

Introduction

This statement is made pursuant to the Australian Modern Slavery Act of 2018 (Commonwealth of Australia), the UK Modern Slavery Act of 2015 (United Kingdom) and the California Transparency in Supply Chains Act of 2010 (United States of America). It sets out the steps that MSD and its subsidiaries took during the financial year ending 31 December 2021 to address the risk of modern slavery taking place in our business and supply chains.

Reporting Entities

MSD (a trading name of Merck & Co., Inc., Kenilworth, New Jersey, USA) provides this single joint statement for itself and on behalf of its entities that are directly covered by a disclosure obligation in their respective jurisdictions. These reporting entities are listed in Appendix I.

Structure, Operations and Supply Chains

About MSD

We are called MSD everywhere outside of the U.S. and Canada. In the U.S. and Canada, we are known as Merck & Co., Inc., Kenilworth, New Jersey, USA. The company is listed on the New York Stock Exchange under the symbol "MRK".

MSD is a global health care company that delivers innovative health solutions through its prescription medicines, vaccines, biologic therapies, and animal health products. The company is headquartered in Kenilworth, New Jersey, USA.

With over 68,000 employees, MSD operates in many regions and countries. The company has operations in more than 150 markets around the globe. A list of our worldwide locations is available at [MSD Worldwide Locations](#).

For more information, visit www.msd.com

About MSD Animal Health

MSD Animal Health, a division of Merck & Co., Inc., Kenilworth, New Jersey, USA, is the global animal health business unit of MSD. MSD Animal Health offers veterinarians, farmers, pet owners and governments a wide range of veterinary pharmaceuticals, vaccines and health management solutions and services.

MSD Animal Health is dedicated to preserving and improving the health, well-being and performance of animals and the people who care for them. Our MSD Animal Health headquarters is located at: 2 Giralda Farms Madison, NJ 07940 USA. MSD Animal Health is present in more than 50 countries, while its products are available in some 150 markets.

For more information, visit www.msd-animal-health.com.

Our Supply Chain

We manufacture, package and distribute products to more than 150 markets around the world. We have established business relationships with over 40,000 suppliers and partners. Our networking is comprised of approximately 1,300 direct suppliers (including external manufacturing partners), 1,230 capital expenditure suppliers, 38,000 indirect partners, and 5,900 research providers. They operate in more than 41 countries.

Our direct suppliers provide us with goods and services such as packaging, components, and ingredients. Capital expenditure suppliers provide goods and services such as engineering and construction. Our indirect suppliers include those that provide services such as logistics, travel and meetings, facility management and marketing. Our research providers include laboratory supplies and other research related services.

Policies

Our policies serve as our standards of conduct for engaging with stakeholders. They are founded on our Code of Conduct (Our Values & Standards) and are used to navigate and guide our decisions and actions. They help us identify, address and mitigate risks associated with doing business, including the potential risk of engaging in practices associated with modern slavery.

Relevant policies and standards are summarized in the table below.

Policy	Summary
Code of Conduct (Our Values & Standards)	Our Values & Standards represent the very core of our character as a company. They are what make us a company worthy of trust. They guide our decisions and actions. We respect people.
Business Partner Code of Conduct (BPCC)	We strive to conduct business with individuals and organizations who share our commitment to high ethical standards. Our BPCC presents basic principles for our business partners ¹ .
Human Rights Public Policy Statement	We take our responsibility to respect human rights seriously. We prohibit the use of all forms of forced labor, including prison labor, bonded labor, slave labor and any form of human trafficking.
Corporate Policy 17.1: Global Labour and Human Rights Policy	This policy sets out principles related to Child Labor; Forced Labor; Human Trafficking; Commercial Sex Acts; Recruiting Practices; Fair Treatment; Harassment/Discrimination and Freedom of Association.
Corporate Policy 6: Procurement & Supplier Relations	We establish relationships with those who provide the best overall value and who share our commitment to quality, price, delivery, service, diversity, reputation, and ethical business practices.
Corporate Policy 17: Global Human Resources	We foster a culture of mutual respect, dignity and integrity, where we attract and develop highly talented, engaged and diverse employees who are empowered to deliver excellent performance.

Corporate Policy 15: Reporting & Responding to Misconduct	We enable the Company to address potential misconduct and safeguard its reputation by speaking up when we see or suspect something improper.
Corporate Policy 14: Respect for Environmental Health & Safety	We are committed to providing a safe & healthy workplace for our employees, minimizing environmental impact of our operations, and partnering with suppliers who share our commitment.
Conflict Minerals Public Policy Statement	We work closely with our supply chain partners and seek, over time, to identify, reduce and eliminate the use in its products of conflict minerals that originate in the DRC Region.

