cases with a particular risk profile are presented to the Compliance Case Committee, comprising senior members of our Compliance, Legal, Data Privacy, Internal Auditing, and Human Resources departments. The Committee evaluates and classifies specific compliance cases and takes appropriate measures to clarify the identified issues.

Moreover, we provide regular training for employees on existing and new compliance requirements, guidelines and best practices, both in person and online. The topics include various areas such as Code of Conduct, anti-corruption, and data privacy. Employees are required to complete these courses during their onboarding period and to repeat the training based on their level of risk exposure. Furthermore, we continuously update our training curricula to reflect new developments. Some courses also apply to independent contractors and contingent workers, such as temporary workers.

Our actions related to our corporate culture (G1 MDR-A)

Our commitment to fostering an environment in which every employee feels valued, engaged and empowered to contribute to our collective success is at the core of our High-Impact Culture. We believe that acknowledging and rewarding individual achievements, along with a feedback-driven culture, enable this collective success. For this reason, we use a performance management approach that values employee expectations, defines clear goals, ensures feedback, and rewards outstanding performance. Our actions in relation to our corporate culture follow our Code of Conduct and aim to empower our employees to act in accordance with our core values. This approach applies to all employees across all business sectors. Unless otherwise specified, all actions are to be considered ongoing and have no fixed closing date.

Strengthening our sustainability culture

Since 2021, e-learning courses on our sustainability strategy have been a mandatory part of our onboarding and training for new and existing employees. In 2025, we reviewed and updated these mandatory training sessions and significantly expanded access to voluntary courses on various sustainability topics. In 2025, we also hosted our first company-wide sustainability day. It featured engaging sessions from all business sectors, including contributions from an Executive Board member, the Vice Chairman of the Family Board and Board of Partners of E. Merck KG, Darmstadt, Germany, and external keynote speakers.

Our Sustainable Network brings together employees and leaders from across our company. It supports mutual learning and voluntary exchanges on a range of sustainability topics. Throughout the year, we offer regular upskilling sessions on sustainability topics, aligned with our annual sustainability communications plan, to foster deeper engagement and promote open dialogue. In 2025, we rolled out a new sustainability narrative to guide our internal and external communications. Our sustainability initiatives aim to comply with all local laws and regulations, ensuring that we operate responsibly while furthering our sustainability strategy.

Attracting and inspiring key talent

We believe that a strong and appealing employer brand is built from the inside out. Our overarching objective is to attract qualified employees and build a strong organizational culture that supports effective collaboration and long-term employee retention. In 2025, we launched a campaign to provide insight into our culture and our employees’ passion for our vision of "Sparking Discovery, Elevating Humanity": employees shared stories in video format. Furthermore, we want to focus our efforts on reaching relevant talent beyond our current industry by increasing the channels we use to raise awareness among potential candidates who may not yet be familiar with the opportunities we offer. We are also working consistently to enhance the onboarding phase of our new employees, helping them adopt our High-Impact Culture and develop a strong sense of belonging within their team and their organization. We support managers in integrating new employees, ensuring they understand our high standards for ethics, integrity, accountability, and care. Additionally, we train our talent acquisition team to provide equal opportunities to all. Through our global minimum standards for the hiring process, which include clear expectations for hiring managers, we aim to ensure a fast and quality-oriented process. Our recruiters are trained to guide our hiring managers in following sound practices.

Embracing conversation and dialogue

In our increasingly connected world, we believe that feedback enhances open dialogue, builds trust, motivates, and improves collaboration. Our 360° feedback tool shall encourage our employees to provide continuous feedback based on integrity and respect. In the reporting year, we conducted various enablement sessions to further promote conversation and dialogue around our feedback culture. These included the interactive learning format Space2Grow, which emphasizes practical learning for our employees. As a part of the New Leader Onboarding Journey and the Supervisor Academy, our new managers are equipped not only with process knowledge, but also with an understanding of cultural differences.

Empowering our employees

Within our company, we foster an environment of trust, open feedback and mutual respect. We encourage everyone to contribute to our organization's collective success through internal communication platforms, surveys and discussion rounds. We also conduct employee surveys at various stages of the employee journey, such as onboarding surveys, pulse checks, engagement surveys, and exit surveys. These help us identify our areas of strength as well as opportunities to improve employee well-being, engagement and belonging. Based on the survey results, we identify follow-up areas at the global or sector/functional level and translate them into action plans. In 2024, we launched our Leadership Growth Journey, a global training initiative for all leaders. It is tailored to different leadership levels and aims to strengthen leadership capabilities in line with our High-Impact Culture. By the end of 2025, more than 3,000 leaders had completed the training. Full implementation, including all individuals with direct reports as of June 30, 2025, is planned by the end of 2026. Additional programs such as Empower Your Team and Empower Your Organization complement this initiative by promoting collaborative leadership and open dialogue. Alongside investing in our leaders, we are committed to supporting our employees during moments that matter in their lives. The rollout of the "Moments That Matter Caregiver Leave" to all employees globally will be completed on January 1, 2026. This initiative provides employees with up to 10 days' paid leave to support a close family member in an urgent or terminal health situation. We implemented this benefit to reinforce our caring culture by encouraging employees to share these challenging personal circumstances with their managers and facilitating managers to support them empathetically.

MyGrowth: Empowering employees for skills-driven professional growth

MyGrowth shall empower employees at all levels of the organization to take control of their professional development and become part of a skills-powered organization. Building on a growth-oriented mindset and our artificial intelligence-driven platform, MyGrowth enables employees to shape their own professional journey. By providing access to tailored learning opportunities, mentorship programs, internal job prospects, and development assignments, MyGrowth promotes a continuous learning culture that aligns employee growth with the strategic needs of the company. We conducted optional introductory sessions in English, French, German, Polish, Portuguese, and Spanish to educate employees on the growth mindset and the MyGrowth platform, ensuring inclusivity and accessibility for all. MyGrowth Global Development Weeks promote collective learning across the organization, encouraging collaboration and sharing of knowledge. This two-week learning event offers our employees a range of free global and local learning opportunities and includes a variety of interactive sessions, workshops and activities focused on skills development.

