

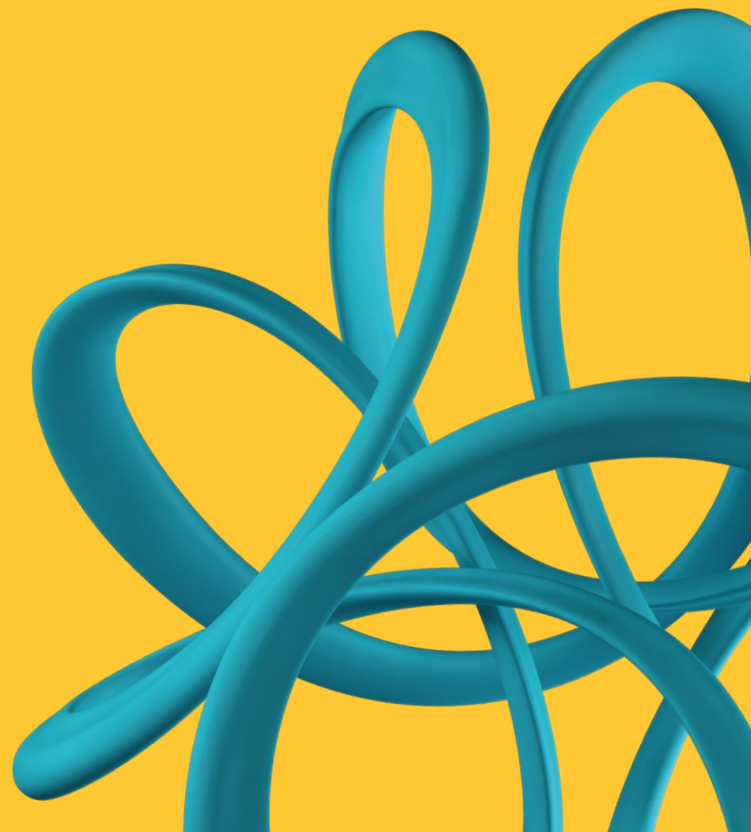
corporate Governance

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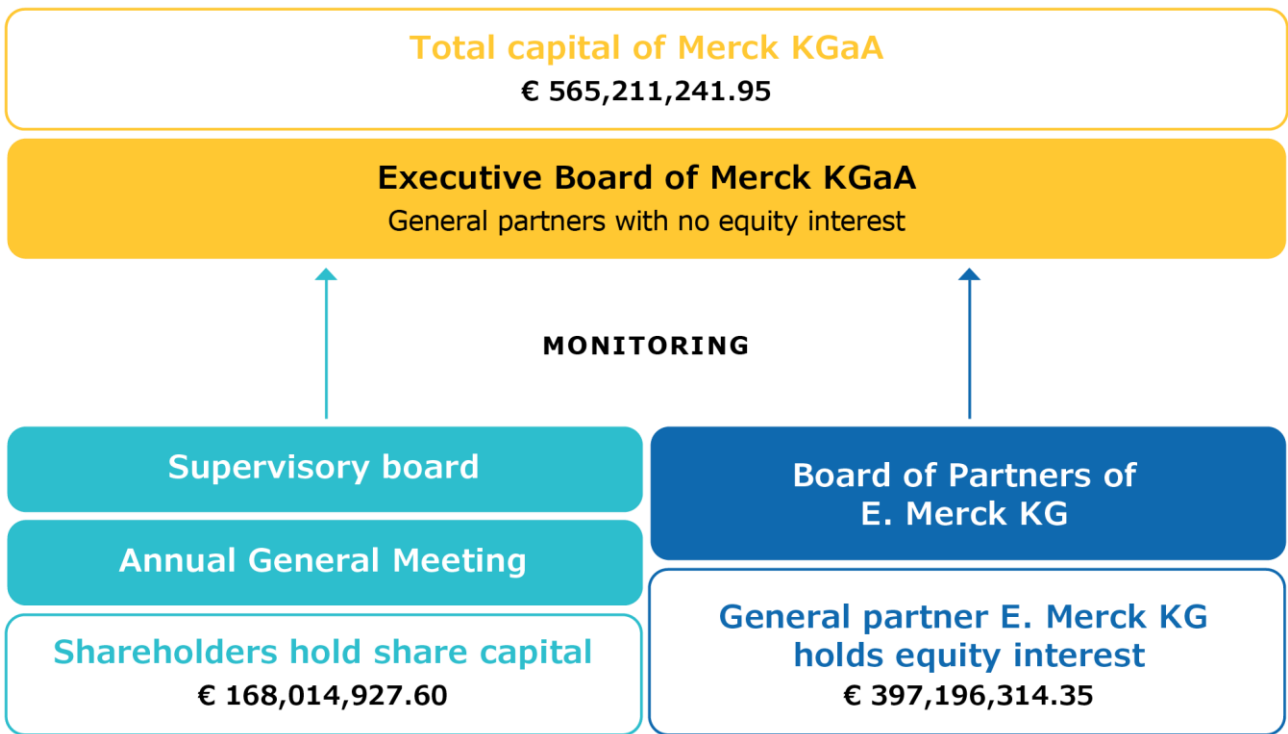
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Capital Structure and Corporate Bodies of Merck KGaA



