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# EDITED TRANSCRIPT

## 2025 Annual Meeting of Shareholders

EVENT DATE/TIME: MAY 27, 2025 / 9:00AM ET





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## CORPORATE PARTICIPANTS

**Kelly Grez** *Merck & Co., Inc., Rahway, N.J., USA- Corporate Secretary*

**Robert Davis** *Merck & Co., Inc., Rahway, N.J., USA- Chairman of the Board, President, Chief Executive Officer*

**Dean Li** *Merck & Co., Inc., Rahway, N.J., USA- Executive Vice President, President - Research Laboratories*

**Patricia Russo** *Merck & Co., Inc., Rahway, N.J., USA- Chair of Compensation & Management Development Committee*

## CONFERENCE CALL PARTICIPANTS

**Lydia Kuykendal** *Mercy Investment Services - Shareholder Proponent Representative*

**Timnit Ghermay** *Sisters of the Holy Name of Jesus and Mary - Shareholder Proponent Representative*

**Paul Chesser** *National Legal and Policy Center - Shareholder Proponent Representative*

**Jerry Bowyer** *Bahnsen Family Trust dated July 14, 2003 - Shareholder Proponent Representative*

## PRESENTATION

**Kelly Grez** *- Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Good morning, and welcome to the 2025 Annual Meeting of Shareholders of Merck & Co., Inc., Rahway, New Jersey, USA. I'm Kelly Grez, Corporate Secretary. We do not anticipate any technical difficulties today, but in the event we lose audio or webcast connection, we ask that you wait for 10 minutes for resolution. Please refer to the Investor Relations section of the company's website for updates.

At this time, I would like to introduce our company's Chairman, Chief Executive Officer, and President, Robert M. Davis.

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**Robert Davis** *- Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Good morning, and thank you for joining today's call. I hope you're all doing well. I'm pleased to welcome you to our 2025 Annual Meeting of Shareholders and to call this meeting to order. Today's meeting is being conducted in a virtual format that allows us to provide a consistent experience for all shareholders.

On behalf of everyone at our company, including my executive team and our board of directors, we are grateful for your interest and ongoing investment. I'd now like to acknowledge our independent director nominees who are attending today's meeting virtually.

Our board consists of experienced and qualified leaders who bring the variety of experiences, skills, and expertise needed to oversee the successful execution of our company strategy. Prior to the business portion of this meeting, I'll provide an update on our significant progress over the last year.

Then Dr. Dean Li, President of the Research Laboratories, will review some of the key milestones in our pipeline. Also joining us today are other members of our company's executive team, including our Executive Vice President and General Counsel, Jennifer Zachary. Kelly has informed me that we have a quorum.

Gerry Flynn and Stephanie Manuel are also attending this meeting representing PricewaterhouseCoopers LLP, our independent registered public accounting firm for 2025, subject to shareholder ratification at this meeting.

Please note that today's agenda, the rules of conduct for the meeting, our 2025 proxy statement, and 2024 annual report on Form 10-K are available in the materials section of the virtual meeting website.

In addition, pursuant to New Jersey law, a list of all shareholders of record entitled to vote at this meeting is available for shareholders to view. Our company is unified around our purpose to use the power of leading-edge science to save and improve lives around the world.

In 2024, we continued to deliver on that purpose in meaningful ways. We've continued to execute on our strategic priorities, launching new human and animal health products that bring considerable clinical benefit and value to patients and advancing key programs encompassing our robust early and late phase pipelines.

We're also augmenting our portfolio with promising new candidates through business development when science and value align. This is a period of unprecedented change and uncertainty. In the face of that, we remain committed to our science-driven strategy. And believe the best path for our company is to continue to execute on that strategy and invest in medicines and vaccines that save and improve lives around the world.

In 2024, we delivered strong top line growth of 10%, excluding the impact from foreign exchange, fully absorbing a significant decline in GARDASIL demand in China, our largest market for that product at the time.

Sales increased to $64.2 billion and non-GAAP EPS was $7.65, which included a net charge of $1.28 per share for certain business development related transactions. Our pipeline is the most diversified it's been in our company's recent history.

In fact, in addition to our recently launched products of WINREVAIR and CAPVAXIVE, you'll hear more about those in just a moment, we now have nearly 20 other potential new products on the horizon, almost all of which represent blockbuster opportunities.

Over the past three years, the number of unique candidates in late phase development has nearly tripled, and as a result, we now believe there's over $50 billion of potential commercial opportunity from these candidates alone by the mid-2030s, on a non-risk adjusted basis.

Our science-led strategy is working. And our team is moving with speed and rigor to deliver value for patients, society, and all of our stakeholders. Over the past year we achieved many milestones over a range of therapeutic areas and other modalities. First, we continue to advance our leadership position in oncology.

