Goals

Part of the non-financial report

Legende: New Goal | Goal achieved | In Progress | Goal not achieved

Business Ethics

Compliance

Goal: Bring Compliance closer to the business

Action(s):	By:	Progress as of end of 2018:	Status:
Quantum LEAP (Lean and Effective Approval and Publication): Develop and introduce an automated, lean process and tool landscape to support transparency reporting requirements and the streamlined processing of interactions with our partners in the Healthcare sector. Build on adapted compliance controls and enhance business ownership and accountability.	September 2018	The Quantum LEAP infrastructure has been successfully implemented in 60+ countries for the core components Quantum Connect and MDM (Master Data Management).	✓
Business Partner Risk Management Process update: Best practice risk mitigation to meet strict standards and organizational duties.	December 2019	In 2018, a new project has been set up to redesign the existing Business Partner Risk Management Process and to ensure compliance with 5th EU Anti-money Laundering Directive published in June 2018. The new process will fulfill current legal requirements in the areas of anti-corruption, anti-money laundering and fraud prevention.	⟳
New Code of Conduct of Merck KGaA, Darmstadt, Germany: The Code has a strong relation to the company's Values, built on core principles to adhere to. Supported by a business specific roll-out and e-learning.	March 2018	We started the roll-out of our business sector-specific e-learning program centered on our new Code of Conduct.	✓
Self-monitoring as part of the Compliance Risk Assessment process: Integrate self-assessment of compliance program implementation status in existing Compliance Risk Assessment.	April 2019	We redesigned the existing Compliance Risk Assessment process and will introduce a new technical solution. The self-monitoring process has been added to document the status of the implementation of the compliance program across the Group businesses.	⟳

Supply chain standards

Goal: Ensure that suppliers adhere to ethical, social, environmental, and compliance standards

Action(s):	By:	Progress as of end of 2018:	Status:
Perform a qualitative analysis of the available assessment and audit findings and define potential courses of action.	End of Q2/2019	In 2018, our Procurement unit worked on standard processes for the purchasing unit that describe the implementation of sustainability audits in the supply chain and follow-up measures.	
Development of a due diligence process for Responsible Minerals Sourcing according to the OECD guidance for upstream process and implementation in the working processes of the affected units.	End of Q3/2019	In 2018, we established an interdisciplinary working group, collected data to gain supply chain transparency and conducted first investigations of legal implications.	
Development of a due diligence process for palm oil sourcing according to international guidance and implementation in the working processes of the affected units.	End of 2019	We acquired first data from our Performance Materials business to gain better transparency on the supply chain.	

Animal welfare

Goal: Ensure consistently high quality across our animal facilities

Action(s):	By:	Progress as of end of 2018:	Status:
Inspect Life Science animal facilities in preparation for potential accreditation: Conduct a feasibility study and make a decision about accreditation.	End of 2018	In 2018, we completed the feasibility study. No additional activities are envisioned at this time.	
Re-accredit relevant animal facilities.	Ongoing	In 2018, two sites in the United States were due for re-accreditation (Billerica, MA and Rockville, MD). Both sites completed their re-accreditation and continue operations with full accreditation status. Re-accreditations are conducted every three years.	

Goal: Ensure animal welfare in our supply chain

Action(s):	By:	Progress as of end of 2018:	Status:
Develop and implement an audit plan for suppliers.	Ongoing	The audit plan is in place, audits have been scheduled and undertaken as planned.	

Goal: Promote the 3Rs (Reduce, Refine, Replace)

Action(s):	By:	Progress as of end of 2018:	Status:
Develop a Group-wide 3R program.	Ongoing	We further increased internal awareness for the 3R program through measures like the internal Merck KGaA, Darmstadt, Germany 3Rs Award.	

products

Health for all

Global Strategy

We aim to improve access to health for underserved populations in low- and middle-income countries.

Goal: Awareness: Empower health workers, communities and people

Action(s):	By:	Progress as of end of 2018:	Status:
Engage in a dialogue to jointly identify the key access challenges and opportunities for our strategy for global access to healthcare.	End of 2018	In 2018, we conducted an Access Dialogue on the topics of open innovation and intellectual property.	

Focus programs

Hand in hand with our partners, we aim to eliminate the tropical worm disease schistosomiasis worldwide.

