



Sustainability Bond Allocation Report

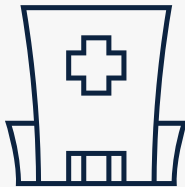
December 2023



Key Messages & Bond Overview

Our sustainability strategy

MSD's purpose is to use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we've been dedicated to operating responsibly and creating value for society. That commitment is one of our ongoing strengths and core to our business, which is why operating responsibly is part of the foundation of our Strategic Framework, denoting our commitment to enable a safe, sustainable and healthy future for people and communities. We direct significant investments and resources to drive progress across all four sustainability focus areas that matter most to our Company and create value for our stakeholders:



Access to Health

In collaboration with key stakeholders, we work to ensure our science advances health care, and our products are accessible and affordable to those in need.



Employees

Our Company's success is built on a culture that embraces different perspectives and values the contributions of each individual. We recognize that our competitiveness is strengthened by a diverse, skilled and engaged workforce.



Environmental Sustainability

A healthy planet is essential to human health and the sustainability of our business, while also providing opportunities for product innovation and reducing cost and risk. Our Company has a long history of environmental stewardship and compliance, and we realize that our strategy and efforts need to continuously evolve in the face of a changing climate.



Ethics & Values

We operate with the highest standards of ethics and integrity. By putting our ethics and values at the foundation of everything we do, we create an accountable culture that betters our Company's decision-making, adaptability and reliability.

Sustainability bond details

We are pairing the meaningful impact of our financing activities with our corporate strategy and broader business objectives. In December 2021, we launched our [Sustainability Financing Framework](#) to raise and direct funds to critical projects that help meet our sustainability goals, support our overall sustainability strategy and contribute to advancing the United Nations (U.N.) Sustainable Development Goals (SDG). In the same month, we issued our inaugural offering of a \$1 billion sustainability bond. The bond's net proceeds support a subset of projects and partnerships that increase access to essential health care services and reduce our environmental footprint through green buildings and other management initiatives.

Our Sustainability Financing Framework defines "Eligible Projects" as expenditures for eligible social projects and/or eligible green projects. Each of our Eligible Projects meets one or more of the seven eligibility criteria defined by our Sustainability Financing Framework, which is aligned with the International Capital Markets Association (ICMA) 2021 Green Bond Principles, the 2021 Social Bond Principles and the 2021 Sustainability Bond Guidelines.

Our Sustainability Financing Committee has oversight for sustainability financing reporting, including the evaluation and selection of projects for bond allocation. This committee has cross-functional representation including individuals from the ESG Strategy Management Team to ensure strong alignment between sustainability financing reporting and our broader sustainability priorities and commitments.

Bond Allocation

Through September 30, 2023, we have fully allocated the \$994 million of net proceeds from our inaugural sustainability bond. Approximately 81% was allocated to projects completed or underway during the three-year lookback period, and 19% was allocated to projects completed or underway during the 21-month period from bond issuance through September 30, 2023.



Access to Health



Employees



Environmental Sustainability

Impact Reporting & Featured Projects

 **Access to Health**
Access to Essential Services
- Health Care

Access to Health is a priority sustainability focus area. We allocated bond proceeds to investments in partnerships that address barriers to health care and health equity for underserved populations globally, and to expenditures in research and development (R&D) of products which treat diseases disproportionately impacting low- and middle-income countries (LMIC).

Affordability and addressing barriers to health

Our approach to expanding access to essential health care services is built on the belief that broadening our impact requires sustained effort and is best achieved through solving underlying health systems challenges. We have a long history of partnering to strengthen health systems and address health equity. Building on this history, we originally set a sustainability goal to advance health equity by reaching 30 million people with our social investments in LMIC and underserved communities in the U.S. from 2021-2025.¹

Through 2022, we exceeded this goal by reaching more than 33 million people with our social investments, including more than 18 million in 2022 alone. To drive continued action, we have increased this health equity goal to now reach over 50 million people by 2025. We're now including underserved populations in high-income countries beyond the U.S. in this goal as our health equity investments evolve to meet the needs of underserved populations everywhere.