MyImpact: Building a culture of feedback and performance

MyImpact is our framework for maintaining and further developing a feedback-driven and performance-oriented culture in our company. It is designed to ensure that every employee is empowered to take ownership of their performance, actively participate in feedback conversations and contribute meaningfully to the company's success. A mandatory e-learning ensures that employees, regardless of their role, have equal access to understanding performance management principles and can apply them effectively in their day-to-day work. As part of MyImpact, we send out a newsletter several times a year, promoting psychological safety to build a culture where employees feel safe. Furthermore, we continue communication and framework refinement based on feedback, evolving technology and indicators. By evaluating feedback based on defined indicators and transparently sharing lessons learned, we want to ensure that MyImpact is applied consistently and aligned with the company's strategic goals. The framework contributes to a culture of continuous improvement, bringing employee behavior in line with our ethical standards and High-Impact Culture.

Evaluating the implementation of the High-Impact Culture

We have conducted an evaluation of the High-Impact Culture initiative. It focused on our largest hubs in China, Germany and the United States to identify gaps and opportunities to further strengthen the implementation of the High-Impact Culture framework. The overarching aim of this analysis complements the ethical behaviors in our company as defined in our Code of Conduct. In 2025, we implemented the initial recommendations and integrated activities that promote the High-Impact Culture in alignment with our business objectives and values. We address all employees worldwide, thereby aiming to further drive the integration of the High-Impact Culture across the organization.

AI upskilling journey

In 2025, we launched a company-wide AI Literacy Campaign to foster awareness and promote the responsible use of artificial intelligence. It aims to demystify AI tools, empower all employees to leverage AI in their daily work, and showcase practical applications that drive value across our business sectors and Group functions. The campaign provides resources, training and real-world examples that help our employees understand how AI can enhance their productivity, decision-making and innovation, while emphasizing ethical and responsible AI practices. This mandatory AI training helps to ensure the consistent understanding and responsible application of AI technologies. In support, we launched an intranet page with an allowlist of approved AI tools and hands-on examples of ethical usage. Following the publication of our Group AI Governance Standard in June 2025, we continued rolling out the campaign throughout the year.

Our targets and metrics related to our corporate culture (G1 MDR-T, MDR-M)

We focus on monitoring progress through a series of qualitative measures and comprehensive evaluation processes. However, these are neither metrics nor quantitatively measurable goals that are time-bound and result-oriented. We monitor the effectiveness of our measures on the topic of corporate culture using various criteria, which are presented below.

Within our sustainability culture, we have been using the sustainability-related questions from our annual Employee Engagement Survey since 2023 to measure the impact of our activities. The results of the survey are used internally only to evaluate the maturity of the sustainability mindset within the company and to identify and address differences across functions, regions and hierarchy levels.

In 2025, as part of our efforts to attract and inspire key talent, we continued measuring progress in terms of the quality of our onboarding process and talent retention. This included evaluating our talent management initiatives and analyzing the reasons why talented people leave our company. We also monitor the voluntary turnover rate of top talents and new hires.

In addition to monitoring participant feedback and enrollment rates for our leadership programs, we track the usage frequency of our 360° feedback tool. To continuously empower our employees, we conduct engagement surveys and assess engagement scores to evaluate employee well-being and belonging, as well as the overall resilience of our organization. We define employee engagement as the emotional and intellectual involvement that motivates employees to do their best work and contribute to the success of our company. Additionally, we use a quality index score to track the overall progress and effectiveness of our work and processes.

Since 2023, on a quarterly basis, we have been using MyImpact to measure feedback-based indicators. This includes tracking the number of performance feedback users in the respective year, the response rate to feedback requests and the overall results compared to the previous year.

Since 2024, a biweekly report from the MyGrowth dashboard has provided HR and leadership with updated insights on platform usage and the number of user profiles that include specific skills and participation in mentorship programs.

Animal welfare

International and national guidelines mandate the use of animal testing for medicinal compounds and chemicals, both during their development and for their approval prior to commercial use. In addition, there is still animal research, which from an ethical and scientific perspective is indispensable. We conduct animal-using activities in all three of our business sectors, not only adhering to all applicable laws and regulations, but also committing ourselves to high ethical and animal welfare standards going beyond legal requirements.

Our policies related to Animal welfare (G1-1)

Group Animal Science and Welfare Policy	
Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	Our policy sets guidelines for activities involving animals, and ensures compliance with our Code of Conduct, internal standards, as well as legal and ethical requirements. It emphasizes our commitment to using animals responsibly, maintaining high welfare standards and striving to phase out animal testing by developing non-animal alternatives. The policy outlines guidelines for gradually reducing the number of animals used, replacing animal testing with alternative methods and refining practices to enhance animal welfare and minimize suffering. The Group Animal Welfare Council (GAWC) is responsible for monitoring and controlling the implementation status, the progress of achievements and the corresponding key figures of business sectors. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide at all sites at our own operations and for all partners that use animals on our behalf.
Accountability	Senior management, reporting directly to the Executive Board.
Third-party standards/initiatives	The policy is based on national legislations, the EU Directive 2010/63, the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (ETS 123 – Appendix A), as well as the guidelines of the Institute for Laboratory Animal Research (ILAR).
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders, including representatives of business sectors in the One Group Animal Welfare Strategy working group, and the GAWC.
Availability	The policy is available internally on the intranet and publicly on our website.