Further information can be found under "[Merck KGaA](#)" in the "[Statement on Corporate Governance](#)".

Statement on Corporate Governance

The Statement on Corporate Governance contains the Declaration of Conformity, relevant information on practices within the company, and a description of the procedures of the corporate bodies, as well as targets for the percentage of positions held by women and the diversity policy.

Joint report of the Executive Board and the Supervisory Board including Declaration of Conformity

The German Corporate Governance Code is geared toward the conditions found in a German stock corporation (“Aktiengesellschaft” or “AG”) and does not take into consideration the special characteristics of a corporation with general partners (“Kommanditgesellschaft auf Aktien” or “KGaA”) such as Merck KGaA. Given the structural differences between an AG and a KGaA, several recommendations of the German Corporate Governance Code are to be applied to a KGaA only in a modified form. Major differences between the two legal forms exist in terms of liability and management. In the case of an AG, only the AG is liable as a legal entity, whereas the general partners of a KGaA also have unlimited personal liability for the company’s obligations (section 278 (1) AktG). At Merck KGaA, this pertains to both E. Merck KG – which pursuant to article 8 (5) of the Articles of Association is excluded from management and representation – as well as to the managing general partners, who together make up the Executive Board of Merck KGaA. The members of the Executive Board of Merck KGaA are therefore subject to unlimited personal liability. Unlike an AG, their executive authority is not conferred by the Supervisory Board, but rather by their status as general partners. Consequently, in addition to other responsibilities typical of the supervisory board of an AG (see description of the procedures of the Supervisory Board), the supervisory board of a KGaA does not have the authority to appoint the management board, draw up management board contracts, or specify compensation of the management board. This legal form also involves special features with regard to the General Meeting. For example, in a KGaA, many of the resolutions made require the consent of the general partners (section 285 (2) AktG), including in particular the adoption of the Annual Financial Statements (section 286 (1) AktG).

Merck KGaA applies the German Corporate Governance Code analogously where these regulations are compatible with the legal form of a KGaA. In order to enable shareholders to compare the situation at other companies more easily, to a broad extent we base corporate governance on the conduct recommendations made by the Government Commission of the German Corporate Governance Code and forgo having our own, equally permissible, code. The recommendations of the Code in the version dated December 16, 2019, the intent and meaning of which are applied, have been complied with in the period since the last Declaration of Conformity issued on February 26, 2021. We will continue to comply with the recommendations of the Code in the future.

For a clearer understanding, the following gives a general explanation of the application of German company law at Merck KGaA with additional references to the General Meeting and shareholder rights.

Merck KGaA

The general partner E. Merck KG holds around 70% of the total capital of Merck KGaA (equity interest); the shareholders hold the remainder, which is divided into shares (share capital). E. Merck KG is excluded from the management of business activities. The general partners with no equity interest (Executive Board) manage the business activities. Nevertheless, due to its substantial capital investment and unlimited personal liability, E. Merck KG has a strong interest in the businesses of Merck KGaA operating efficiently in compliance with procedures. Merck KGaA’s participation in the profit/loss of E. Merck KG in accordance with articles 26 et seq. of the Articles of Association further harmonizes the interests of the shareholders and of E. Merck KG. E. Merck KG

appoints and dismisses the Executive Board. In addition, E. Merck KG has created bodies – complementing the expertise and activities of the Supervisory Board – to monitor and advise the Executive Board. This task applies primarily to the Board of Partners of E. Merck KG.