Goal: Eliminate schistosomiasis

Action(s):	By:	Progress as of end of 2018:	Status:
Donate up to 250 million praziquantel tablets annually to World Health Organization (WHO) for African school children.	Ongoing	In 2018, we donated almost 200 million tablets for distribution in 34 African countries in partnership with the WHO, and keep production capacities at a level sufficient for manufacturing 250 million praziquantel tablets a year.	
Optimize the praziquantel formulation. Milestone for 2019: complete analysis of bioequivalence study.	End of 2019	In 2018, we completed a first bio-equivalence study, which is currently being analyzed.	
Initiate new partnerships to promote behavioral change in African school children. Milestone for 2019: extend project to two further districts in Ethiopia.	End of 2019	Since 2017, we have been partnering with the NALA Foundation to raise awareness and encourage behavioral change. Together, we are supporting a national health project jointly carried out by the Ethiopian Federal Ministry of Health and the Foundation. The project was started in two districts, extension into two additional ones is planned.	
Position the Global Schistosomiasis Alliance (GSA) as a partner platform for advocacy, implementation, research, communication, and strategy development.	Ongoing	GSA has taken on the role to house and oversee the implementation of the Schistosomiasis Action Plan and adjusted its work program and working groups to drive progress on the Action Plan.	
Provide WHO with educational booklets to teach children about schistosomiasis and ways to prevent it.	Ongoing	The successful development and distribution of the booklets have been completed. The goal will be discontinued. Health promotion to leverage behavioral change will continue to be a central element in our fight against schistosomiasis. We will continue to support health education activities and create synergies with existing efforts and projects, for example the NALA Foundation in Ethiopia.	

We aim to improve global health for underserved populations in low- and middle-income countries, with a focus on combating infectious diseases.

Goal: Availability: Address unmet needs through the research, development and optimization of health solutions

Action(s):	By:	Progress as of end of 2018:	Status:
Develop a pediatric formulation of praziquantel for the treatment of schistosomiasis in children under six. Milestone: entry into Phase III.	2018	The current results from the Phase II study indicate that both developed formulations are well tolerated at all doses tested and confirmed the formulation for further development. Executive board approved decision to move into Phase III in 2018.	
Develop a pediatric formulation of praziquantel for the treatment of schistosomiasis in children under six. Milestone 2019: start of Phase III trial.	End of Q2/2019		
Develop a new antimalarial (PeEF2 inhibitor). Milestone for 2019: Completion of Phase I/Ib.	End of Q4/2019	The Phase I study in healthy volunteers allowed assessment of the safety of the compound and the Phase I/Ib study provided data to support clinical proof of principle. Additional cohorts were added in 2018, to fully define the profile of the new antimalarial compound	
Develop a new diagnostic kit to detect and characterize the type of malaria parasite. Milestone: Start of clinical trial.	End of 2018	In 2018, we introduced a diagnostic set for research purposes. At the end of 2018, we sold the underlying technology platform to the US laboratory supplier Luminex.	

Open innovation sharing

Goal: Affordability: Overcome inability to pay

Action(s):	By:	Progress as of end of 2018:	Status:
Establish a partnership to share intellectual property with a non-commercial organization.	End of 2018	Our collaboration with the DNDi NTD Booster moves forward as we have contributed compounds to 10+ screens. We entered into a partnership with the Drug for Neglected Diseases initiative (DNDi), under which we are participating in the Drug Discovery Booster project for neglected tropical diseases.	
Participate in at least one partnership with a public-sector partner in an effort to share our intellectual property and expertise in infectious and neglected tropical diseases.	End of 2018	Our collaboration via the WIPO-Re-Search platform moves forward. The University of Buea collaboration has completed the screening phase and is evaluating further options. We entered into a partnership with the University of California San Diego, United States.	

Pharmaceutical supply chain

Goal: Accessibility: Strengthen supply chains and provide localized health solutions

Action(s):	By:	Progress as of end of 2018:	Status:
Engage stakeholders in overcoming the challenges in creating an end-to-end secure supply chain and supplying goods in developing countries.	End of 2018	We presented the pharma industry point of view of supply chain challenges at the World Health Assembly that addressed Health Supply Chain and Delivery Challenges.	✓
Host one to two meetings under the auspices of the Accessibility Platform.	End of 2018	We held an Accessibility Platform meeting in 2017, and a Merck KGaA, Darmstadt, Germany Access Dialogue on Supply Chain & Delivery meeting in January 2018.	✓
Form a partnership to improve health-care at the point of care in developing countries.	End of 2019	We partnered with the NGO Business for Health Solutions (BHS) to help strengthen supply chains and delivery effectively at point of care to improve sustainable access to health in developing countries. A dozen Merck KGaA, Darmstadt, Germany Supply Chain employees agreed to provide their Supply Chain competences in supporting local healthcare organizations (mainly distributors from Tanzania) on customer demand planning, stock level management, warehouse operations and cold chain management.	✓
NTDeliver: Reach more than 1,000 schools via a school-based deworming campaign with praziquantel and Albendazole (GlaxoSmithKline).	End of 2018	Implementation has taken place. 12,000 schools were contacted, 8,900 reported back on the number of tablets distributed in 2018.	✓

Through the GPHF Minilab™, we seek to fight counterfeit medicines in developing and emerging economies.