¹ *Founded on the Pharmaceutical Supply Chain Initiative (PSCI) Principles for Responsible Supply Chain Management.*

Our company's Chief Compliance Officer and Ethics & Compliance Organization oversees our company's global compliance program, including compliance related policies and procedures. As part of governance our Ethics & Compliance Organization oversees a tri-annual review of all Corporate Policies to ensure that they remain current and relevant.

Risk of Modern Slavery Practices

Our Operations

We believe there is minimal risk of causing, contributing to or being linked to instances of modern slavery and human trafficking within our own operations. We do not engage in business activities that involve low-skilled, labour intensive production or foreign migrant workers. We have robust labour, employment and recruitment practices in place.

The pharmaceutical industry is highly regulated and is not generally recognized as an industry that poses a significant risk of modern slavery, compared to other industries (e.g. Agriculture, Construction, Electronics, Extractives & Mining, Hospitality, Textiles, Apparel, Forestry, Fishing, Food Processing and Transportation).

Our Supply Chain

We have assessed that the risk of modern slavery practices within our supply chain is predominantly associated with our use of third-party suppliers and service providers that operate in countries that are known to present a significant risk of modern slavery, such as those listed on the Walk Free Foundation's Global Slavery Index, as well as other recognized external data sources on modern slavery and human trafficking.

We recognize that companies with supply chains that extend into high-risk countries, potentially face greater risks of modern slavery. Our company can be indirectly exposed to modern slavery risks through our supply chain, as some of our third-party suppliers and service providers operate in countries that have a high prevalence of modern slavery.

To help manage and address potential risks of modern slavery (as well as other risk areas associated with third-party business relationships), our Global Supplier Management Group (GSMG) has an established cross-functional third-party risk committee and risk management program. Modern slavery risks are considered as part of our third-party risk management activities.

We recognize that potential risks of modern slavery may also exist in the pharmaceutical supply chain – beyond Tier 2 suppliers. The Pharmaceutical Supply Chain Initiative (PSCI) Human Rights & Labor Sub-Committee has identified several materials¹ commonly used within our industry that warrant further examination. We plan to continue efforts (in collaboration with PSCI) to ensure that the materials we use are sourced responsibly.

¹ Rubber, Corn, Palm oil, Aluminum, Shellac, Glass, Sugar, Talc; Fish oil; Castor seed / oil; Soy; Cellulose; Ethanol; Carnaúbowax.

Actions taken to assess and address modern slavery risks

Our Operations

During 2021, we worked to detect and address the risks of modern slavery within our own operations through:

Code of Conduct: Respecting and abiding by our company's core values and standards, as stated in our company Code of Conduct. We consider these to be the foundation of our company's success. They apply globally, wherever we are doing business.

Standards: Upholding and maintaining company standards on modern slavery and human trafficking. These are embedded in our Global Policy on Labour & Human Rights and reflected in our [Public Policy Statement on Human Rights](#).

Speaking Up: Fostering an environment where employees feel safe to speak up and report concerns. We rely on employees to speak up about potential violations of our Code of Conduct, policies, procedures, the law or other misconduct, including any that are suggestive of modern slavery.

Tone at The Top: Communications from senior leaders emphasizing the importance of ethics and integrity and the importance of speaking up and reporting issues/concerns before they become a bigger problem.

Communication Channels: Maintaining multiple communication channels to make it easy for employees and others to ask questions or report concerns. Employees can report concerns to their Managers, Human Resources, Compliance, or Legal.

Speak Up Tool: Providing a speaking up tool. The Speak Up tool at msdethics.com is operated by an independent third-party, available 24 hours a day, 7 days a week. It allows employees to raise concerns or ask questions confidentially in their preferred language via 'phone or the internet.

Investigations. All allegations of misconduct are investigated in accordance with our company's Compliance Issues Visibility Response ("CIVR") process, which promotes confidentiality, dignity and respect, objectivity, promptness and non-retaliation.

Corrective Action. We take violations seriously. Corrective and disciplinary actions are taken against individual employees who are determined to have engaged in misconduct based on the findings of an investigation, which is independently overseen by our Office of Ethics, based in the U.S.

Training: New employees, as well as existing employees receive training on our company Code of Conduct (Our Values & Standards) annually, through a series of on-line compliance courses. Training completions are closely monitored and reported to senior management.