Based on the provisions of the German Stock Corporation Act, the Articles of Association of Merck KGaA, and the rules of procedure of the various committees, Merck KGaA has a set of rules for the Executive Board and its supervision that meet the requirements of the German Corporate Governance Code. The investors, who bear the entrepreneurial risk, are protected as provided for by the German Corporate Governance Code. We take suggestions from the capital market on corporate governance seriously and hold discussions with investors and shareholder representatives.

The General Meeting of Merck KGaA

The 26th Annual General Meeting of Merck KGaA was held on April 23, 2021, in Darmstadt, Germany. In response to the Covid-19 pandemic, in 2021 the Executive Board again decided, with the approval of the Supervisory Board, to hold the 2021 Annual General Meeting in virtual form, i.e., without the shareholders and their proxies attending in person. In doing so, it exercised the option that the legislation again provided in 2021 in the form of the act on mitigating the consequences of the Covid-19 pandemic in civil, insolvency, and criminal procedure law (Gesetz zur Abmilderung der Folgen der Covid-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht). Shareholders and shareholder representatives participated in the General Meeting virtually. The meeting was broadcast audiovisually on the Internet in full. At 70.10%, the proportion of share capital represented at the meeting (including postal votes) was slightly higher than in the previous year. In 2020, the proportion of share capital represented was 69.44%. The Annual General Meeting service provider does not forward voting instructions to Merck in advance of the Annual General Meeting but keeps them in the system until the count takes place.

In particular, the Annual General Meeting passes resolutions concerning the approval of the Annual Financial Statements, the appropriation of net retained profit, the approval of the actions of the Executive Board members and the Supervisory Board members, the election of the auditor, amendments to the Articles of Association, the compensation system for the Executive Board, and the control and profit and loss transfer agreements of Merck KGaA. The shareholders of Merck KGaA exercised their rights at the virtual Annual General Meeting using the Internet-based General Meeting system and via a prior question and answer process. Above and beyond the statutory requirements, this year shareholders were also given the opportunity to submit statements on the agenda to the company prior to the Annual General Meeting. These statements were published ahead of the Annual General Meeting and were available for shareholders to view until the end of the Annual General Meeting. They were able to exercise their voting rights personally, through an authorized representative, or through a proxy appointed by the company. The proxies were in attendance throughout the duration of the General Meeting. All the documents and information concerning upcoming General Meetings (including a summary explanation of shareholder rights) are also posted on our website. The introductory speech by the Chair of the Executive Board was published in advance on the Internet on April 15, 2021, in order to make it available to interested shareholders and members of the public and thus satisfy the high transparency requirements of the Merck Group.

Declaration of Conformity

In accordance with section 161 AktG, applying the provisions of the German Corporate Governance Code correspondingly, the Executive Board and the Supervisory Board issued the following Declaration of Conformity with the recommendations of the Government Commission of the German Corporate Governance Code:

“Declaration of the Executive Board and the Supervisory Board of Merck KGaA on the recommendations of the Government Commission of the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG). Since the last Declaration of Conformity on February 26, 2021, we have complied with the recommendations of the Government Commission of the German Corporate Governance Code in the version dated December 16, 2019, as published in the official section of the German Federal Gazette.

In view of future compliance with the current recommendations of the Government Commission of the German Corporate Governance Code, the Executive Board and the Supervisory Board declare the following: The company will comply with the recommendations of the Code in the version dated December 16, 2019.”

Darmstadt, February 2022

For the Executive Board
signed Belén Garijo

For the Supervisory Board
signed Wolfgang Büchele

Information on corporate governance practices

Reporting

It is Merck KGaA's objective to provide the latest information to all shareholders, media, financial analysts, and interested members of the public, while creating the greatest possible transparency. For this reason, Merck uses a wide range of communication platforms to engage in a timely dialog with all interested parties about the company's situation and business changes. Merck's principles include providing factually correct, comprehensive, and fair information.

Information subject to disclosure requirements, as well as information that is not, can be accessed worldwide on the Merck KGaA website (www.merckgroup.com), which is the company's most important publication platform. In addition to a comprehensive financial calendar, quarterly statements and/or quarterly and half-year financial reports covering at least the past five years are available there in German and English. In line with the legal requirements, ad hoc announcements are also published on the website. These contain information on circumstances and facts that could impact the Merck share price.