Goal: Provide and further develop the GPHF Minilab™

Action(s):	By:	Progress as of end of 2018:	Status:
Conduct at least two Minilab training seminars, provide at least 30 Minilabs and spread their use.	End of 2018	GPHF and its partners conducted three Minilab trainings in 2018, and provided seven Minilabs. The demand for Minilab consumables for replenishment remained high.	✗
Develop new test methods for ten active ingredients and revise ten existing methods.	End of 2018	The development of ten test protocols for ten new drug compounds plus one new test protocol for an existing drug compound were successfully concluded. The review on further 30 existing test protocols was intensified.	✓
Update the Minilab manuals and consolidate all test methods into one single volume.	End of 2020	A print version of a consolidated English manual is expected to be available end of 2019. Work on French and Spanish versions will follow 2019 and 2020.	⟳

product safety and quality

Chemical product safety

Goal: Use precautionary principle to establish a globally aligned hazard and risk communication system for all our relevant chemical products in the supply chain

Action(s):	By:	Progress by end of 2018:	Status:
Implement REACH: Register substances produced in quantities of 1-100 metric tons per year (phase 3 of REACH implementation) and register non-phase-in substances.	Mid-2018	By June 2018, we had registered all 700 relevant phase 3 substances for the various subsidiaries of our Group.	
Implement the Global Product Strategy: Issue product safety summaries for all hazardous substances registered under REACH.	End of 2020	Because we were heavily focused on completing phase 3 REACH registrations on time, along with the subsequent updates, product safety summaries were not a priority in 2018.	
Projects for hazard communication: Update safety data sheets for non-hazardous materials.	End of 2020	By the end of 2018, we had updated 70% of the safety data sheets for non-hazardous substances within Performance Materials and 80% in Life Science.	
Harmonize safety data sheets to align with a globally uniform standard.	End of 2020	Within Performance Materials, all safety data sheets are drafted using a single system Group-wide, thereby harmonizing the information to the extent permitted by the variations in country-specific regulations. During the integration of Sigma-Aldrich, safety data sheet creation for products assigned to Performance Materials was transitioned to the Performance Materials process. Within Life Science, safety data sheets for all new product launches have been harmonized. Existing substances will be transitioned to the globally harmonized system by 2020.	

Patient safety

Goal: Increase patient safety

Action(s):	By:	Progress as of end of 2018:	Status:
Development of a new methodology and tools for earlier detection of signals and safety issues to ensure safety of our products.	2018	We implemented the new signal detection tool Empirica for safety signals and introduced a new process for the signal detection in the EudraVigilance database.	
Enhance the effective and timely communication to stakeholders in agreement with Health Authorities.	Ongoing	We successfully implemented a project to enhance internal and external communication on quantitative outcomes of benefit-risk analysis and safety profiles of our products. We engaged in stakeholder dialogues with health authorities on crisis communication in order to deliver appropriate information to patients and healthcare professionals concerning patient safety.	
Enhance patient centricity.	Ongoing	We made the mobile patient centric app for reporting adverse effects (agReporter) available in eight languages. In order to promote the patient use of the app to report adverse effects, we implemented a communication campaign called Patient 360 Series.	

Product-related crime

Goal: Integrate security into relevant business processes for our Healthcare and Life Science business sectors

Action(s):	By:	Progress by end of 2018:	Status:
Identify strategic and commercial data that require greater protection; minimize risks by modifying processes.	End of 2018	In 2018, our Healthcare business sector launched a project to standardize security features and thus protect relevant products in key markets. Moreover, we conducted a value chain analysis to identify risks to our Healthcare products. We made security audits a prerequisite for collaboration with contract production and packaging facilities.	

Goal: Step up interdisciplinary collaboration within global security network

Action(s):	By:	Progress as of end of 2018:	Status:
Expand organizational structures and certify employees who deal with product-related crime.	Ongoing	Our product crime officers participate in regular MACON conference calls and face-to-face meetings, thereby continuously improving their ability to combat product-related crime.	