Accountability: Maintaining accountability. All employees are responsible for 1) adhering to our company's Code of Conduct 2) complying with all relevant polices and 3) raising concerns. Substantiated violations may result in disciplinary action up to and including termination.

Our Supply Chain

During 2021, we worked to detect and address the risks of modern slavery in our supply chain through:

Supplier Selection: Striving to select suppliers that are socially responsible and who share our company's commitments to ethics and legally compliant business practices. Our goal is to obtain services, goods, active ingredients, components, finished goods or other products in a way that is lawful, fair and aligns with the principles outlined in our Business Partner Code of Conduct (BPCC).

Expectations: Setting and communicating our expectations of suppliers, including those related to child labour, forced labour and human trafficking. We use our [Business Partner Code of Conduct \(BPCC\)](#) to communicate our expectations. It has been translated for all countries in which MSD operates.

Supply Chain Mapping: Identifying which of our suppliers operate in countries that are known to present significant risks of modern slavery. We use this information to help us decide upon the level of due diligence and auditing that may be necessary.

Due Diligence: Conducting appropriate supplier due diligence helps to determine the level of risk presented by suppliers, including both prospective and existing direct material suppliers and contract manufacturing partners.

Our due diligence process for Labour & Human Rights (LHR) targets direct materials suppliers, including external manufacturing suppliers and contract manufacturing organizations, regardless of their geographic location.

A self-assessment questionnaire is used to gather information on freely chosen employment, child labor, employment practices, employee disclosures, fair treatment, wages, benefits and working hours.

The information gathered as part of due diligence is used to determine the acceptability of suppliers' local practices. The results are then analyzed by our Global Supplier Management Group (GSMG) and used to inform our supplier selection and risk management processes.

Contracts: Seeking written commitment from suppliers to respect the principles set forth in our BPCC through our contracts/agreements. Our standard contract templates also contain clauses on compliance with laws, ethical business practice, right to audit/inspect, as well as contract termination.

Auditing: Performing Labour & Human Rights (LHR) audits, using a risk-based approach, at select supplier facilities to verify their conformance with our company's expectations (as stated in our BPCC) and by working with them to address identified non-conformities.

We use independent third-party audit firms to perform announced LHR audits at suppliers' facilities. When preparing our audit schedule, we consider the industry risk, the category of materials supplied, the country in which the supplier operates and the results of past due diligence.

Remedial Actions: Tracking and reporting (to senior management) on the closure of remedial actions taken by suppliers to address identified non-conformities (gaps/concerns) revealed by supplier labour and human rights auditing.

Monitoring: Assigning relationship managers from within GSMG to oversee and monitor the performance of key suppliers. We continue to hold suppliers accountable for meeting their contractual obligations.

Governance: Using our Third-Party Risk Committee to help govern and oversee the management of modern slavery risks associated with third party relationships. This committee is chaired by our company's SVP for Global Supplier Management.

The role of our Third-Party Risk Committee (and associated Third-Party Risk Team) is to assist senior leadership by providing independent and objective oversight, monitoring and reporting in relation to the risks presented by third parties.

Engagement: Engaging and seeking input from relevant stakeholders, including GSMG, Ethics & Compliance Organization, Legal, Global Safety & Environment and the Office of Social Business Innovation.

Training: Training GSMG professionals with responsibility for supplier selection, oversight, and monitoring, including the assignment of on-line courses on 1) BPCC; 2) Mitigating Modern Slavery Risks in Supply Chains; and 3) Third Party Risk Management.

Collaboration: By working with the Pharmaceutical Supply Chain Initiative (PSCI) Labour & Human Rights Sub-Committee to develop training materials on modern slavery and by sharing knowledge across our industry and with our suppliers.

Assessing Effectiveness

During 2021, we reviewed the following Key Performance Indicators (KPIs) to help us assess the effectiveness of our efforts in addressing the risk of modern slavery in our business and supply chain. We use these measures to monitor our performance and identify opportunities to help improve our programs.

Key Performance Indicator (KPI)	2018	2019	2020	2021
Employees trained on Mitigating Modern Slavery Risks in our Supply Chain ^{1,2}	451	4	8	4
Employees trained on Business Partner Code of Conduct (Edition II) ¹	148	190	183	137
Employees trained on Third Party Risk Management ^{1,3}	N/A	N/A	185	997
Supplier Self-Assessment performed ⁴	595	760	547	155
Supplier Labor & Human Rights (LHR) audits conducted ^{5,6}	104	39	47	10

¹ – Primary target: Procurement and business development staff with responsibility for supplier management.