Regular press conferences, investor meetings on the occasion of investor conferences, and roadshows offer another platform for dialog. The company presentations prepared for this purpose are also available on the Merck KGaA website. In addition, the Investor Relations team is available to private and institutional investors who wish to receive further information. To ensure the greatest possible transparency, all documents concerning the General Meeting are available on the company website. Additionally, at least some parts of the General Meeting are generally webcast live on the Internet. The Annual General Meeting on April 23, 2021, was again held virtually and hence was webcast live on the Internet in full.

Dealing with insider information

Dealing properly with insider information is very important to us. Our Insider Committee examines the existence of insider information, ensures compliance with legal obligations, and prepares any necessary measures. The members of the Insider Committee are appointed by the Executive Board; at least two members work in Group Legal & Compliance. The Insider Committee meets at regular intervals or when circumstances require. The Chief Financial Officer is vested with the authority to make the final decision on handling potential insider information.

In order to ensure a high level of protection for insider information, the Executive Board issued internal insider guidelines applicable throughout the Merck Group worldwide, which were most recently updated in fiscal 2020. The guidelines inform employees about their responsibilities under insider trading laws and give clear instructions for compliant behavior. In addition, they describe the function of the Insider Committee in detail. Moreover, our Code of Conduct, which is binding for all employees, also contains an explicit, detailed reference to the ban on using insider information. Within the scope of obligatory training courses on the Code of Conduct as well as specific training courses on insider law, all employees are instructed on the key stipulations of insider trading.

Accounting and audits of financial statements

Merck KGaA prepares its Consolidated Financial Statements and Combined Management Report in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union, as well as the supplementary German statutory provisions applicable under section 315e (1) of the German Commercial Code (HGB). The Consolidated Financial Statements and the Combined Management Report are prepared by the Executive Board and examined by an auditor, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW).

The Supervisory Board commissioned KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, to audit the Consolidated Financial Statements and the Combined Management Report for 2021. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, is obliged to inform the Supervisory Board without delay of any grounds for disqualification or bias occurring during the audit if these cannot be immediately rectified. Additionally, the auditor shall immediately report to the Supervisory Board any findings and issues that emerge during the audit that have a direct bearing upon the tasks of the Supervisory Board. The auditor shall inform the Supervisory Board or note in the audit report any circumstances determined during the audit that would render inaccurate the Declaration of Conformity made by the Executive Board and the Supervisory Board. It has also been agreed with the auditor that in order to assess whether the Executive Board has fulfilled its obligations in accordance with section 91 (2) of the German Stock Corporation Act (AktG), the audit will also cover the company's early warning risk identification system. Moreover, the auditor is required to examine and evaluate the accounting-relevant internal control system insofar as this is necessary and appropriate for assessing the accuracy of financial reporting.

Since 1995, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, has been the auditing firm responsible for the statutory audit of the Annual Financial Statements and Consolidated Financial Statements of Merck KGaA. The auditor responsible for auditing the Consolidated Financial Statements changes regularly. Dirk Janz is currently leading the audit engagement. Mr. Janz has been the auditor in charge of the engagement since fiscal 2020. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, has assured the company that it is independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and that it has fulfilled its other German professional responsibilities in accordance with these requirements. The Supervisory Board has found no grounds to doubt the independence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin. Neither party identified any conflicts of interest. The Audit Committee reviews the quality of the audit, including the performance of the auditor in charge of the engagement, annually on the basis of objective indicators.

Due to the requirement to change auditors at regular intervals, Merck KGaA must appoint a new auditor (different than the current one) no later than for fiscal 2024. In fiscal 2019, the Supervisory Board of Merck KGaA therefore decided to prepare a public request for tender for the audit of the Annual Financial Statements and Consolidated Financial Statements of Merck KGaA, and to voluntarily change auditors for the fiscal 2023 audit, earlier than required. The public request for tender was published in the German Federal Gazette in February 2020. Based on this request for tender, the Supervisory Board of Merck KGaA resolved at its meeting on July 30, 2021, to propose to the Annual General Meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, be elected as the auditor of the Annual Financial Statements and Consolidated Financial Statements of Merck KGaA for fiscal 2023. This resolution was based on a corresponding recommendation by the Audit Committee and in accordance with its preference.