Goal: Educate employees and other target groups on the strategic relevance of counterfeit medicines

Action(s):	By:	Progress as of end of 2018:	Status:
Host conferences and seminars; share best practices and lessons learned through international networks.	Ongoing	In 2018, we jointly organized two MACON conferences, one for countries in Europe, the Middle East and Africa (EMEA) and the other for countries in the Asia-Pacific (APAC) region. In the same period, conference calls attended by all product crime officers were held every two weeks to discuss strategic matters along with local situations and suspected cases of counterfeiting.	

Goal: Develop and implement security technology and solutions for supply chain authentication, identification, integrity, and security

Action(s):	By:	Progress as of end of 2018:	Status:
Support regional activities to counter product-related crime.	Ongoing	The 2018 MACON conferences featured working sessions to develop and implement security technologies, as well as to discuss appropriate solutions. In addition to these sessions, we took part in workshops and seminars to reinforce collaborative efforts with law enforcement agencies, for instance in Germany, Brazil, China, Italy, Colombia, Mexico, Romania, Singapore, and the United States.	
Step up internet searches to detect counterfeit products, illegal parallel imports as well as trademark infringements.	Ongoing	We continually scour the Internet for cases of product crime relating to our company, taking into account new developments, for example the growing importance of social media.	
Monitor counterfeit pharmaceuticals in conventional distribution channels as well as online sales.	Ongoing	In 2018, we enhanced our collaboration with monitoring service providers by systematizing the process for exchanging electronic data with one of them. This approach accelerates our efforts to discover counterfeit versions of our products and initiate countermeasures.	
Participate in and support the Disruption 18 project.	Early 2019	In 2018, we joined forces with other Pharmaceutical Security Institute (PSI) member companies to run Disruption 18, a project to combat online sales of counterfeit medicines. We support this project by providing both financial support and manpower.	

Transport and warehouse safety

Goal: Ensure warehouse and transport safety for our company and our suppliers

Action(s):	By:	Progress by end of 2018:	Status:
Harmonize transport and warehouse safety master data through Group-wide ERP systems.	End of 2022	By the end of 2018, we had finished harmonizing the transport and warehouse safety master data for the products in our Life Science portfolio.	

Employees

Attractive employer

Goal: Consistently fill at least two-thirds of leadership positions (Role 6+) with internal candidates

Action(s):	By:	Progress by end of 2018:	Status:
Use the Talent Management Process to identify suitable employees with leadership potential and optimize the process to systematically advance them.	Ongoing	In 2018, 87% of our vacant leadership positions/the positions (Role 6+) were filled internally.	
Build a high-potential pool that reflects our demographic structure.	Ongoing	We are continuously developing our high-potential pool, which is a reflection of the diversity within our company.	

Goal: Position our Group as an attractive employer for university graduates

Action(s):	By:	Progress by end of 2018:	Status:
Participate in university fairs and organize in-house events for graduates; position our company via employer branding channels.	Ongoing	We are continuously positioning ourselves as an attractive employer for university graduates via editorial articles on careerloft, through event information on e-fellows.net and through trainee and employee films on YouTube. By the end of 2018, all 40 planned trainee slots and direct hires were filled through our employer branding and talent sourcing efforts.	
Approach select target universities.	Ongoing	We have increased our visibility at our target universities through billboards, job advertisements and newsletters. Moreover, we make use of relevant social media channels (Facebook, Twitter, LinkedIn, XING, Instagram, and WeChat). We leveraged the tools available to continue presenting ourselves as an attractive employer for university graduates.	

Goal: Increase the share of employees (Group-wide) with development plans to 70% by 2020

Conduct extensive internal communications and people development campaigns and optimize existing tools.	End of 2020	The percentage of employees with development plans increased from 61% (2017) to 69.9% (2018).	
Create awareness and share knowledge.	End of 2020	To meet this goal, we are taking steps to raise awareness of development plans and help people create a good one. In 2018, these included new training documents and videos, along with printed materials such as the “Development Planning Guideline” and information on counseling career advancement options.	

Diversity

Goal: Our target for 2021 is to maintain a 30% representation of women in leadership roles (Role 4+)

Action(s):	By:	Progress by end of 2018:	Status:
Deploy teams at departmental level to develop goals and measures to move women into positions in various units and hierarchies.	End of 2021	The measures identified by the business sectors were expanded.	