Supplier Code of Conduct

Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	The policy explains to our suppliers and sales intermediaries what our expectations are regarding human and labor rights, occupational health and safety, business integrity, environmental protection, security, cybersecurity, protection of assets, animal welfare as well as continuous improvement and supplier management. A standardized process ensures that our suppliers formally acknowledge the Supplier Code of Conduct. Group Procurement is responsible for integrating sustainability requirements into the relevant phases of their supplier management processes. Our General Terms and Conditions of Purchase refer to the policy since 2023. We updated the policy effective September 2025. Examples include new guidance on digital ethics and artificial intelligence, expanded animal welfare requirements a new climate change section, new expectations for PFAS reduction, separate waste and wastewater chapters, a new deforestation chapter (which replaces the former palm oil section), enhanced biodiversity requirements, and strengthened expectations for cybersecurity and data protection.The policy is regularly monitored and updated.
Scope of application	The policy applies globally to all our providers of goods and/or services ("Suppliers") and to sales intermediares (e.g., dealers, distributors, wholesalers, and resellers).
Accountability	Chief Procurement Officer and Group General Counsel
Third-party standards/initiatives	The policy considers a number of third-party standards and initiatives. These include, for example, the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Due Diligence Guidance on Responsible Business Conduct, the EU Deforestation Regulation (EU) 2023/1115, the Conflict Minerals Regulation (EU) 2017/821, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Sec. 1502, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the Greenhouse Gas (GHG) Protocol, ISO 50001 (Energy Management), the Minamata Convention, the Stockholm Convention on Persistent Organic Pollutants, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the European Convention ETS 123 Appendix A, the latest edition of the U.S. ILAR Guide, and circular economy resources such as those from the Ellen MacArthur Foundation.
Consideration of stakeholder interests	When setting the policy, we considered the perspectives of internal and external stakeholders as well as experts.
Availability	The policy is available internally on the intranet and publicly on our website. The policy is referred to in our orders via a link to the General Terms and Conditions; it is also embedded in new or amended contracts.

Management of Animal Using Contracting Partners

Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	The policy defines requirements for animal-using contracting partners of our business sectors and legal subsidiaries and affiliates. It aims to ensure that only qualified animal-using contracting partners (AUCPs) are utilized, thus ensuring compliance with external regulations and internal standards in animal science and welfare. Work using live animals shall only be commissioned or contracted to AUCPs that have been trained by qualified auditors in accordance with our auditor training and qualification procedure. This is to be ensured by the Corporate Animal Affairs Operations team. All animal work at vendors and suppliers conducted on our behalf must be approved by independent multidisciplinary cross-sectoral Animal Usage Review Boards of Merck KGaA, Darmstadt, Germany. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all business sectors and Group functions governing any work involving live animals by business partners or on our behalf. This includes suppliers, subcontractors and our collaboration partners, academic partners, contract research organizations (CRO), breeders, and service providers. All of these are defined as AUCPs and include all subcontracting activities.
Accountability	Senior management of Group functions or business are responsible for AUCPs management.
Third-party standards/initiatives	None
Consideration of stakeholder interests	The policy was developed and reviewed with the involvement of internal stakeholders.
Availability	The policy is available internally on the intranet.

Group Procedure Animal Affairs Incident Management	
Connection to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Key contents	This policy describes the actions to be taken if any incident occurs that has the potential to impact animal health and welfare, or the intended value created by the animal work. These incidents must be reported to Animal Affairs corporate function for oversight. The adherence to the processes described in the policy ensures transparency in internal or external animal welfare incidents worldwide and guarantees that measures are taken to prevent any avoidable pain, suffering, or recurrence of the event. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide to all sites that are involved in animal use. It applies to all quality, efficacy, safety, and compliance concerns related to animal use, husbandry, and animal use services.
Accountability	The Local Animal Welfare Officer is responsible for internal incident reports and the Global Animal Welfare Officer is responsible for external incident reports.
Third-party standards/initiatives	The policy is based on national legislations, the EU Directive 2010/63, the European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (ETS 123 – Appendix A) and the guidelines of the Institute for Laboratory Animal Research (ILAR).
Consideration of stakeholder interests	When creating the policy, we considered the interests of regulatory agencies.
Availability	The policy is available internally on the intranet and an excerpt is provided to suppliers and service providers.

Our actions related to Animal welfare (G1 MDR-A)

Our actions related to animal welfare follow our Animal Science and Welfare Policy. Our long-term objective is to be a pioneer in phasing out animal work. Until we achieve this aim, we will continue applying high ethical and animal welfare standards related to quality, housing, husbandry and veterinary care to all animals within our care. We also orient ourselves toward the species-specific needs of the animals we work with.

4Rs Workstreams

The One Group 4R Program encompasses key principles that aim to enhance animal welfare and drive innovation. We are committed to the internationally recognized principles of the 3Rs for animal testing (Replacement, Reduction and Refinement) and have strengthened our dedication to animal welfare by adding Responsibility as a fourth principle. This approach aligns with the ethical principles published by David DeGrazia and Tom Beauchamp in their 2019 book “Principles of Animal Research Ethics”. Under the 4R Program we implemented the following workstreams:

- Replacement: Substituting animal studies with non-animal methods.
- Reduction: Using the minimum number of animals required.
- Refinement: Minimizing animal distress or discomfort via improved handling and housing techniques.
- Responsibility – Upholding a high level of care for all animals within our reach, both internally and among our business partners, as well as for the people involved in animal work.

Replacement as part of our 4Rs workstreams

We follow our 3 Basket approach to phase out animal work. This model categorizes animal work into three categories: (1) implementing available animal-free alternatives, (2) investing in the development of alternative methods, and (3) refining existing animal work methods where no innovative alternatives exist. In 2025, we focused on categorizing all animal-derived products into the three categories and establishing roadmaps to support structured phaseout, with special attention to eliminate the use of animal-derived material (for example, squalene, horseshoe crab blood and fetal bovine serum (FBS).

Our Bio-Convergence project focuses on developing alternative methods to enhance drug testing, by integrating artificial intelligence and advanced semiconductor technologies with human-derived cells and tissues. This innovative approach addresses the limitations of traditional animal models, while making clinical studies more successful, cost- effective and patient-centric, thereby fulfilling our ethical commitment. In 2025, we started collaboration with a nanoelectronics R&D hub (Interuniversity Microelectronics Centre, Belgium, [imec]) on developing next-generation microphysiological systems, which is a modular, scalable platform capable of simulating human body responses with unprecedented accuracy.