More than 10 years ago, KEYTRUDA became the first anti-PD-1 therapy approved in the United States. Now more than 2.6 million patients globally have been prescribed KEYTRUDA, and that number continues to grow. To date, the FDA has approved KEYTRUDA for 41 indications across 18 types of cancer.

Our studies of KEYTRUDA-based regimens in early stage cancers have supported nine indications with more expected in the near future, and four phase three studies in early settings have demonstrated a significant overall survival benefit.

Importantly, our applications for subcutaneous pembrolizumab with berahyaluronidase alfa are under review with the FDA and the European Medicines Agency. Beyond KEYTRUDA, we continue to make strong progress throughout our broad oncology portfolio and pipeline, including our extensive suite of antibody drug conjugates or ADCs, precision targeted small molecules, T-cell engagers, and the individualized neoantigen therapy being developed through our collaboration with Moderna.

I'll now turn to cardiometabolic disease, another area with significant momentum and long term potential, thanks in part to the successful launch of WINREVAIR. We acquired WINREVAIR in late 2021 and in just four years we've advanced it through Phase 3 development and received regulatory approvals in more than 40 countries to date. This is an example of our strategy in action.

Our team identified the breakthrough science potential of this potential therapy for pulmonary arterial hypertension, or PAH, and is now studying it in additional patient populations. Evidence continues to demonstrate the strong clinical benefit of WINREVAIR in patients with PAH, and there is growing recognition of its potential to change the practice of medicine, which Dean will talk more about in a moment.

Building on our legacy in cardiometabolic disease, our dedicated scientists discovered enlicitide, potentially the first oral PCSK9 inhibitor for the treatment of hypercholesterolemia. Our Phase 3 program is evaluating how to harness its properties to impact cholesterol management worldwide.

Vaccines continue to play a critical role in global public health, helping to prevent a variety of infectious diseases. Demand for GARDASIL and GARDASIL 9 in most major regions remains robust. In China, while demand slowed in 2024 and near term market dynamics remain challenging, we recently received approvals for the use of GARDASIL and GARDASIL 9 for males aged 9 to 26 and 16 to 26 respectively, to help prevent certain HPV-related cancers and diseases.

We continue to believe additional long term opportunities remain for our HPV-vaccines globally. Additionally, the FDA accepted the biologics license application for clesrovimab and set a PDUFA action date in June. Clesrovimab is a preventive, long-acting monoclonal antibody designed to protect infants from RSV disease for the duration of their first RSV season.

If approved, it will be the first and only RSV immunization for healthy and certain at-risk infants that uses the same dose regardless of weight. In pneumococcal disease, we're seeing robust uptake following the launch of CAPVAXIVE in the United States and progress with approvals globally.

We also continue to build on our proud legacy in HIV, with recent approvals, encouraging results, and other things coming around the Phase 2 and Phase 3 readouts spanning our clinical development program.

Finally, we further cemented our position as a leader in animal health through our robust companion animal and livestock portfolios. We acquired Elanco's aqua business to add to our industry leading food animal production portfolio.

Following another year of strong performance, our animal health business is well positioned to deliver consistent above market growth driven by new product launches, including the injectable formulation of BRAVECTO and a next generation JAK inhibitor in the companion animal segment.

We anticipate launching more new products in the next five years than in any similar period in our history. Business development remains a priority and key component of our strategy to augment, complement, and diversify our pipeline, and we are well positioned to pursue additional science-driven value enhancing transactions.

Since 2021 we've in fact invested more than $40 billion to add to our increasingly expansive pipeline. In 2024, we executed over 70 external licenses, collaborations, and acquisitions. These include our acquisitions of EyeBio, a return for our company to ophthalmology that Dean will discuss in more detail in a moment, as well as a bispecific antibody from Curon Biopharmaceutical, which has potential applications in both oncology and immunology.

We also secured exclusive global licenses with LaNova Medicines and Hansoh Pharma for an investigational anti-PD-1/VEGF bispecific antibody and an oral GLP-1 receptor agonist respectively.

Additionally, our recently announced exclusive license with [Hengrui] Pharma augmented our cardiometabolic pipeline with an oral small molecule lipoprotein(a) inhibitor for atherosclerosis. Providing patients with access to our medicines and vaccines is both a great responsibility and a profound privilege.

In 2024 we reached nearly half a billion people globally with our products through commercial channels, clinical trials, voluntary licensing, and product donations. We also remain dedicated to expanding access and enabling a healthier society in the United States.

To share a few examples, our company's foundation has committed more than $17 million over five years through 2030 to support a new initiative that will help advance access to high quality care for people with heart conditions in at-risk US communities.