Proceeds from the sustainability bond were applied to our Company's Foundation to address systemic barriers to health equity; to MSD for Mothers to increase access to safe, high quality, respectful care around pregnancy and childbirth; to enterprise health equity initiatives; and key partnerships including the Advancing Health Online (AHO) initiative. Together these social investments reached more than 20.8 million people in 2021-2022 in support of our sustainability goal.



METRICS
Access to Essential Services

33.6 million
 people reached through social investments in low- and middle-income countries and underserved populations in the U.S. in 2021-2022. Projects receiving allocation from sustainability bond proceeds reached more than 20.8 million people in 2021-2022.¹



¹ Third-party reporting is used to calculate the number of people reached through social investments. In some cases, third-party reports may include the cumulative number of people reached for the reporting period, and/or data that is attributable to other partners as well as our Company's philanthropic investment. Notably, the 33.6 million people includes 12.8 million people reached through impact investments in low- and middle-income countries cumulatively from 2021-2022. Impact investments were excluded from the sustainability bond use of proceeds allocation.



PROJECT SPOTLIGHT
Health Equity

Aligned with our purpose to save and improve lives around the world, we advance health equity through a number of approaches aimed at addressing the multiple barriers to better health. For example, we are building a range of partnerships to strengthen cancer prevention, care and support systems, and improve patient experiences and outcomes across the diverse communities we serve. In the U.S., we have supported the American Cancer Society’s Get Screened campaign, aimed at reducing existing disparities in cancer screening that have been exacerbated by the COVID-19 pandemic. Globally, we collaborate with the City Cancer Challenge Foundation to improve equitable access to quality cancer

care in fourteen cities around the world by strengthening patient navigation, care coordination and data capacity through the integration of digital platforms in health systems.

We are also working with a range of partners to ensure patients have access to high quality care and services across the care continuum. In the U.S., we have efforts underway with community-based organizations like the Indiana Immunization Coalition and Creating Healthier Communities to support access to preventative services and care in rural areas. Through the CEO Roundtable on Cancer, we support Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs) in “Going for Gold” to help improve health equity, education, navigation and access in communities disproportionately affected by cancer.

Our approach to health equity is key to our Sustainability and Global Diversity & Inclusion (GD&I) commitments and is reflected in how business units across the enterprise are integrating health equity goals and capabilities in their business strategies and performance objectives. These efforts are guided by an enterprise Health Equity Strategic Framework that lays out clear goals, and a roadmap with an implementation plan to guide how we integrate health equity across our core business functions and practices. In 2022, we launched a \$1 million Health Equity Catalyst Fund to empower teams at the local and regional levels to create solutions that promote more equitable health outcomes and care experiences, particularly for populations who are underserved. The Health Equity Catalyst Fund is supporting 15 community-level efforts in 13 countries to remove barriers to care and/or strengthen health systems to deliver high-quality and accountable care.



PROJECT SPOTLIGHT
Advancing Health Online

In June 2021, our Company and Meta launched the Advancing Health Online (AHO) initiative, a fiscally sponsored project of Global Impact, aimed to advance public understanding of how social media can be utilized to better understand and increase the health and resiliency of communities around the world. From the outset, the AHO initiative has brought together representatives from technology, health, global development, and the academic sector to support effective integration of social media as a core component of social behavior change to improve health outcomes.

One of AHO’s first programs was the establishment of the Vaccine Confidence Fund, an independent fund to support research on how social media and online platforms can best support confidence in and access to

COVID-19 vaccines around the world, as well as routine immunizations. The Fund has provided over 40 grants globally to researchers and organizations that are exploring how best to use behavioral science, social media, and digital platforms to build confidence in and access to vaccines.