The ViA (In Vitro bioassay instead of Animal testing) project focuses on transitioning from animal testing to cell culture methods for the legally required quality control of our marketed products to treat infertility. In fiscal 2025, we received the approval for a new cell-based testing method for fertility medication and released the first batch of pre-filled injection of recombinant human follicle-stimulating hormone. We also successfully validated a new cell-based method for evaluating the strength of recombinant human luteinizing hormone.

Given the ethical, scientific, and safety concerns associated with FBS, which is harvested from fetal calves in slaughterhouses, we have continued our research into developing animal-free alternative media. Our focus remains on testing the specific needs of various cell lines to develop suitable alternatives for use in research, development, and manufacturing. In 2025, we successfully expanded our serum-free portfolio with the launch of three new products. Additionally, two peer-reviewed papers were published focusing on pathways analysis of cell lines under various media conditions with and without serum.

Reduction as part of our 4Rs workstreams

We are driving the development of virtual control groups to reduce the animal work in toxicology research. Using computer simulations instead of live animals could replace up to 25% of animal work in toxicological studies. This approach has been endorsed by health authorities including the EMA and the U.S. Food and Drug Administration (FDA) and will be gradually implemented in the coming years.

Refinement as part of our 4Rs workstreams

We continue improving animal welfare by implementing individual housing solutions and adopting non-aversive handling to prevent unnecessary harm and stress to the animals in our care. In 2025, all our vivaria implemented the procedure of non-aversive handling. We have defined our own species-specific needs for the mental, social, and physiological health of our laboratory animals, going beyond the definitions for housing and handling in legislation and guidelines, and established criteria to assess their fulfillment. This helps us identify and address areas for improvement.

Responsibility as part of our 4R workstreams

Our core responsibilities are to ensure high ethical and animal welfare standards for all animals within our reach, and to provide a Culture of Care (CoC) for the people working with animals. During fiscal 2025, we advanced our commitment to responsibility by focusing on the CoC, rehoming, training, cross-company interactions, and contributions to consortia. We also organized a Global Animal Technician Recognition Day to acknowledge and thank our animal technicians for their ongoing dedication and hard work in our vivaria around the world. Additionally, our vivarium sites held several CoC events to acknowledge the contributions of our people working with animals. We also facilitated the adoption and rehoming of rodents and non-rodents into foster homes, giving them a new life beyond the laboratory.

Our employees receive training and educational sessions on animal science and welfare through our Animal Affairs Academy since 2020. We provide internal and external courses on animal welfare and animal testing, and we also supervise and support workforce training on practical work with animals as well as on the applicable rules and regulations. This also includes dealing with incidents in relation to animal welfare. We have set up an internal webinar series called “Let’s talk Animal Affairs” to discuss the topic of animal welfare transparently and openly with our employees. Information about training courses and webinars is available on our intranet and is distributed via a newsletter. In 2025, the Animal Affairs Academy provided 64 training courses and workshops on the topic of animal research (2024: 112) training courses and workshops on the topic of animal research). These initiatives are designed to ensure that employees involved in animal-related activities receive regular and appropriate training and continuing education. The specific training needs (i.e. hours per topics per year) for any role that involves work with animals or work related to animals are defined in accordance with our Group Procedure on Animal Science & Welfare Training. More information on our training initiatives and specific requirements can be found under **Our policies related to animal welfare (G1-1)**. Our Vivarium Rotation Program enables two employees from each of our vivarium sites to visit another vivarium every year to learn, exchange knowledge and share best practices. To promote ongoing dialogue outside the program as well, the Vivarium Rotation Program community was established it meets once per quarter and exchanges on lessons learned during visits.

By 2025 all of our our animal facilities were AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care) accredited. This certification reflects our commitment to a high-quality animal care and use program. We are involved in several organizations and initiatives, including as Vice Chair of the Research and Animal Welfare Networks of the European Federation of Pharmaceutical Industries and Associations (EFPIA) as well as Interpharma, a federation of research-based pharmaceutical companies in Switzerland. Together with selected member companies, the audit group of the Animal Welfare Working Group of Interpharma conducts audits at contract research organizations and animal breeders. We are also involved with the Association for Assessment and Accreditation of Laboratory Animal Care International. This private, non-profit organization promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. We continue to support the European Partnership for Alternative Approaches to Animal Testing (EPAA) and participate in its working groups to develop alternatives to animal testing. We initiated the “Marseille Declaration on the worldwide implementation of high standards for animals housed and used by the industry for scientific purposes, both internally and externally. This declaration supports our prioritization of animal welfare with our suppliers and partners. In 2022, together with three European pharmaceutical companies, we established the Marseille Declaration Steering Group. To date, 11 companies have endorsed the declaration. Through this initiative, signatories set clear expectations of animal welfare practices, both at their own facilities and external partners conducting studies with live animals worldwide.

All activities conducted as part of our 4R program are applicable globally across all business sectors and are considered ongoing with no defined closing date. These activities contribute to advancing ethical animal research by implementing improvements that support accountability, innovation, and align with our long-term sustainability goals. We closely monitor effectiveness of our operations via the 4R program aiming to improve our performance to phase out our animal work and reinforce our responsibility to uphold high animal welfare standards. For Replacement we track the percentage of animal-based testing and animal-derived products that have been successfully classified within the 3 Basket concept. For Reduction, we monitor progress on achieving our target on animal reduction by measuring the reduction in the number of animals used. More information can be found under **Our targets related to animal welfare**. For Refinement, we monitor the fulfillment of defined species-specific needs criteria. For Responsibility we are collecting evidence of prioritizing the avoidance of animal pain and suffering, along with examples of how the 4Rs are being advanced beyond our company boundaries.

Animal science and welfare audits

Our goal is to maintain transparency, ensure accountability for animal work and uphold high animal welfare standards. Therefore, qualifying all vendors conducting animal work on our behalf is an integral part of our strategy. This is achieved through a rigorous quality assurance process, based on our established and robust audit framework, as well as a comprehensive auditor training and qualification program. Our own vivarium sites are audited every three years by our Group function Corporate Animal Affairs. According to this audit plan, in

2025, 3 audits were carried out in our vivaria (2024: 0), and 32 Animal-Using Contracting Partners audits (2024: 34)Animal-Using Contracting Partners audits) were completed. These audits reflect our commitment to compliance and excellence in animal welfare practices. In addition, we continued our supervisory role of Corporate Animal Affairs by conducting regular veterinary inspections of all our vivarium sites globally and monitoring the reporting of animal science and animal welfare incidents, both internally and externally.