In addition, we continue to donate medicines and vaccines through our US patient assistance program. And we proudly supported disaster relief efforts in response to Hurricanes Helene and Milton in 2024 and the California wildfires earlier this year.

We've also made significant strides in expanding our US manufacturing capabilities with a total investment exceeding $12 billion since 2018. This includes the recent completion of a $1 billion 225,000 square foot vaccines manufacturing facility in Durham, North Carolina.

Additionally, we broke ground on a $1 billion state of the art 470,000 square foot biologic center of excellence in Wilmington, Delaware. And announced an $895 million expansion of our animal health manufacturing facility in De Soto, Kansas, part of an anticipated $9 billion plus of additional US capital investment expected by 2028, all focused on enhancing domestic manufacturing and R&D capabilities. Our investment will generate thousands of high paying American jobs while ensuring that we can produce and distribute products close to patients here in the United States.

Thanks to the dedication of our talented global teams, our momentum continues in 2025. We remain focused on scientific excellence and disciplined operational execution, and we will continue to deliver innovative solutions that address some of the world's most significant global health challenges.

Looking ahead, we are well positioned to continue to deliver sustainable long term value for patients and shareholders alike.

I'll now hand the floor to Dean to talk more about our efforts in the research laboratories.

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**Dean Li** - *Merck & Co., Inc., Rahway, N.J., USA - Executive Vice President, President - Research Laboratories*

Hello everyone. This event marks my fifth Annual Meeting of Shareholders since taking over as President of our company's research laboratories in 2021. At that time, I outlined three strategic priorities to strengthen our pipeline and sustain our business over the arc of time.

Today, we continue to execute on these strategic priorities. Diversify in oncology, expand into new therapeutic areas, and invest in new technologies and capabilities. Importantly, these priorities are aligned to our one pipeline approach to secure the best possible candidates regardless of whether they were discovered in our laboratories or obtained from external sources.

This morning I will provide an overview of how we are executing on this strategy with a focus on some recent accomplishments and upcoming 2025 milestones. In oncology, we continue to leverage the remarkable properties of KEYTRUDA while expanding and diversifying our pipeline. We are well positioned to maintain our leadership in this critical area.

In a few days I will be providing an in-depth overview of our oncology pipeline at our investor event from the American Society of Clinical Oncology meeting in Chicago. So today I plan to focus on the progress we are making in other areas. Beyond oncology, we are advancing candidates in areas where we have historically had strong expertise, including cardiometabolic disease, HIV, infectious diseases, and vaccines.

At the same time, we have harnessed capabilities and late phase candidates that expand our scope into new indications where there is strong scientific rationale and where we see opportunities to significantly improve upon the current standard of care, specifically in immunology and ophthalmology.

Starting with vaccines, we continue to build on our proud legacy. In 2024, we obtained regulatory approvals for CAPVAXIVE, a 21-valent pneumococcal vaccine specifically designed to cover serotypes responsible for adult invasive pneumococcal disease. In the US, CAPVAXIVE covers serotypes responsible for 84% of invasive pneumococcal disease cases in adults 50 years of age and older, according to US Centers for Disease Control data from 2018 to 2022.

In infectious diseases, as Rob noted, in June, we are anticipating FDA action on clesrovimab, an investigational prophylactic, long acting monoclonal antibody designed to protect infants from respiratory syncytial virus during their first RSV season. It is important to note that RSV is a leading cause of infant hospitalizations in the US.

Turning to cardiometabolic disease in 2024, WINREVAIR became the first activin in signaling inhibitor approved for the treatment of certain patients with PAH. Earlier this year, we announced detailed results from the Phase 3 ZENITH trial evaluating WINREVAIR compared to placebo in adults with PAH, WHO, functional class 3 or 4 at high risk of mortality who are on maximum tolerated background PAH therapy.

They showed a significant 76% reduction in the composite endpoint of risk of all cause death, lung transplantation, and PAH hospitalization, with improvement observed early in treatment and benefit increasing throughout the study. The clinical benefit and statistically significant improvement in the composite of these outcomes adds to the growing body of evidence across a broad range of patients from the clinical development program for WINREVAIR.

Together these data support its practice changing potential. This year also in cardiometabolic disease, we anticipate results from three ongoing registrational trials evaluating enlicitide, our investigational oral PCSK9 inhibitor for the treatment of hypercholesterolemia.

We believe this could provide a new and potentially important low density lipoprotein, cholesterol lowering pill, and a foundation for additional combinations for the treatment of cardiometabolic disease. 2025 promises to be an important year in HIV.

