



Our Commitment to ESG: Performance and Progress¹

MAY 2022

Our Approach

MSD is committed to a high level of Environmental, Social, Governance (ESG) performance, which helps us drive sustainable value for our business and society. Our ESG strategy ensures that we apply our global resources and investments to four ESG priority areas that matter most. Guided by stakeholder input, our ESG actions are integrated into our business strategy and aligned to the United Nations Sustainable Development Goals. For more information, please read our full [2020/2021 ESG Progress Report](#).

ESG Focus Areas & Goals

Access to Health

- Advance health equity by reaching **30M** people in low- and middle-income countries and in U.S. underserved populations with social investments, by 2025.
- Reach at least **75%** of countries annually with our products.
- Enable **100M** more people to access our portfolio globally, through access strategies, solutions and partnerships, by 2025.

Employees

- Increase representation in senior management roles by 2024: Women globally to **40%**, up from 31% in 2020; Black/African Americans in U.S. to **10%**, up from 3% in 2020; Hispanics/Latinos in the U.S. to **10%**, up from 5% in 2020.
- Maintain or exceed current inclusion index score, by 2025.
- Maintain or exceed current engagement index score, by 2025.

Environmental Sustainability

- Achieve **carbon neutrality** across our operations by 2025 (Scopes 1 & 2 emissions).
- Reduce operational greenhouse gas (GHG) emissions **46%** by 2030, from 2019 baseline.
- Source **100%** of purchased electricity from renewables by 2025.
- Work with suppliers to reduce Scope 3 GHG emissions by **30%** by 2030, from 2019 baseline.

Ethics & Values

- Maintain **100%** compliance to regulatory requirements for active incident monitoring, risk/harm analysis and on-time notification of data breaches.
- Foster a “Speak Up” culture by maintaining or exceeding our current percentage of employees responding favorably to the “willingness to report employee misconduct and potential ethics or compliance issues” question in the Pulse survey as an annual average.

Select Recognition

Newsweek
America’s Most
Responsible Companies²

FORTUNE
World’s Most Admired Companies;
#2 Most Admired Company in pharma²

JUST Capital
Just 100 List; #1 in biopharma
and #26 overall²

Access to Health

We are committed to expanding patient access to essential therapies and are working to improve health equity. We are guided by our [Access to Health Guiding Principles](#), which span discovery and invention, availability, affordability, and strengthening systems and addressing inequity.

\$49M Annual investment in partnerships, programs & impact investments to support healthcare capacity building & address underlying barriers to access to health³

13M Women reached through MSD for Mothers with healthier pregnancies and safer deliveries in 50+ countries since 2012³

40 Countries where dedicated affordability solutions have been initiated³

\$13.6 billion invested in research and development³

285M Estimated people reached globally through product donation & patient assistance programs and partnerships³

Pricing Pledge We have pledged not to raise average net prices across our U.S. portfolio by more than the annual rate of inflation³

Employees

Our long-standing commitment to a diverse and inclusive culture makes us more innovative and agile — better attuned to the needs of patients, customers and healthcare providers.

Global Diversity & Inclusion (GD&I)

Our efforts continue to grow in four areas: Internal work environment, health equity, workforce development, economic inclusion.

19K members of **10** groups
Employee Business Resource Groups
& GD&I Ambassador Teams³

31% | 52%
women in senior management
roles; promotions were women³

20%
members of underrepresented
ethnic groups (U.S.) in senior
management roles³

\$2B+
Spent with diverse suppliers³

Pledges and Memberships

We engage with partners to advance the efforts of our GD&I commitments and to support underserved communities all over the world. Some of our engagements include:

- OneTen (Founding Member)
- Year Up (Corporate Partner)
- CEO Action for Diversity & Inclusion (Signatory)
- Paradigm for Parity (Signatory)
- The Valuable 500 (Member)
- ILO Global Business Disability Network (Member)

Environmental Sustainability

Our environmental sustainability strategy is focused on: driving efficiency in our operations, designing new products to minimize environmental impact and reducing any impacts in our value chain. We received Science-Based Targets certification for our goals to reduce Scopes 1 & 2 GHG emissions 46%, and Scope 3 GHG emissions 30%, by 2030.

38%
purchased electricity
from renewable sources³

80%
non-hazardous waste
beneficially reused³

1.1M
cubic meters of water recovered, reused
or recycled at our facilities³

90%
of new human health
API processes met internal
sustainability targets at launch³

48%
of sites sent zero waste
to landfill³

100%
of health products launched
reviewed for environmental impact and
packaging improvement³

Ethics & Values

Our reputation, and the trust that our stakeholders place in us, depends on how we conduct ourselves as a business. We are built around an unwavering commitment to maintaining the highest standards of ethics and values.

>99%
Employees trained on our ethical
expectations and principles found
in our Code of Conduct³

26
Business Partner Code of
Conduct languages³

Speak Up

Employees can raise ethical concerns on our reporting tool at MSDethics.com, which is operated by an independent third party and available 24/7.

Cybersecurity and Data Privacy

Our global privacy values guide all our privacy, data stewardship and protection decisions. Over past 20 years, we have developed and continually improve a comprehensive global privacy program that promotes organizational accountability.

For more information, please read our [2020/2021 ESG Progress Report](#).

¹ 2020/2021 performance & 2022 progress | ² 2022 lists | ³ As of December 2021