Our targets related to Animal welfare (G1 MDR-T)

Animal reduction	
Reference to material impacts, risks and/or opportunities	Identifier G1-NI-01
Material sustainability matter	Animal welfare
Target	We aim to reduce the number of animals used by 50% by 2032 and 75% by 2040. The target applies at the Group level and covers all our legal entities and sites.
Reference value/year	Number of animals used in 2021: 181,392.
Methods	The Group target was defined in agreement with all business sectors to ensure alignment with strategic sustainability objectives and Animal Welfare Policy commitments. The targets for 2032 and 2040 are based on an internal forecast of the reduction in animal numbers provided by the business sectors. The key assumptions included regulatory developments and technological advancements.
Consideration of stakeholders	The Group Animal Welfare Council, the Sustainability Council of Merck KGaA, Darmstadt, Germany, and representatives from our business sectors are involved in setting targets, with final approval and endorsement given by the Executive Board.
Changes from the previous year	New target.
Performance/Key figures	In 2025, we achieved a 25% reduction. From 2025 we track the target by the annual percentage reduction in the number of animals used compared to the baseline established in 2021. We continuously monitor the degree of target achievement through quarterly reviews. We have not set any interim yearly targets.

Our metrics in relation to Animal welfare (G1 MDR-M)

Entity Specific Metrics	**2025**	2024
Total number of animals used in the Group	136,866	130,135
Share of animals used internally (in %)	86	83
Share of animals used externally (in %)	14	17
Share of non-rodents used (in %)	1	2
Share of rodents used (in %)	99	98
Total number of animals used in Life Science	76,243	73,291
Relative value for Life Science (number of animal used/€ million net sales)[1]	8.5	8.22
Total number of animals used in Healthcare	60,566	56,844
Total number of animals used in Electronics[1]	57	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

The metrics related to animal use are part of our entity-specific metrics. These include the total number of animals used for either testing or animal-derived product generation across the entire company as well as providing a breakdown by business sectors (Life Science, Healthcare and Electronics). We track year-on-year percentage changes in animal use to monitor trends over time. Additionally, we differentiate between animals used internally by our vivariums and those used externally by our contracting partners, with further categorization by species. For the Life Science sector, we also report the number of animals used relative to net sales (i.e., the relative value for Life Science) on an annual basis, as this sector often conducts animal-related activities on behalf of its clients. By contrast, in the Healthcare business sector, animal testing is a legal requirement to evaluate the safety and efficacy of medicines under development or in preclinical research. Animal numbers are collected at the business sector level, categorized into internal and external data, and reviewed quarterly by the Animal Affairs department. The measurements of the entity-specific metrics are not validated by an external body.

Anti-corruption and anti-bribery

Across our global operations, we set and enforce strict rules to prevent corruption in our business activities. We do not offer or accept bribes, and strictly prohibit all forms of corruption, extortion and embezzlement. Correspondingly, we also expect our suppliers to uphold these same principles. They must refrain from granting or accepting bribes, kickbacks or illegal payments, either directly or indirectly, and comply with all applicable anti-corruption laws, rules and regulations. We are committed to upholding high standards of integrity by implementing robust anti-bribery and anti-corruption measures that ensure a transparent and ethical business environment.

Our policies related to anti-corruption and anti-bribery (G1-1)

Anti-Corruption Group Standard	
Topic for the non-financial statement	Anti-corruption and anti-bribery
Key contents	The policy stipulates that all business activities must be conducted in line with applicable anti-corruption regulations and standards. All forms of bribery and corruption are strictly prohibited. The policy is regularly monitored and updated if necessary.
Scope of application	The policy applies Group-wide at all sites in our own operations and for all third parties acting on our behalf.
Accountability	Group Legal and Compliance; the Chief Compliance Officer and Group Compliance function drive the design and the evolution of our compliance program across all business sectors and Group functions. Our Group Compliance function is responsible for the anti-corruption and anti-bribery framework (including healthcare compliance, third-party due diligence, and transparency reporting).
Third-party standards/initiatives	The policy is based on the United Nations Convention against Corruption, national legislations, relevant laws, and international ethical standards.
Consideration of stakeholder interests	When creating the policy, we considered the interests of regulatory agencies.
Availability	The policy is available internally on the intranet.

Prevention and detection of corruption and bribery (G1-3)

As a global company, we have stringent requirements for maintaining effective compliance management. Importantly, we seek to emphasize compliance by acting in line with our company values and believe that profitable business operations should go hand in hand with ethical standards.

Corruption and bribery risk assessment

We have implemented a range of procedures to mitigate the risk of corruption and bribery. They ensure we uphold effective prevention measures and can detect and address any allegations or incidents. To assess risks and the effectiveness of our controls, we have implemented various indicators that we monitor regularly. Our approach to risk minimization is governed by a global framework that emphasizes ethical and legally compliant business processes. Our compliance risk assessment process covers all of our business sectors. The assessment is based on a comprehensive risk matrix that improves objectivity and enables a data-driven risk approach through in-depth risk categorization and risk scenarios. Additionally, it uses country risk segmentation to classify the countries where we actively operate regarding their risk exposure to bribery and corruption. Subsequently, we use the outcome to prioritize initiatives and intensify activities in countries with higher risk levels. The regular reassessment of the country risk segmentation as well as of bribery and corruption risks takes place every two to three years to ensure ongoing effectiveness and relevance.

As part of our commitment to responsible business practices, we also apply a risk-based approach when selecting external partners. The greater the estimated risk related to a particular country, region or service type, the more in-depth our due diligence process is before entering a business relationship. Based on the outcome, we determine whether to reject the potential external partner, impose conditions to mitigate identified risks or terminate an existing relationship.