Earlier this year, positive results from the pivotal trials for the combination of doravirine and islatravir, a once daily pill for the treatment of virologically suppressed treatment experienced adult patients highlighted the potential for a two-drug regimen anchored in the nucleoside reverse transcriptase translocation inhibitor or an NRTTI mechanism. We plan to submit multiple applications for regulatory approval in the coming months.

In addition, in collaboration with Gilead, we are advancing Phase 3 trials for a once weekly oral treatment regimen anchored by islatravir in combination with lenacapavir.

Finally, we are building on our pioneering work with the NRTTI mechanism with MK-8527, a potential once monthly oral pill for pre-exposure prophylaxis or PrEP. Phase 3 development is on schedule to begin later this year. With these candidates, we aim to provide new options that have the potential to transform care for people living with or at risk from HIV.

In addition to diversifying our pipeline by building on our historic strength spanning vaccines and HIV as well as cardiometabolic and infectious disease indications, we have made strategic decisions to expand into new disease areas. In 2021, we took steps to leverage a decade of immuno oncology research to establish expertise and capabilities toward developing new therapeutic options in inflammatory and autoimmune diseases.

We recruited scientists with deep immunology discovery and clinical development experience. Subsequently through the acquisition of Prometheus Biosciences, we gained tulisokibart, a humanized monoclonal antibody candidate directed to a novel target tumor necrosis factor-like ligand 1A.

TL1A is associated with both inflammation and fibrosis. Following this acquisition, we worked diligently to advance tulisokibart. Last year, we became the first company to initiate Phase 3 studies of this potentially important new class of medicine in patients with ulcerative colitis and Crohn's disease. Plans are underway for further registrational studies in additional indications.

Also in 2024, as Rob mentioned, we took an additional step to diversify and strengthen our late phase pipeline with the acquisition of EyeBio, a clinical stage biotechnology company specializing in ophthalmology. With this transaction, we obtained MK-3000. A potential first in class tetravalent tri-specific antibody agonist of the wingless integration site signaling pathway, or WnT.

Within two months of closing the acquisition, the team initiated a Phase 3 study of MK-3000 in patients with diabetic macular edema, as well as a second Phase 3 study more recently, and we continue to actively recruit participants.

Let me close by saying I am grateful to my research colleagues for their ongoing diligence and commitment as we advance our increasingly diverse pipeline.

I look forward to providing further updates in the coming year.

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Dean. And now continuing with the business portion of the meeting, I'll ask Kelly as the Secretary of the meeting to report on our quorum and other matters.

**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Mr. Chairman, proxies have been received totaling 2,142,408,000 votes, or 85.13% of the total votes entitled to be cast. This substantially exceeds the majority required for a quorum. This meeting is held pursuant to the notice of annual meeting that we began mailing on April 9, 2025 to all shareholders of record as of March 28, 2025.

**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Kelly. In accordance with a resolution of the board dated March 25, 2025, Michael J. Barbera and Jason P. Graham, representatives of First Coast Results, Inc., were appointed as Inspectors of Election for this meeting and have executed the required oath of office.

The proposals will be presented in the order they are outlined in the 2025 proxy statement. We have three management proposals and four shareholder proposals. I now declare the polls officially open.

All shareholders entitled to vote at this meeting have the ability to do so online. Please remember that if you have already voted by proxy, it's not necessary to vote again. If you are a shareholder entitled to vote and have not yet voted, or if you want to change your previously cast vote, you may do so via the website used to access this meeting.

After all proposals on the agenda have been presented, we will close the polls and share the preliminary report of the Inspector of Election. We will also begin our question-and-answer period at that time. The first item of business is the election of directors.

The board's nominees for terms expiring in 2026 are Mr. Robert M. Davis, Chairman, Chief Executive Officer and President of our company; Mr. Douglas M. Baker, Jr.; Ms. Mary Ellen Coe; Ms. Pamela J. Craig; Mr. Thomas H. Glocer; Mr. Surendralal L. Karsanbhai; Dr. Risa J. Lavizzo-Mourey; Dr. Stephen L. Mayo; Dr. Paul B. Rothman; Ms. Patricia F. Russo; Dr. Christine E. Seidman; Mr. Inge G. Thulin; and Ms. Kathy J. Warden.

I note for the record that no nomination for director has been properly made in advance of this meeting by any shareholder of the company. We now turn to a proposal to approve by a non-binding advisory vote the compensation of our named executive officers. The board of directors recommends a vote for this proposal.

The next item of business is a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for 2025 as set forth in the 2025 proxy statement. Again, the board of directors recommends a vote for this proposal.

We now come to the shareholder proposals. Each shareholder will be given three minutes to present their proposal. Shareholders should restrict their comments to the proposal before the meeting. The first shareholder proposal is from Mercy Investment Services, Inc. And concerns a human rights impact assessment.