Health and safety

Goal: Reduce the lost time injury rate Group-wide (to 1.5 or less)

Action(s):	By:	Progress by end of 2018:	Status:
Reinforce our safety culture to prevent behavior-related accidents/Roll out our BeSafe! program at all newly acquired sites and monitor ongoing implementation via appropriate performance indicators.	End of 2020	In 2018, we achieved a Group-wide LTIR of 1.3. Through manager training, safety tours and train-the-trainer programs, we continued to sustain a high level of safety awareness in 2018. We took these steps at numerous sites – including 20 newly acquired ones.	

Employee engagement

Goal: Measure and improve employee engagement

Action(s):	By:	Progress by end of 2018:	Status:
Implement a regularly occurring process to measure employee engagement and take actions to improve it.	Ongoing	In 2018, we once again conducted a Group-wide employee survey.	

Good leadership

Goal: Ensure that people managers are enabled to motivate and develop their employees

Action(s):	By:	Progress by end of 2018:	Status:
Have at least 50% of people managers rated Role 3+ take part in a management program.	End of 2018	3,133 of 5,281 people managers had taken part in a management program. In compiling participant data, we include the following programs: Managerial Foundation Program (MFP), Advanced Management Program (AMP), Global Leadership Program (GLP), Merck KGaA, Darmstadt, Germany University (MU), International Management Program (IMP), and Growth Markets Management Program (GMMP).	

environment

Environmental stewardship

Goal: Incorporate all production sites into our Group ISO 14001 certificate for environmental management systems

Action(s):	By:	Progress by end of 2018:	Status:
At newly acquired production sites, introduce environmental management systems in line with our Group ISO 14001 certificate and certify them accordingly.	Ongoing	In 2018, two sites transferred their environmental management system to our Group certificate. All sites pertinent to the Group certificate have thus been transitioned to the new version of ISO 14001:2015.	

Climate action

Goal: 20% reduction in our direct and indirect greenhouse gas emissions (Scope 1 and 2) relative to the 2006 baseline

Action(s):	By:	Progress by end of 2018:	Status:
Systematically examine the energy consumption at our individual production sites.	End of 2020	In 2018, we conducted an energy audit at a production facility in Hamburg (Germany).	
Training on energy efficiency	End of 2018	In partnership with TU Darmstadt, our Darmstadt site offered day-long workshops on energy efficiency. The six workshops were attended by 80 people who play a major role in enhancing energy efficiency (such as plant engineers).	
Identify and implement potential energy savings.	End of 2020	In 2018, we implemented 34 Edison projects with a view to cutting carbon emissions by 75,000 metric tons in the medium term. Multiple projects had to be postponed until 2019.	
Reduce process-related emissions.	End of 2022	In 2018, we initiated two further projects aimed at lowering process-related emissions, one of which was completed in 2018, and yielded 10,000 metric tons of carbon savings. The second project is scheduled to run until 2022. Based on production volume in 2018, we are expecting to save roughly 40,000 metric tons of CO_2 in this period. A third project is currently in the planning stages.	
Renewable energy	End of 2020	Full integration of the purchase of electricity from renewable sources is our goal.	

Waste and recycling

Goal: Reduce the environmental impact of our waste disposal (Waste Score of Merck KGaA, Darmstadt, Germany) by 5% by 2025 (baseline 2016)

Action(s):	By:	Progress by end of 2018:	Status:
Establish Waste Expert Network Groups.	End of 2018	We established a Group-wide and a U.S.-based Waste Expert Network Group comprising specialists from various areas who work together to integrate waste scoring and promote best practice sharing.	

Water management

Goal: Introduce a sustainable water management system at 24 of our manufacturing facilities with high water use by 2020

Action(s):	By:	Progress by end of 2018:	Status:
Meet the "progressed" requirements set out in the CEFIC flagship self-assessment tool (stage 2). This involves creating transparency regarding the situation in the vicinity of the respective sites and beginning the evaluation of the sites' influence on their environment.	End of 2018	During stage 2 of the self-assessment, we created transparency regarding the water situation in the vicinity of our individual sites. We successfully analyzed the results by the end of 2018.	
Meet the "advanced" requirements set out in the CEFIC flagship self-assessment tool (stage 3): This will assess our sites' impact on the water situation in the vicinity of each individual site.	May 2020	During stage 3 of the self-assessment, we will assess the environmental impacts arising from our discharged water. This process began in 2018, and will continue until May 2020 without an interim audit.