Additionally, we actively prevent bribery by enforcing strict value limits for gifts and entertainment. These limits are embedded into the company tool we use to reimburse travel and expenses. All submissions are subject to an approval process, which includes an additional internal review if they exceed specific cost thresholds. A custom developed tool for managing our interactions with healthcare professionals uses a risk based approach that is integrated into a system driven risk assessment. We follow clearly defined internal approval requirements and procedures for each type of interaction, in line with applicable laws and codes. More information on transparency reporting can be found under **Dealing with medical professionals and transparency reporting**.

External certification of the Compliance-Management-System

Since November 2022 our Compliance-Management-System is externally reviewed in accordance with the principles of proper auditing of Compliance-Management-Systems (IDW AsS 980 as amended 09.2022). Its focus is on preventing bribery, corruption and money laundering. The review identifies potential areas of improvement and assesses whether the measures we have taken adhere to the applicable regulations, policies and processes. The assessment covers three phases. The first two phases – the pre-assessment and adequacy assessment – were completed in 2023 with no material findings. The adequacy assessment found that the processes and measures in our Compliance-Management-System are adequately designed and implemented to manage our compliance risks. The third phase, the effectiveness assessment, is not yet completed.

Corruption and bribery audits

Group Internal Auditing regularly reviews functions, processes and legal entities worldwide. They also assess the effectiveness of the respective compliance guidelines, processes and structures. If an internal audit results in recommendations for improvement measures, Group Internal Auditing performs a systematic follow-up and monitors the implementation of the recommended corrective actions. In 2025, Group Internal Auditing conducted 29 audits (2024: 30) related to bribery and corruption risks (thereof 19 of Merck KGaA, Darmstadt, Germany, 2024: 6). The increased number of audits of Merck KGaA, Darmstadt, Germany, is attributed to the Group Internal Auditing’s shift in focus towards the global process audits.

Investigation of corruption and bribery incidents

Any concerns related to corruption and bribery can be reported through various central reporting channels. All submissions are investigated further according to our Whistleblowing and Investigation Policy and our internal investigation procedure. To ensure objectivity, the committee responsible for investigating incidents is separate from the chain of management involved in the matter. Our Chief Compliance Officer reports to the Executive Board and Supervisory Board on the status of our compliance activities, potential risks and serious compliance violations at least twice a year. More information on whistleblowing and investigations can be found under **Policies related to corporate culture G1-1**.

Compliance awareness and training

We communicate our compliance policies across various platforms (for examplethe annual Compliance Newsletter, targeted emails and intranet posts) at least once a year to ensure the policies are accessible and understood by all relevant stakeholders. This approach promotes a strong culture of accountability and integrity across our workforce.

Our efforts to mitigate corruption and bribery risks also extend beyond the boundaries of our own company. Through our global third-party risk management process, we aim to ensure that our sales partners – including

commercial agents, distributors, dealers, and high-risk vendors – are informed about our compliance principles. We expect our third parties to comply with relevant laws and reject all forms of bribery.

As bribery and corruption are a key focus area of our Compliance-Management-System, we implement regular awareness and training initiatives to promote ethical business conduct. Since 2023, we have been offering anti-corruption, anti-bribery and anti-money laundering e-learning course based on the anti-corruption and anti-money laundering policies. We specifically target our training efforts toward employees who may encounter risks related to bribery, corruption and money laundering. They include employees who interact with public officials, engage with third parties or are involved in reviewing and approving transactions. Participation in this course is mandatory for employees based on their level of risk exposure and associated position and role level. Since starting this training in 2023, 20,847 (98%) of all employees at-risk functions were trained. Additionally, we offer localized classroom training sessions tailored for high-risk areas. The administrative, management and supervisory bodies receive dedicated training on high-risk compliance matters, including anti-bribery and anti-corruption, conducted by the Chief Compliance Officer. Anti-bribery and anti-corruption topics are also integrated into our Code of Conduct and Supplier Code of Conduct e-learning modules and addressed via awareness initiatives throughout the year. More information about general training related to compliance requirements can be found in the chapter **Policies related to corporate culture (G1-1)**.

The number of employees with anti-bribery, anti-corruption and anti-money-laundering training is shown in the table below:

	2025	**2025 thereof: Merck KGaA, Darmstadt, Germany**
Total number of employees from functions-at-risk trained in reporting year	**2,931**	**169**
Percentage of employees from functions-at-risk trained in reporting year	**85**	**79**
Percentage of functions-at-risk covered by training programs in reporting year	100	100

Incidents of corruption and bribery (G1-4)

The number of convictions and the value of fines for violating anti-corruption and anti-bribery laws are shown in the table below:

	2025	**2025 thereof: Merck KGaA, Darmstadt, Germany**
Number of convictions for violation of anti-corruption and anti-bribery laws[1]	–	–
The amount of fines for violation of anti-corruption and anti-bribery laws[1]	–	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

The numbers of compliance cases reported via our hotline and other reporting channels are shown in the table below:

	2025	2024	**2025 thereof: Merck KGaA, Darmstadt, Germany**	2024 thereof: Merck KGaA, Darmstadt, Germany
Number of reported compliance incidents	132	89	5	1
Number of confirmed incidents	47	30	1	1
Confirmed cases of bribery and corruption[1]	2	2	–	–

[1] A dash indicates that a value was collected that corresponds to 0 when rounded.

Bioethics

Scientific progress can also pose ethical questions. We want to utilize the growing potential of life sciences in a responsible way in order to create the greatest possible benefit for humanity and other forms of life. In doing so, we believe it is important to take our own position on bioethical matters and drive our innovations responsibly.

Our material impact related to bioethics (SBM-3)

Bioethics	
Identifier	Entity-PI-01
Material impacts, risks and opportunities	Potential positive impact
Time horizon	Medium-term
Value chain step	Up-stream; own operations; down-stream
Description	Responsible action in bioethical issues: Bioethics refers to the ethical implications of biological and medical research, practices, and technologies. It encompasses a wide range of issues, including the ethical treatment of human test subjects and laboratory animals, informed consent and privacy concerns. Respecting bioethical guidelines is especially important if no statutory regulations are yet in place. We focus on responsible behavior by proactively developing global corporate guidelines and positions for bioethical matters, thereby strengthening trust in our company. Bioethics support us when we are working in sensitive areas, for example in global health, in fertility medicine and when researching and using organoids. It helps us to promote responsible innovation, thereby contributing positively to societal well-being.