If Lydia Kuykendal or another representative from Mercy Investment Services, Inc is on the line. I would now ask the operator to unmute their line to allow them to present this proposal.

**Lydia Kuykendal** - *Mercy Investment Services - Shareholder Proponent Representative*

Good morning. My name is Lydia Kuykendal, and I am here on behalf of Mercy Investment Services to present Proposal 4, shareholder proposal regarding a human rights impact assessment.

The right to health is enshrined in international human rights principles. The World Health Organization's constitution states that the enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition.

Moreover, the UNGPs explicitly state that companies must conduct human rights due diligence to identify and address adverse salient risks and adverse impacts connected with their products and services, particularly if the scale and scope of those impacts are likely to be large.

Such an approach should certainly be applied to the company's most important business consideration, that of pricing and access to medicines. To address this, the Company has made several public statements that unfortunately we have not seen backed up by any data disclosure. For example, the statement of opposition states that their current policies and disclosures are sufficient and includes the following declaration.

The company discussed an enterprise-wide human rights assessment undertaken to identify human rights risks and impacts in the company's operations and supply chain. What is noticeably missing from any public reporting, however, are the conclusions and results of that human rights assessment. Without transparency, we have no insight into how the company is or is not addressing salient and material human rights risks.

They also state that they are committed to meeting their responsibility to respect internationally recognized human rights standards, but then again provide no disclosures around any processes that would demonstrate that sentiment to be true.

While the commitments are laudable, they ring hollow when the company does not lean into this very commitment to examine the core of its business, which is getting its products to patients.

Finally, the Company also claims that respect for human rights is core to the company's purpose to save and improve lives around the world.

We believe that to fulfill this commitment, the company must assess the human rights impacts of its operations, activities, business relationships, and products related to access to medicines and disclose the results of that assessment. For these reasons, we ask you to vote for Proposal 4. Thank you.

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Ms. Kuykendal. The board has carefully considered this shareholder proposal and recommends you vote against it.

The human rights impact assessment requested by this proposal would be costly and time consuming for the company to prepare and is unnecessary in light of the company's existing processes, policies, and disclosures regarding human rights.

For more information regarding the board's position on this proposal, please see the board's full statement in opposition, which is available on page 88 of the company's 2025 proxy statement. The board of directors recommends a vote against this proposal.

The second shareholder proposal is from the Sisters of the Holy Name of Jesus and Mary, US Ontario Province, and concerns a tax transparency report. If Timnit Ghermay or another representative for the Sisters of the Holy Name of Jesus and Mary is on the line. I would now ask the operator to unmute their line to allow them to present this proposal.

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**Timnit Ghermay** - *Sisters of the Holy Name of Jesus and Mary - Shareholder Proponent Representative*

Good morning. My name is Timnit Ghermay, representing the Sisters of the Holy Names of Jesus and Mary, who submitted Proposal 5 asking our company to issue a tax transparency report based on the Global Reporting Initiative's tax standard. The proposal is part of an ongoing investor campaign for greater corporate tax transparency, as investors with more than $2 trillion have asked the SEC to issue rules to require public country by country reporting of taxes.

As long term investors, we believe the amount of taxes paid is material to the Company's long term sustainability. Exposure of aggressive tax practices can lead to legal, regulatory, and reputational risks. Given the Company's top rankings, America's most responsible company, its reputation is an important component of shareholder value.



References to the Company name have been redacted throughout this transcript.

Aggressive tax practices can present unknown risks from heightened attention from tax authorities or risks from changing tax laws and regulations. The Company's tax practices have already attracted attention from the Senate Finance Committee, who's investigating the use of foreign subsidiaries by pharma companies to avoid domestic taxes.

Since 2016, despite Americans paying more for drugs, the Company has reported over $10 billion in losses in the United States, while internationally reporting $96 billion in profits. The Company also has a balance of more than $2 billion in unrecognized tax benefits, meaning that our company has set aside more than $2 billion where tax authorities may disallow its position, indicating a high level of tax risk.

It's also estimated that changing tax policies could add 3% to 5% to pharmaceutical companies' tax rate and a corresponding 5% drop in market value. The Company has its tax information and could easily provide it to shareholders with a single report on minimal expense, as the Company is already required to report this information to OECD tax authorities.

Furthermore, public country by country tax reporting mandates will require the Company to soon publicly disclose its tax information with new Australian laws requiring public tax reporting starting in 2026. This country by country tax disclosure will level the playing fields for investors.

Companies have their tax information. Tax authorities also have this information through OECD requirements. Only shareholders are in the dark, putting their funds at risk.

Disclosure of the Company's public country by country reporting of taxes paid will ensure proper oversight of our company's tax practices while allowing investors to better assess risk. I urge shareholders to vote for this proposal.