Further reports

The combined management report of Merck KGaA and the Merck Group for fiscal 2021 includes the compensation report and a combined non-financial declaration for the first time. This incorporates the non-financial declaration of the Merck Group in accordance with section 315b HGB and the non-financial declaration of Merck KGaA in accordance with 289b HGB and section 315b (1) HGB in conjunction with section 298 (2) HGB. It is included as a separate chapter of the management report. An overview of the information contained in the combined non-financial declaration can be found at "[Topics for the non-financial statement](#)". In addition, Merck publishes a sustainability report that meets the requirements of the Global Reporting Initiative (GRI) standards and contains reports in accordance with the standards published by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). This will be available from April 12, 2022, as an online version on the company's website at <https://www.merckgroup.com/en/sustainability-report/2021>.

Values and compliance

First and foremost, responsible entrepreneurship means acting in accordance with the law – also known as compliance. All our activities are required to adhere to the applicable laws, regulations, and international ethical standards around the world. Compliance violations would result not only in possible legal action but also could seriously compromise our reputation as an employer and business partner.

Our “Group Compliance & Data Protection” function is responsible for the core topics of anti-corruption, anti-money laundering, business partner due diligence, data protection and transparency requirements, as well as for compliance with healthcare regulations and dawn raids. Group-wide policies, procedures, and processes are in place for these important compliance topics in order to ensure that our business activities are consistent with the relevant laws, regulations, and international ethical standards.

Our compliance management system encompasses important core elements that make up our compliance portfolio:

Elements of our compliance program



Living our values together is the underlying principle of our compliance management system. The Compliance department adopts a specific brief in this respect.

A global framework for ethical and legally compliant business processes serves to minimize risk. We achieve this by identifying specific compliance risks and requirements. Suitable policies and controls are implemented in order to reduce risk. Our goals also focus on our employees: It is up to us. This serves to strengthen employees’ sense of responsibility and accountability. We achieve this by informing employees about the applicable compliance rules and ethical standards and by giving them the responsibility for complying with these requirements. As compliance is the second line of defense against risks, it is important that we consistently safeguard what really matters. This is why we regularly implement key figures that allow us to assess risks and the effectiveness of controls. Compliance not only contributes to company growth but also creates targeted value added by allowing us to advise the business sectors and help them to navigate the respective compliance requirements. The advice we provide takes account of changes in business requirements and is adapted accordingly.

Based on a corporate culture that places the fundamental company values – courage, achievement, responsibility, respect, integrity, and transparency – at the center of our entrepreneurial actions, our Code of Conduct (<http://www.merckgroup.com/company/responsibility/en/regulations-and-guidelines/code-of-conduct.pdf>) helps those involved in the business to implement the values when dealing with one another on a daily basis.

With its Code of Conduct, which was revised in mid-2017 and updated to reflect the changes in the Executive Board in 2021, Merck has established a set of rules and regulations that are intended to help our employees to act responsibly and to make the right decisions in their daily work.

The Code of Conduct explains the company principles for dealings with business associates, shareholders, colleagues, and employees, and within the scope of our responsibility for society. Therefore, it supports all employees in acting ethically – not only in their dealings with one another but also outside the company. Accordingly, the Code of Conduct is also the main set of rules for our Compliance Program. Merck has aligned the content of its Code of Conduct with the Merck values and integrated important topics such as data privacy, healthcare compliance, and bioethics. To Merck, compliance means observing legal and internal regulations and the basic ethical principles anchored in the company's values. With the Code of Conduct and the various unit-specific ethical compliance rules, the values are integrated into daily work and business practice. The Code of Conduct applies to all employees, both at headquarters and in the subsidiaries. We also expect our business associates worldwide to accept these principles or to have their own comparable principles. While supplier management ensures compliant behavior of suppliers, global business partner risk management encompasses the relations with sales-related business associates such as distributors and wholesalers.

The Compliance department monitors observance of the Code of Conduct with support from corresponding monitoring and training programs throughout the Group. All employees are called upon to report potential compliance violations to their supervisor, Legal, HR, or other relevant departments or via the Compliance hotline. In cooperation with Group Internal Auditing, the Compliance Office regularly reviews the implementation of Group-wide compliance measures at the subsidiaries. The audits regularly focus on the local compliance structure, the compliance measures taken, and the existence of corresponding compliance guidelines and processes.