Our policies related to bioethics (MDR-P)

Genome Editing Principles	
Connection to material impacts, risks and/or opportunities	Entity-PI-01
Material sustainability matter	Bioethics
Key contents	The policy is a clear, binding and operational framework for our research, clinical and commercial activities in the field of genome editing. It is based on the careful assessment of ethical issues and legal principles. The policy describes our position on genome editing and prohibits intervention in the human germline. It sets clear limits for our company: firstly, for using the corresponding technologies in our research, and secondly for our function as a supplier of bespoke CRISPR-Cas nucleases and genetically modified cell lines. The Ethics Advisory Panel for Science and Technology of Merck KGaA, Darmstadt, Germany (MEAP) regularly advises us on important ethical issues and legal topics regarding genome editing. The policies are regularly reviewed and adapted if necessary.
Scope	The policy applies Group-wide for all employees who use genome editing technologies or otherwise work with them. The employees are responsible for understanding and complying with the basic principles on genome editing. Moreover, we also expect third parties to adhere to the rules and to stay up to date with the current discussions on the ethical aspects of genome editing.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the German Embryo Protection Act and is consistent with the guidelines of the International Society for Stem Cell Research (ISSCR).
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and in close collaboration with the MEAP.
Availability	The policy is available internally on the intranet and publicly on our website.

Human Stem Cell Principles

Connection to material impacts, risks and/or opportunities	Entity-PI-01
Material sustainability matter	Bioethics
Key contents	The policy defines ethical boundaries for the use of human stem cells in research. It describes our current position regarding their use and provides background information. The aim of the policy is to create a clear and binding framework for the use of human stem cells in research, clinical and commercial activities. It is based on a careful assessment of ethical issues and legal principles. The Stem Cells, Organoids & Novel Modalities Research Oversight Committee (SCROC) helps to ensure compliance with the policy in accordance with the latest scientific, ethical and legal knowledge. In addition, the MEAP regularly advises on ethic issues and legal impacts in the field of stem cell research and application. The policies are regularly reviewed and adapted if necessary.
Scope	The policy applies Group-wide for all employees who use stem cells or otherwise work with them. The employees are responsible for understanding and complying with the basic principles for the use of stem cells. Moreover, we also expect third parties to adhere to the rules, to stay up to date with the current discussions on the ethical aspects of using stem cells and to make an informed decision on their own use of stem cells.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the guidelines of the ISSCR.
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and in close collaboration with external experts and the MEAP.
Availability	The policy is available internally on the intranet and publicly on our website.

Fertility Principles

Connection to material impacts, risks and/or opportunities	Entity-PI-01
Material sustainability matter	Bioethics
Key contents	The policy describes our current position regarding the research and application of drugs and technologies in fertility medicine and provides the corresponding background information. The aim of the policy is to offer a clear and binding framework for our research, clinical and commercial activities for infertility treatment and in vitro fertilization, which is based on the careful assessment of ethical issues and legal principles. The MEAP regularly provides advice on ethical issues relating to the topic of fertility. The policies are regularly reviewed and adapted if necessary.
Scope	The policy applies Group-wide for all employees who work in the field of fertility medicine. The employees are responsible for understanding and complying with the guidelines on fertility medicine. Moreover, we also expect third parties to adhere to the rules and to stay up to date with the current discussions on the ethical aspects of fertility medicine.
Accountability	Executive Board.
Third-party standards/initiatives	The policy is based on the German Embryo Protection Act and is consistent with the guidelines of the ISSCR.
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and in close collaboration with the MEAP.
Availability	The policy is available internally on the intranet and publicly on our website.

Our actions related to bioethics (MDR-A)

Panel for ethical issues

Since 2011, the MEAP has been making clear recommendations on ethical issues that arise from our research and in science and technology. These recommendations extend beyond the field of traditional bioethics, in line with the transformation of our company into a science and technology company. The panel's recommendations guide our actions and business activities. The members of the MEAP are renowned external experts from the fields of bioethics, medicine, philosophy, law, and natural sciences. The MEAP is appointed by the Executive Board and is jointly led by two members from the management of the Life Science and Healthcare business sectors. The panel meets multiple times per year and can also be convened at short notice should urgent ethical issues arise. Summary minutes of the meetings and the recommendations made by the MEAP are available on our intranet. All employees can submit topics for the MEAP to our Bioethics team. If necessary, we consult further external experts. In addition, all employees may address their concerns to the Bioethics team via our Compliance Hotline and a dedicated e-mail address (accessible via the intranet).

Positions in reproductive and stem cell research

The latest progress in reproductive medicine is posing new ethical challenges and questions, while case law continues to develop. We have therefore agreed on a position on egg donation. In addition, we are currently working on a position on elective single embryo transfer (eSET). Previously defined positions of the MEAP were discussed and reviewed during 2025 in harmony with the German Embryo Protection Act and our guidelines for fertility medicine.

The SCROC decides on in-house research activities involving the use of pluripotent stem cells with the aim of ensuring compliance with legal requirements as well as our ethical guidelines. This also applies to joint projects with external partners. The SCROC consists of experts from our business sectors. Should complex issues occur that are not covered by the expertise available internally, we will continue to involve external experts in the decision-making process. Currently, we are not conducting any research projects that, according to the SCROC Charter, would require approval by SCROC or external expertise.

During 2025 we also set up an organoids group under the umbrella of the SCROC. This working group is made up of experts from all fields who are involved in activities relating to organoids and have an overview of ongoing research activities. It is to meet twice a year from now on. Organoids are complex collections of cells that are grown in a 3D culture medium and replicate many features of tissues or organs. During fiscal 2025, the group initially created an overview of projects on organoids based on induced pluripotent stem cells (iPSC) and presented it to the MEAP. iPSCs are created by reprogramming adult skin or blood cells and are capable of developing into other cell types of the human or animal body.