Thank you.

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Ms. Ghermay. The board has carefully considered this shareholder proposal and recommends you vote against it. The company already provides extensive tax-related disclosures through various existing frameworks, including its annual and quarterly reports with the SEC and publication of its global tax strategy on its website.

In addition, the country by country tax reporting requested by this proposal is inconsistent with market practice and could result in unintended negative consequences for the company. For more information regarding the board's position on this proposal, please see the board's full statement in opposition, which is available on page 89 of the company's 2025 proxy statement.

The board of directors recommends a vote against this proposal. The third shareholder proposal is from the National Legal and Policy Center and concerns revisiting DEI goals in executive pay incentives. If Paul Chesser or another representative for the National Legal and Policy Center is on the line.

I would now ask the operator to unmute their line to allow them to present this proposal.

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**Paul Chesser** - *National Legal and Policy Center - Shareholder Proponent Representative*

Good morning. The Company's board and legal team tried extremely hard to keep Proposal 6 from being considered at this meeting. Proposal 6 calls upon the board's compensation committee to re-examine and consider eliminating the portion of its executive pay that is incentivized by pursuing diversity, equity and inclusion goals, or DEI.

Most of corporate America has recognized that DEI policies have become toxic and rejected by most consumers in the United States, but the Company still clings to these discriminatory practices. But company leadership acts like they are either ashamed or afraid to admit that their DEI policies still exist.



References to the Company name have been redacted throughout this transcript.

Proposal 6 explains why the company should look hard at removing DEI-based incentives from top executives' compensation formulas. But rather than just admit that they don't want to do that, instead, the Company states in its opposition response to the proposal that it already conducts the review sought by our proposal.

In other words, the Company says they have already substantially implemented the proposal, and thus it is not necessary. That's what the company told the Securities and Exchange Commission in hopes that the agency would allow the Company to exclude our proposal from this meeting.

But there's just one problem. You, my fellow shareholders, are hearing me present Proposal 6 because the SEC told the company in its expert view that the Company absolutely has not already implemented the proposal. So to briefly review one, the Company said it already reviews DEI and executive incentives and implied that they think about eliminating them.

Two, the SEC refuted the Company and said, no, you didn't do anything of the sort, so the proposal must stay. Three, the Company comes back and tells you, the shareholders, that it already reviews and considers removal of DEI incentives for executives directly contravening the SEC's ruling.

This, in our view is called providing materially false and misleading information to shareholders and treads dangerously close to SEC penalty territory. Further, the Company told the SEC that it "does not have any DEI milestones in its executive compensation programs".

This defies logic as the Company maintains sustainability metrics which include DEI metrics. In plain English, a metric is a milestone. Further, DEI has an outsized influence in the Company's incentive formula because if executives fall short on any part of the sustainability metric, they risk losing the payout for the entire sustainability part of executive incentive pay. This also appears to be materially false and misleading.

So in addition to voting for Proposal 6, we urge investors to demand accurate and honest information from the Company and the information it provides to shareholders. Thank you.

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Mr. Chesser. The board has carefully considered this shareholder proposal and recommends you vote against it. The board believes adopting this proposal is unnecessary as the board's compensation and Management Development Committee already conducts the review sought by the proposal.

The details of the processes and procedures involved in the review are fully described in the company's proxy statement each year, including the company's 2025 proxy statement. For more information regarding the board's position on this proposal, please see the board's full statement in opposition, which is available on page 91 of the company's 2025 proxy statement. The board of directors recommends a vote against this proposal.

The last shareholder proposal is from the Bahnsen Family Trust dated July 14, 2003, and concerns a report on respecting civil liberties in advertising services. If David Bahnsen or another representative for the Bahnsen Family Trust is on the line. I would now ask the operator to unmute their line to allow them to present this proposal.

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**Jerry Bowyer** - *Bahnsen Family Trust dated July 14, 2003 - Shareholder Proponent Representative*

Good morning. My name is Jerry Bowyer, and I'm speaking on behalf of David Bahnsen, who is managing partner and Chief Investment Officer of the Bahnsen Group. I'm here to defend a shareholder proposal asking the Company to commit to political neutrality in advertising.

More and more companies from Meta and McDonald's are moving away from taking political sides in their business practices. Neutrality is becoming the best practice. It avoids controversy, protects brand reputation, and focuses on shareholder return, not politics.



References to the Company name have been redacted throughout this transcript.

If everyone truly belongs, as the Company's public statements explicitly say, then political neutrality should be part of that vision too, especially when it comes to the Company's advertising spending. Unfortunately it hasn't always been. The Company was a member of GARM, the Global Alliance for Responsible Media, a group that worked to keep advertising money away from platforms dubiously labeled as promoting disinformation or hate speech.