The Group Compliance Officer is responsible for the establishment, maintenance, and further development of our global Compliance Program. Among other things, the Group Compliance Officer and his team, consisting of a Center of Expertise and sector compliance officers, take appropriate measures to help lower the risk of serious violations of antitrust law, anti-corruption rules, and legal regulations and requirements of industry codes in the healthcare sector and support the business sectors with specific compliance input. Responsibility for money laundering prevention was added in 2018, with Compliance coordinating the necessary organizational measures, including risk analysis, policies, and training.

A further focus area of the Compliance Program is ensuring legally and ethically correct dealings with medical professionals and adhering to the transparency requirements. The Compliance organization has agreed on extensive measures with the affected areas of the company in order to establish an internal framework of rules as well as the corresponding processes for approving and documenting interactions with experts that ensure correct publication. We, of course, also ensure compliance with the respectively valid data protection regulations.

The role of the Group Compliance Officer is reflected in the subsidiaries, which ensure via country representatives that compliance measures are implemented in the countries. Since 2013, Compliance tasks in the countries and on a regional basis have largely been performed by full-time compliance officers. As a result, a higher level of compliance expertise is based locally, and the growing tasks in all business sectors are taken into account. At the same time, the management structure was streamlined and the reporting lines for the countries were consolidated regionally/globally. Since the end of 2016, the compliance officers in the countries have been reporting to the dedicated compliance officers for the respective business sectors (Life Science, Healthcare, and Electronics). A separate responsibility was also created for Group functions. Regular regional

and global compliance meetings are held to promote the exchange of information within the Compliance organization. This is supplemented by a global concept for local compliance forums and global compliance committees, at which compliance-related topics including the compliance priorities in the respective countries or at a global level are discussed with senior management. These constitute an important element of risk assessment and quality assurance.

Newcomer training seminars were introduced in 2010 for newly appointed compliance officers. These seminars serve to build up compliance expertise and strengthen cooperation within the Compliance organization. This Group-wide network is used to steer the global Compliance Program. Within the global Group Compliance function a Center of Expertise has been established with responsibility for the continuous maintenance and further development of the Compliance Program and shaping the company's internal compliance guidelines. The Compliance organization is also involved in the relevant due diligence processes for the incorporation of new business units as well as possible divestments and acquisitions, and the subsequent integration of companies. Within the scope of the global compliance program, a high degree of importance is attached to regular compliance seminars of the Merck Compliance Training Plan, which are conducted as web-based training courses and classroom sessions. By presenting various training topics, particularly on the Code of Conduct, corruption, antitrust and competition law, as well as healthcare compliance and data protection, they serve to sensitize employees and management to the consequences of compliance violations and to show ways of avoiding them. Since Merck set up a central Compliance hotline, our employees and individuals outside of our company have been able to report compliance violations by telephone or via a web-based application in their respective language. The Compliance hotline is available 24 hours a day, free of charge. Case numbers enable anonymous, two-way communication. The reports received are individually reviewed. If a compliance violation exists, corresponding corrective action is taken based on concrete action plans. If necessary, disciplinary measures are taken. These can range from a simple warning up to the dismissal of the employee who violated a compliance rule. In 2010, Merck set up a Compliance Case Committee to guide these processes. The Compliance Case Committee consists of senior members from various Group governance functions; they are involved in reviewing compliance violations and introducing countermeasures. The joint work in the Compliance Case Committee enables processes between the various Group functions to be optimally coordinated and designed efficiently.

The Compliance Office reports regularly to the Executive Board, the Finance Committee of the Board of Partners of E. Merck KG and the Audit Committee of the Supervisory Board, informing them of the status of compliance activities (including training status), compliance risks, and serious compliance violations.