In 2023, Global Impact on behalf of AHO, and Gavi, the Vaccine Alliance, joined forces to launch VaxSocial, an initiative supporting country-driven projects that leverage social media to increase vaccine confidence and awareness. With the increasing role of social media platforms as a conduit for health information, VaxSocial will generate evidence and share insights with the global health community to enable online activity to increase vaccine confidence.



Infectious diseases

Through our investments in R&D, our Company discovers and invents medicines and vaccines that address vital global health needs where we can have the greatest impact, now and in the future. In the many countries where we conduct clinical trials, we work to design studies that reflect the diverse populations we serve and address unmet medical needs of patients. Our approach involves assessing the existing burden of disease, the availability of alternative medicines and vaccines and the appropriateness of our products to improve public health.

Proceeds from the sustainability bond were applied across investments in R&D for infectious disease in global health priority areas from 2019-2021, as defined by Policy Cures Research, and reported through their G-Finder survey analysis.

² Billion Dollar Roundtable Economic Impact Study. University of Washington, Foster School of Business



Employees

Socioeconomic Advancement and Empowerment

Our Company is committed to the highest ethical standards to help maximize the long-term sustainability of our business and of the communities in which we operate. We create socioeconomic development through employment, spend with diverse suppliers, and partnerships with communities all over the world, including communities that have historically been underserved or underfunded.

Our Company is a member of the Billion Dollar Roundtable, founded in 2001 to recognize corporations that spend at least \$1 billion annually with women-

and minority-owned suppliers, influencing and shaping supplier diversity excellence globally. In 2022, our Company spent \$2.3 billion in the U.S. with more than 640 diverse suppliers - driving nearly \$5 billion in economic impact and helping to sustain more than 30,000 jobs.²

In addition, we have established business relationships with thousands of suppliers in over 140 countries around the world, including direct suppliers (e.g., external manufacturing providers), capital expenditure suppliers, indirect suppliers and research providers.

We have a sourcing management process in which environmental sustainability, social responsibility, and economic inclusion and supplier diversity principles are integrated in each stage.

METRICS

Socioeconomic Impact

\$2.3 billion

spent in the U.S. with more than 640 diverse suppliers in 2022 - driving nearly \$5 billion in economic impact and helping to sustain more than 30,000 jobs. \$100 million of sustainability bond proceeds were allocated to diverse supplier spend.



METRICS

Environmental Impact

MORE THAN

3.7 million

square feet of “green” floor space either completed or in construction. Projects receiving allocation from sustainability bond proceeds comprise more than 900 thousand square feet.

REDUCED WATER USAGE BY

17% since 2015

and recovered, reused or recycled 5% of total water use in 2022. Site projects receiving allocation from sustainability bond proceeds reduced total on-site water usage at those facilities by 33%.



Environmental Sustainability Environmental Impact

A healthy planet is essential to human health and the sustainability of our business. A more sustainable environment enhances opportunities for product innovation and leads to reduced costs and risks. Our Company has a long history of environmental stewardship and compliance, and we realize that our strategy and efforts need to continuously evolve in the face of a changing climate.

Our environmental sustainability strategy has three focus areas:

- 1 Driving energy, water and resource efficiency in our operations
- 2 Designing new facilities and products to minimize environmental impact
- 3 Reducing any impacts in our upstream and downstream value chain



Environmental Sustainability Green Buildings

Our sustainability priorities for workspaces are guided by our Company-wide sustainability values and are applied everywhere we operate. We start by applying a strong foundation of sustainability standards to the design, construction and operation of our workspaces.

In 2021, our internal Sustainable Design Standard was revised to address growing expectations to minimize the environmental footprint of our expanding network and to align with our corporate environmental goals.

All our new facilities are required to comply with our Energy Design Guide and Energy Conservation Planner. When we purchase a facility, it is evaluated for energy efficiency and assessed against our energy scorecard as part of its integration into our Company.

All new laboratories, new offices and major renovations of existing facilities are built following cost-effective and energy-efficient practices, and they are designed to meet the Leadership in Energy and Environmental Design (LEED) rating system, or a comparable country standard (e.g., BREEAM, EXEED, HQE). New offices and laboratories are expected to achieve LEED Gold certification at a minimum.