In reality, this often meant targeting right-leaning media outlets like the Daily Wire or platforms like Spotify for hosting voices like Joe Rogan. Simply put, GARM wasn't about responsibility. It was about politics.

GARM used enormous amounts of ad spending to push activist goals, and it backfired. There was legal and political pushback with Elon Musk even filing a lawsuit after GARM targeted X, alleging billions of dollars lost. Eventually the group shut down, and it's no surprise. An antitrust nominee from President Trump's DOJ said GARM was probably a form of illegal collusion.

There's nothing fiduciary about this, and the damage is done. Shareholders are right to expect the Company to step back from partisan ad policies and commit to neutrality going forward. We urge the Company to rebuild trust with shareholders and focus on what matters fiduciary duty and political neutrality and above all, eschewing activism and serving customers at a profit for the benefit of the owners.

Thank you.

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you. The board has carefully considered this shareholder proposal and recommends you vote against it. The board believes that the report requested would be costly and time consuming for the company to prepare, would not provide additional value to the company's shareholders, and would divert management's time from running the company's business and the board's time from overseeing it.

Our company is committed to ethical business practices, including responsible marketing and advertising, and the board and its committees maintain active oversight of risk management and the company's compliance with its policies and legal and regulatory requirements.

Additionally, the company already provides extensive disclosures in these areas. For more information regarding the board's position on this proposal, please see the board's full statement in opposition, which is available on page 93 of the company's 2025 proxy statement.

The board of directors recommends a vote against this proposal. This completes the proposals. I now declare the polls officially closed.

We now turn to the general question-and-answer portion of our meeting. We received a number of questions in advance of the meeting and we'll try to cover as many as we can. If we don't cover your question during the meeting and you provided your contact information when submitting your question, we will follow up with a response.

Kelly, what is our first question?

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## QUESTIONS AND ANSWERS

**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Our first question comes from William Yopp. He asks, to what do you attest caused the recent share price decline and what plans are there to address the cause?

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, I appreciate the question. There are a lot of factors that have made for a volatile stock market overall and some that are impacting the pharmaceutical industry, including our company, uniquely, such as actions by the administration that may lead to new policies and regulations, including tariffs, reference pricing, and changes at various government agencies.

Specific to our company, we have experienced challenges related to the GARDASIL franchise in China and discussed changes made to our financial outlook as a result. However, as we look at the bigger picture, the rest of our business remains healthy, and key areas, including oncology, vaccines, and animal health are growing.

We have great confidence in our expanding pipeline, which is leading to the successful launch of new important medicines like WINREVAIR and CAPVAXIVE as well as the potential for nearly 20 new products on the horizon, almost all of which represent blockbuster opportunities.

Importantly, we continue to transform our business to maximize the opportunities before us. I'm steadfast in my belief that our current strategy is the right strategy, and I'm confident that our value will reflect this as investors recognize the strength of our broad and diverse pipeline the advancements we are making in our clinical programs and as we demonstrate results over time.

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**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Thanks, Rob. Our next question comes from Sunil Shah. He asks, what is the board's process for communicating with shareholders and other interested parties?

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thanks for the question, Sunil. The board of directors welcomes input from shareholders and other interested parties. Information on the process for communicating with the board, including the mailing and email addresses for shareholder communications, is provided in our proxy statement.

The board routinely reviews feedback from shareholders and other interested parties and considers whether there are any enhanced disclosures or changes to existing practices to be made based on the feedback.

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**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Thanks. Two shareholders, Christopher Manchak and Mark Charles, have asked questions challenging whether DE&I furthers our business. Rob, will you speak to that?

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Yes, thank you for the question. Our company has a long standing commitment to diversity and inclusion. It's at the core of who we are, our values, and how we operate as a company. It's also a strategic imperative. We remain dedicated to providing fair, equal, and merit-based opportunities, preventing bias and ensuring we have a vibrant and inclusive workplace.

This commitment enables us to fully execute on the scientific method and catalyze contributions and innovations from across our enterprise. In turn, this allows us to fulfill our mission, as George Merck notably said in the following quote:

"We try never to forget that medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear."

This is core to how the company has been run for over 130 years and ultimately creates shareholder value as well as value for all of our stakeholders and a healthy future for people and communities everywhere.

**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Thank you. Our next question is from Cameron Andrus, and it is as follows: What is the board's plan for profits downstream of AI?

**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Sure, Kelly, and thank you for the question, Cameron. We're an innovation driven company motivated by our purpose to save and improve lives around the world, and we recognize the transformative potential of AI. The investments we are making into these technologies help us innovate and become faster and more agile across the entirety of our value chain.