² – Training on modern slavery began in 2018 with applicable staff. It is provided to relevant new hires going forward.

³ – Formal training created and rolled out in 2020. Prior to this informal training was provided on an as needed basis.

⁴ – Undertaken as part of initial supplier due diligence. Scope includes labor, human rights, safety, environment, and ethical business practices. The decrease in the number of assessments performed in 2021 was due to a program scope change.

⁵ – Announced audits, independently performed by 3rd party audit firms. The decrease in the number of audits performed in 2021 was due to COVID related restrictions and challenges associated with conducting on-site audits at supplier facilities.

⁶ – Primary focus: Direct material (Tier 1) supplier facilities located in China, India, Mexico, and Indonesia.

Next Steps

We will continue working on our efforts to identify, assess, and address modern slavery risks within our operations and supply chains. These efforts will include:

- Investigating all reported concerns promptly
- Conducting supplier labour and human rights due diligence to identify and address risks
- Auditing select suppliers to verify conformance with our standards for labour and human rights
- Holding suppliers accountable for addressing non-conformities revealed by LHR audits
- Participating in the activities/initiatives of PSCI's Labour & Human Rights Sub-Committee

Consultation

The preparation of this statement was performed in consultation with relevant internal stakeholders directly involved with the management of risks related to modern day slavery and human trafficking, including senior management representatives from our Global Supplier Management Group, Legal, Ethics & Compliance Office and Office of Corporate Responsibility.

Approvals

Name	Title	Signature & Date
Ben Lucas	Managing Director, MERCK SHARP & DOHME (UK) LIMITED	 Electronically signed by Benjamin Lucas Date: Mar 24, 2022 13:43 GMT
Jan Moehlenbrock	Managing Director, MSD ANIMAL HEALTH UK LIMITED	 Electronically signed by Jan Moehlenbrock Date: Mar 24, 2022 13:07 GMT
Prashant Nikam	Managing Director, MERCK SHARP & DOHME (AUSTRALIA) PTY LTD	 March 21, 2022
	Statutory Director MERCK SHARP & DOHME (HOLDINGS) PTY LTD	
Eric Flanagan	Managing Director, INTERVET AUSTRALIA PTY LIMITED; Intervet Schering-Plough Animal Health Pty Ltd.	 Eric Flanagan, Mar 17, 2022 11:19 GMT -11J

Other Relevant Information

Each year MSD publishes an [Environmental, Social & Governance \(ESG\) Progress Report](#). This report further details our progress. It reflects our support for the 10 universally accepted principles of the UN Global Compact and recognizes the important role we play in helping to address the UN Sustainable Development Goals (SDGs). Through this statement, MSD also satisfies its disclosure obligations under the U.S. California Transparency in Supply Chains Act of 2010.

Appendix I

This statement applies to MSD, including the reporting entities set out below.

Reporting Entity: MSD (a trading name of Merck & Co., Inc., Kenilworth, New Jersey, USA.)

In accordance with the UK Modern Slavery Act 2015, the following MSD UK entities are included in this statement:

- MSD ANIMAL HEALTH UK LIMITED - Company Number 00946942
- MSD R&D INNOVATION CENTRE LTD - Company Number 00955192
- INTERVET UK PRODUCTION LIMITED - Company Number 03200055
- MSD ANIMAL HEALTH PENSION TRUSTEE LIMITED - Company Number 02514484
- SCHERING-PLOUGH HOLDINGS LIMITED - Company Number 02297208
- MERCK SHARP & DOHME (UK) LIMITED - Company Number 00233687
- MSD VACCINES LIMITED - Company Number 012277497
- MSD LIMITED - Company Number 05142753
- MERCK SHARP & DOHME FINANCE EUROPE LIMITED - Company Number 02866198

In accordance with the Australian Modern Slavery Act 2018, the following MSD Australian entities are included in this statement: The statement was approved by the boards of each of these reporting entities.

- INTERVET SCHERING-PLOUGH ANIMAL HEALTH PTY LTD - Australian Company Number 134 212 749
- INTERVET AUSTRALIA PTY LIMITED – Australian Company Number 008 467 034
- MERCK SHARP & DOHME (HOLDINGS) PTY LTD – Australian Company Number 000 235 245
- MERCK SHARP & DOHME (AUSTRALIA) PTY LTD – Australian Company Number 000 173 508
- VIRALYTICS LIMITED – Australian Company Number 010 657 351