PROJECT SPOTLIGHT

**Rahway, New Jersey
(corporate headquarters)**

In 2020 we announced “Reimagining Our Workplace”, a plan to consolidate four of our New Jersey campuses into a single location in Rahway which now once again serves as our corporate headquarters. Purchased in 1899, the site served as headquarters for sixty-six years (1926-1992). This return to Rahway brings all divisions and their leadership teams together in a dynamic, neighborhood-based workplace centered around the science and invention that drive our mission to save and improve lives. The site consolidation drives a reduction in square footage and energy and water use and supports the Company’s net zero commitment made earlier this year.

While some new facilities were built, other existing facilities were renovated. Multiple buildings, which total approximately 500,000 square feet and to which

bond proceeds were allocated, received LEED Gold ratings. One of the LEED Gold buildings achieved a 90% embodied carbon reduction in building construction equating to 1.1M kgs of CO₂ equivalent through the re-use of existing structure and façade, and the final designs predict a 24% reduction in energy usage and a 41% reduction of indoor water use.

In two of the buildings, green roofs were installed which support improved water quality, greatly lessen erosion and storm water burden on the existing sewer system, filter air while producing oxygen and reduce peak energy demand at the site. Two green walls were also installed to promote employee well-being. Green walls, also known as living walls or vertical gardens, incorporate living nature into building interiors. Living green walls are natural air-filters, metabolizing harmful

Green roofs

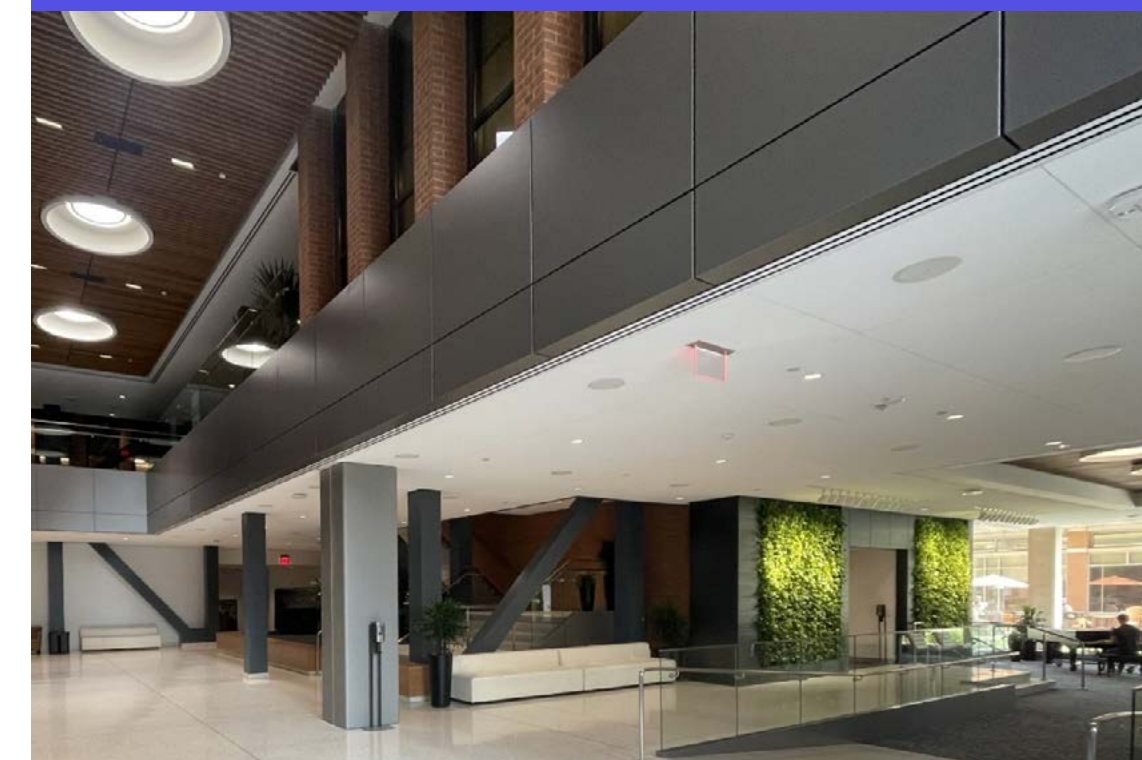
- ✓ Improve water quality
- ✓ Lessen erosion and storm water burden on existing sewer system
- ✓ Filter air while producing oxygen
- ✓ Reduce peak energy demand