Our targets in relation to bioethics (MDR-T)

We want to lay the groundwork for generating an overview of our organoid projects in research and development. Although the MEAP believes that retrieving and cultivating specific cell types, tissue and organoids from human stem cells poses only a few ethical issues, some of them may nevertheless be highly significant, particularly as developments in this field are progressing rapidly. We plan to assess this overview of all organoid projects annually in the MEAP. Beyond these ambitions, we have not defined any targets related to bioethics.

Digital ethics

People, machines, data, and processes are becoming increasingly interlinked, with technological advances transforming our society and posing new ethical challenges. Our digital ethics activities define how we responsibly handle data, algorithms and artificial intelligence (AI).

Our material impact related to digital ethics (SBM-3)

Digital ethics	
Identifier	E-PI-02
Material impacts, risks and opportunities	Actual positive impact
Time horizon	Medium-term
Value chain step	Upstream; own operations; downstream
Description	Responsible handling of digital technologies: The field of digital ethics comprises the ethical issues and impacts relating to digital technologies and the usage of data alongside digital applications and services. As digitalization progresses, companies are introducing ever more digital tools and platforms. Therefore, it is essential to ensure that these technologies are handled in an ethically responsible way – especially with respect to data protection, AI, algorithmic bias, and the implementation of applications in sensitive areas. In the context of technological innovations, compliance with digital ethics principles plays a decisive role in winning and retaining stakeholder trust. We take digital ethics aspects into account in our business activities to a greater extent than is legally stipulated, thereby contributing to the responsible development and use of digital technologies. This has a positive effect on society.

Our policy related to digital ethics (MDR-P)

Code of Digital Ethics	
Connection to material impacts, risks and/or opportunities	Entity-PI-02
Material sustainability matter	Digital ethics
Key contents	The policy serves as a set of guidelines for our digital business models, as an instrument for analyzing ethical issues and as a basis for practical recommendations by the Digital Ethics Advisory Panel of Merck KGaA, Darmstadt, Germany (DEAP). It is based on five central principles: justice, autonomy, beneficence, non-maleficence, and transparency. These principles provide a clear structure for assessing ethical issues. Moreover, they support our business sectors and individual employees in overcoming challenges in the field of digital technologies for which no statutory or other regulations yet exist. The policy helps us assess the ethical risks of existing activities while also enabling us to ethically assess relevant aspects of new digital solutions. To this end, we use a principle-at-risk analysis (PaRA) based on the policy. We regularly perform internal reviews of data and AI technologies, services, applications, and cooperations in this area, in close collaboration with and advised by the DEAP. The policy is regularly monitored and updated if necessary.
Scope	The policy applies Group-wide for all employees who work in the fields of data science, AI and other digital specialist areas.
Accountability	Executive Board, Managing Director or Site Manager.
Third-party standards/initiatives	The policy is based on the EU AI Act, various scientific articles and other third-party guidelines on the use of AI.
Consideration of stakeholder interests	We developed and reviewed the policy with the involvement of internal stakeholders and external experts.
Availability	The policy is available internally on the intranet and publicly on our website.

Our actions related to digital ethics (MDR-A)

Digital Ethics Advisory Panel

The DEAP plays a key role in the assessment of ethical issues relating to data and AI in our company. As an independent advisory panel, it provides support in identifying and addressing complex ethical challenges. Its work is based on the Code of Digital Ethics. The panel consists of external international science and industry experts with specialist knowledge in the fields of digital ethics, law, big data technologies, digital health, medicine, and data governance. In addition, we involve bioethics experts as well as representatives from patient organizations as needed. All employees who work with data and AI can contact the DEAP at any time with their topics and challenges. The panel meets online on a quarterly basis and gathers in person at least once a year. In 2025, it dealt with the automatic recording and transcription of virtual meetings among other matters. In doing so, the panel identified ethical risks such as a lack of transparency regarding the purpose of, access to and duration of storage of the recordings. As a result of the panel discussion, a new Group-wide rule was introduced stipulating the automatic deletion of recordings after four weeks.

Digital ethics check

Using an analysis mechanism – the Digital Ethics Check of Merck KGaA, Darmstadt, Germany (MDEC) – we intend to identify ethical risks relating to our projects and products in the individual business units independently and at an early stage. All relevant phases of a project or a product life cycle are systematically taken into account during the process. The semi-automated MDEC is based on the Code of Digital Ethics. It reviews and assesses certain aspects of a project for ethical risks using a scoring system and suggests possible actions for mitigation. We can draw conclusions for product development on the basis of the calculated risk value. The MDEC can be performed without prior ethical knowledge. Upon request, our Digital Ethics Team supports the respective business unit in analyzing the risk value and conducting a more in-depth assessment of the ethical risks. Should complex ethical issues arise, these are submitted to the DEAP in order to obtain recommendations for risk mitigation. Since January 2024, every new project in the Life Science business sector has been analyzed in accordance with our scoring system. In fiscal 2025, we also developed an MDEC demo app that demonstrates the risk assessment process at Life Science and familiarizes employees with the topic. Additionally, we expanded the MDEC to projects in Human Resources as well as in the Digital Health franchise of the Healthcare business sector. At the same time, we are developing methods for identification of ethical risks accessible to the general public through scientific publications and providing opportunities for academic dialogue. In 2026, we plan to introduce them in further franchises in the Healthcare business sector. The aim is to gradually expand the MDEC to the entire company.

Our targets related to digital ethics (MDR-T)

We aim to introduce the MDEC throughout the company and thus identify ethical risks in all AI projects within the company at an early stage. In 2026, we want to devise a specific MDEC version for the area of research and clinical development in the Healthcare business sector alongside a general variant for all other units. We also want to define metrics for monitoring the progress of the MDEC and establish a governance process for the monitoring. In doing so, we are creating a foundation upon which we can continuously evaluate the acceptance and effectiveness of the MDEC and adapt the analysis mechanism where necessary. Beyond these ambitions, we have not set any targets related to digital ethics.