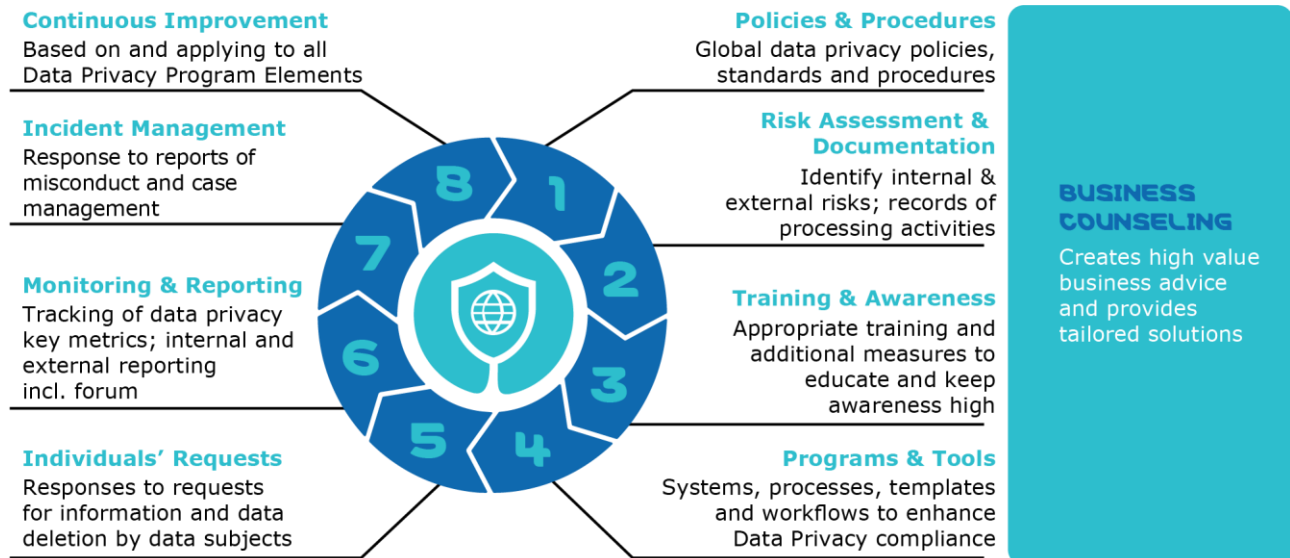
The Executive Board informs the supervisory bodies at least once a year about the key compliance issues.

Data protection

Group data protection at Merck is integrated into the Group's Compliance organization. As required by law, this department operates independently and without being required to follow instructions. The department regularly prepares data protection updates and produces a comprehensive data protection report at regular intervals as part of our broader compliance reporting efforts. The Group Data Protection Officer has a team currently comprising around 20 employees who work around the world as local data protection officers and constitute a center of expertise for the provision of data protection structures and requirements. Other individuals around the world also perform a local data protection function alongside their primary activity for Merck.

Our data protection management encompasses various elements of our portfolio alongside the pillars of people and communication. The portfolio is composed as follows:

Elements of our data protection program



The data protection organization has put specific guidelines in place in order to ensure that data protection processes comply with the relevant regulations. The "Group Data Privacy Policy" defines the standards according to which data is processed, stored, used, and transmitted at Merck. This enables us to provide a high level of protection when it comes to processing the data of our employees, contract partners, customers, suppliers, patients, healthcare practitioners, and participants in clinical trials. The statutory documentation requirements are realized in a central IT tool that also serves as the basis for key data protection processes: documenting processing activities, defining the local data protection officers, documenting video recordings and reports, and processing potential data protection violations. Our understanding of data protection throughout the Group is based on European legislation in particular, including the provisions of the EU's General Data Protection Regulation (EU GDPR), which has been in force since May 2018. However, we also comply with and implement local data protection regulations.

Risk and opportunity management

The Executive Board, the Supervisory Board, the Audit Committee, and the Finance Committee are regularly informed about the current risk portfolio of the Group and the individual companies. More detailed information can be found in the Report on Risks and Opportunities.

Avoidance of conflicts of interest

Within the framework of their work, all Executive Board and Supervisory Board members of Merck KGaA are exclusively committed to the interests of the company and neither pursue personal interests nor grant unjustified advantages to third parties.

Before an Executive Board member takes on honorary offices, board positions, or other sideline activities, this must be approved by the Personnel Committee of the Board of Partners of E. Merck KG. The Chair of the Executive Board, Belén Garijo, and the Chief Financial Officer, Marcus Kuhnert, are both members of the Executive Board of E. Merck KG. This does not, however, create conflicts of interest.