Living green walls

- ✓ Purify air
- ✓ Make workplace more fire-resistant
- ✓ Decrease ambient temperature

Solatubes

- ✓ Redirect sunlight through highly reflective shafts
- ✓ Light interior space with minimal energy use



toxins while releasing oxygen into the air — much like indoor plants but on a much larger scale. The design of a new auditorium, also a part of these LEED Gold buildings, includes the use of solatubes, which capture direct sunlight from the roof through a highly reflective shaft to diffuse and light the interior space, providing enough footcandles to enable electric lights to remain off, reducing energy use.

PROJECT SPOTLIGHT

Carlow, Ireland

The Micro Lab Extension at our Carlow, Ireland facility has achieved LEED Gold certification. The project focused on environmental sustainability through low energy design, predicting greater than 50% reduction in indoor domestic water use and greater than 10% reduction in embodied carbon in building construction. The quality of the indoor environment is important to staff, and the project has scored very well in LEED in lighting control, enhanced air quality strategies, specification of low-emitting materials and management of recyclables.



METRICS

Carlow, Ireland

100%
of total building consumption offset with green power, including

8.3%
renewable energy produced on site

Designed to achieve

>50%
reduction in indoor domestic water use and
20%
energy cost savings

Predicted to increase cooling tower system performance through use of at least

20%
recycled, non-potable water

>10%
reduction in embodied carbon in building construction



Environmental Sustainability Sustainable Water and Wastewater Management

Our global water strategy aims to achieve sustainable water management within our operations and our supply chain, which supports U.N. Sustainable Development Goal six, "Clean Water and Sanitation."

To achieve these strategic objectives we are focusing on the following:

- ✓ Ensuring that our wastewater discharges comply with local and national standards, as well as internal standards for pharmaceuticals in the environment
- ✓ Engineering innovations to reduce water use
- ✓ Understanding and controlling our operational water footprint
- ✓ Managing water risk at our facilities and in our supply chain
- ✓ Reporting publicly on our water use and goals



Report of Independent Accountants

To the Management of Merck & Co., Inc., Rahway, N.J., USA

We have examined the accompanying management assertion of Merck & Co., Inc., Rahway, N.J., USA (the Company) that the full net proceeds of \$994 million from the December 10, 2021 issuance of the \$1 billion 1.90% Notes due 2028 were allocated to finance or refinance, in whole or in part, existing or new eligible projects, during the period from December 10, 2018 (beginning 36 months prior to the issuance) through September 30, 2023, in accordance with the assessment criteria defined in management's assertion. The Company's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Only the information included in the management assertion of the Company on page 11 and the allocation of the net proceeds to eligible projects on page 3 are part of our examination engagement. The other information in this December 2023 Sustainability Bond Allocation Report has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion that the full net proceeds of \$994 million from the December 10, 2021 issuance of the \$1 billion 1.90% Notes due 2028 were allocated to finance or refinance, in whole or in part, existing or new eligible projects, during the period from December 10, 2018 through September 30, 2023, in accordance with the assessment criteria defined in management's assertion is fairly stated, in all material respects.