For example, in discovery, we're using AI to more quickly identify targets and importantly optimize the targets we've identified. In clinical development, we're scaling AI capabilities to enable timely analysis of clinical data. And in manufacturing and commercial, we're using AI to get closer to the real-time understanding of our patients, customers, and providers.

With the focus we're putting into AI and other evolving digital tools and capabilities, I'm confident this will help us to innovate and become faster, ultimately driving productivity across the enterprise which will create shareholder value.

**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Thanks, Rob. We have a question on the board selection process from Jack Keller. His question is as follows: How's the board of directors selected? Zero shareholders eligible?

**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thanks, I appreciate the question, Jack. To specifically address your question, I would note that all members of the board are shareholders and must meet minimum shareholding requirements. As it relates to our selection process, the board's governance committee is responsible for screening and nominating potential board members.

Overall, the board looks to have a balance of skills, experience, and perspectives that are essential for overseeing the company and its current and future business strategies. Our proxy statement has more detailed information about the board refreshment process, the criteria for board membership, and the director nomination process.

**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Thank you. We have time for one more question. David DeDoes asks the following question: Why do we give shares to executives and directors, pay them and allow them to purchase shares at a reduced rate, 75% to 85% of the current price, and require them to hold the shares for a specified period of time depending on the discount.

Giving away shares that are created for such use diminishes the equity and voting power of each shareholder. All shares used for such purposes should be purchased by the company on the open market. For this question, I'll look to Pat Russo, our Chair of the Compensation and Management Development Committee.

Operator, will you please unmute Pat's line?

**Patricia Russo** - *Merck & Co., Inc., Rahway, N.J., USA - Chair of Compensation & Management Development Committee*

Hi, Kelly, thanks, and thanks for the question, David. I certainly appreciate the concerns you expressed regarding dilution and the impact on shareholder voting power.

The Compensation and Management Development Committee, which, as Kelly noted, I chair, regularly reviews the company's long-term incentive plan, its design, its cost, the share utilization, potential dilution, and share ownership requirements.

And so to your question, while the company does not currently have a program that allows executives or directors to purchase our company's stock at a discounted rate, we do believe that our approach to providing long-term incentives, which is competitive within our industry, allows us to attract and retain the kind of talent that we need while effectively managing our compensation costs and dilution.

And so our current approach aligns the interests of management with those of our shareholders and supports long term performance and value creation. And just as a reminder, the company consistently takes a look at how to return value to shareholders both through its dividend and share repurchase program.

So, we're always open to evaluating our compensation practices. We remain committed to that on a regular basis and ensuring that they really do remain in the best interests of shareholders. Thanks for your question.

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**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Thank you, Pat. This concludes the question-and-answer section of the meeting. I'll now turn it back over to you, Rob.

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**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Kelly. Let's proceed with the rest of the meeting.

The final report of the inspector of election will not be available today. We do, however, have preliminary reporting which will now be read to us by Kelly. Kelly, would you present that please?

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**Kelly Grez** - *Merck & Co., Inc., Rahway, N.J., USA - Corporate Secretary*

Mr. Chairman, the Inspector of Election has presented his preliminary report. He has determined that each of the 13 directors nominated by the board has been elected by a majority of the votes cast, and the audit committee's request for ratification of PricewaterhouseCoopers LLP as the independent registered public accounting firm has been approved.

Shareholders approved by a non-binding advisory vote, the 2024 compensation of our named executive officers. The proposal received an affirmative vote of 91% of the total votes cast.

The inspector has also determined that the shareholder proposal regarding a human rights impact assessment has received an affirmative vote of 15.2% of the total votes cast. The shareholder proposal regarding a tax transparency report has received an affirmative vote of 22.6% of the total votes cast. The shareholder proposal concerning revisiting DE&I goals in executive pay incentives has received an affirmative vote of 1.3% of the total votes cast, and the shareholder proposal regarding a report on respecting civil liberties in advertising services has received an affirmative vote of 1.9% of the total votes cast.

A majority of the votes cast was required for each of the proposals to be approved. The final results will be available on Friday on the company's website under the investors tab, along with an archived recording of this meeting. We also intend to disclose the final results on Form 8-K within four business days of this meeting. Thank you.

**Robert Davis** - *Merck & Co., Inc., Rahway, N.J., USA - Chairman of the Board, President, Chief Executive Officer*

Thank you, Kelly. The business of this meeting has now been completed. On behalf of our board of directors, our executive team, and my dedicated colleagues around the globe, thank you for attending our company's 2025 Annual Meeting of Shareholders.

We look forward to continuing our momentum in 2025 and delivering sustainable long-term value for patients and shareholders alike. I wish you all a great rest of your day. Thank you.