Our Commitment to ESG: Performance and Progress

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 Companies
- FORTUNE
  World’s Most Admired Companies;
  #2 Most Admired Company in pharma
- JUST Capital
  Just 100 List; #1 in biopharma and #26 overall

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 health

- **40**
  Countries where dedicated affordability solutions have been initiated

- **285M**
  Estimated people reached globally through product donation & patient assistance programs and partnerships

- **13M**
  Women reached through MSD for Mothers with healthier pregnancies and safer deliveries in 50+ countries since 2012

- **$13.6 billion**
  Invested in research and development

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

1  2020/2021 performance & 2022 progress  |  2 2022 lists  |  3 As of December 2021
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 Teams
- 31% | 52% women in senior management roles; promotions were women
- 20% members of underrepresented ethnic groups (U.S.) in senior management roles
- $2B+ Spent with diverse suppliers

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 sources
- 80% non-hazardous waste beneficially reused
- 1.1M cubic meters of water recovered, reused or recycled at our facilities
- 90% of new human health API processes met internal sustainability targets at launch
- 48% of sites sent zero waste to landfill
- 100% of health products launched reviewed for environmental impact and packaging improvement

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 Conduct
- 26 Business Partner Code of Conduct languages

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.