Florham Park, New Jersey

December 7, 2023

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T: 973 236 4000, 973 236 7000; F: 973 236 5000, 973 236 7200, www.pwc.com/us*

Management Assertion

Management of Merck & Co., Inc., Rahway, N.J., USA (the Company) asserts that the full net proceeds of \$994 million from the December 10, 2021 issuance of our \$1 billion 1.90% Notes due 2028 were allocated to finance or refinance, in whole or in part, existing or new eligible projects, during the period from December 10, 2018 (beginning 36 months prior to the issuance) through September 30, 2023, in accordance with the assessment criteria set forth below. The Company is responsible for the accuracy and validity of this management assertion and the allocation of the net proceeds to eligible projects on page 3.

Eligible projects and assessment criteria

Access to Essential Services - Health Care

Expenditures in medicines and vaccines, programs, systems, facilities or equipment for or that enhance access to public, not-for-profit, free or subsidized essential products or services to the target population of people in low- and middle-income countries, as defined by the World Bank; vulnerable and underserved people in high-income countries, as defined by the U.S. Department of Health and Human Services; people without insurance or unable to pay for medication; or people affected by global health and/or socioeconomic crises.

Expenditures related to funding the operations of the MSD for Mothers³ programs and initiatives; contributions to our Foundation⁴ whose mission is to strengthen health systems and improve health outcomes; R&D expenditures⁵ on products that treat a variety of neglected diseases, emerging infectious diseases and sexual and reproductive health issues, as defined by Policy Cures Research, and reported through their G-FINDER survey analysis as of May 2022⁶; expenditures related to enterprise health equity initiatives to address the multiple barriers to better health utilizing a wide range of approaches including through partnerships and collaborations; and expenditures related to the Advancing Health Online initiative whose purpose is to advance public understanding of how social media can be utilized to better understand and increase the health and resiliency of communities around the world.

Socioeconomic Advancement and Empowerment

Expenditures to expand access and benefit to the target population of individuals and communities that are considered underrepresented ethnic groups or women.

Expenditures related to payments made to third party-certified minority- or women-owned business enterprise (MWBE) suppliers. Management determined suppliers were MWBE suppliers based on certificates received from either the National Minority Supplier Development Council (NMSDC) or Women’s Business Enterprise National Council (WBENC) that evidenced the supplier was minority- or women-owned.

Green Buildings

Expenditures related to the design, development, construction, materials, equipment and certification costs, in new or existing buildings or facilities that received LEED Gold certification during the period from December 10, 2018 through September 30, 2023 or were refurbished and as a result were designed to achieve a minimum 30% improvement in energy use or carbon emissions based on an engineering analysis.

Sustainable Water and Wastewater Management

Expenditures for wastewater treatment in facilities that improved water quality or water efficiency in operations, supported by a completed environmental impact assessment.

Note: Refer to the "Use of Proceeds" section of the Prospectus Supplement filed by the Company with the Securities and Exchange Commission for additional eligible projects and eligibility criteria to which the proceeds may be allocated.

³<https://www.msdfornthers.com/>

⁴Our Foundation is a private, charitable organization established and funded by the Company. It is a separate legal entity from the Company and operates independently. <https://www.msd.com/company-overview/sustainability/philanthropy/>

⁵R&D expenditures include costs pertaining to the research and development activities directly and indirectly associated with the selected programs.

⁶The G-FINDER survey tracks annual investment into R&D for new products and technologies to address priority global health challenges.

About MSD

Merck & Co., Inc., Rahway, N.J., USA, is known as MSD outside the United States and Canada. We are unified around our purpose: We use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we have brought hope to humanity through the development of important medicines and vaccines. We aspire to be the premier research-intensive biopharmaceutical company in the world – and today, we are at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. We foster a diverse and inclusive global workforce and operate responsibly every day to enable a safe, sustainable and healthy future for all people and communities. For more information, visit www.msd.com and connect with us on Facebook, Twitter, Instagram, YouTube and LinkedIn.

Forward-looking statement

This report of Merck & Co., Inc., Rahway, N.J., USA (the “Company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline candidates that the candidates will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally;

global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the Company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the Company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, and the Company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).