In its report to the General Meeting, the Supervisory Board discloses any conflicts of interest involving its members and how they were dealt with. Consultancy agreements as well as other service and work contracts of a Supervisory Board member with Merck require the approval of the Supervisory Board. In fiscal 2021, there were neither conflicts of interest, nor consultancy agreements or other service or work contracts with Merck KGaA involving Supervisory Board members.

Adherence to environmental and safety standards

At Merck, environmental protection is based on closed-loop thinking and the integration of precautionary measures into our process, procedural, and product development planning. The principles and strategies set out in our Environment, Health and Safety Policy implement the guidelines formulated by the national and international associations of the chemical industry in the Responsible Care guidelines. The Responsible Care Global Charter developed by the International Council of Chemical Associations (ICCA) emphasizes overall responsibility for products, supply chains, and society. Merck has signed this expanded version of the Responsible Care Global Charter for the entire Group. It is implemented by Merck at an international level. We report our ecological, economic, and social performance transparently in accordance with the internationally recognized principles of the Global Reporting Initiative (GRI).

- We have set ourselves the goal of climate-neutral business operations along the entire value chain by 2040 in terms of Scope 1 and Scope 2 as well as our Scope 3 emissions. By 2030, we intend to reduce our direct (Scope 1) and indirect (Scope 2) emissions by 50% compared with 2020. We aim to lower the indirect emissions in our value chain (Scope 3) by 1,500 metric kilotons of CO₂ equivalents by 2030.
- We also aim to source 80% of our purchased electricity from renewable sources by 2030.
- Furthermore, we intend to reduce the environmental impact of our waste by 5% between now and 2025 (based on our Merck Waste Score), as well as reducing water consumption by 10% by 2025 and improving the quality of our waste water by 2030.

We aim to lower the lost time injury rate (LTIR) to below 1 by 2025. We are also developing a Global Health Concept for the entire Group. Many guidelines specify how the sites and employees of the Merck Group are to observe the principles in their daily work. The Group function Corporate Sustainability, Quality and Trade Compliance steers these global activities and ensures compliance with statutory requirements, internal standards, and business needs throughout the entire Group. In this way, Group-wide risks are minimized, and continuous improvement is promoted in the areas of environment, health, safety, security, and quality. Corporate Responsibility reports are also published at regular intervals.

Procedures of the Executive Board, Supervisory Board, Board of Partners, and its Committees

Members of the Executive Board of Merck KGaA

Information on memberships of statutory supervisory boards and comparable German and foreign supervisory bodies (section 285 no. 10 HGB in conjunction with section 125 (1) sentence 5 AktG).

Member	Memberships of (a) statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations
Belén Garijo Frankfurt am Main, Chair since May 1, 2021	(b) • Banco Bilbao Vizcaya Argentaria S. A., Bilbao, Spain (listed) • L'Oréal S. A., Clichy, France (listed)
Kai Beckmann Darmstadt, CEO Electronics	(a) • Bundesdruckerei GmbH, Berlin, Germany (not listed)
Peter Guenter (since January 1, 2021) Frankfurt am Main, CEO Healthcare	(b) • Galapagos N.V., Mecheln, Belgium (listed)
Matthias Heinzel (since April 1, 2021) Weinheim, CEO Life Science	(b) • International Flavors & Fragrances Inc. (IFF), New York, USA (listed)
Marcus Kuhnert Königstein, Chief Financial Officer	(b) • Döhler Group SE, Darmstadt, Germany (listed)
Stefan Oschmann (until April 30, 2021) Munich, Chairman until April 30, 2021	(a) • Springer Nature AG & Co. KGaA, Germany (not listed)

The general partners with no equity interest (Executive Board) manage the business activities in accordance with the laws, the Articles of Association, and the rules of procedure. They are appointed by E. Merck KG with the approval of a simple majority of the other general partners. The members of the Executive Board are jointly responsible for the entire management of the company. Certain tasks are assigned to individual Executive Board members based on a responsibility distribution plan. Each Executive Board member promptly informs the other members of any important actions or operations in his or her respective business area. Among other things, the Executive Board is responsible for preparing the Annual Financial Statements of Merck KGaA and of the Merck Group as well as for approving the quarterly and half-year financial statements of the Merck Group. In addition, the Executive Board ensures that all legal provisions, official regulations, and the company's internal policies are observed, and works to achieve compliance with them by all the companies of the Merck Group. A Group-wide guideline defines in detail which transactions require prior approval by the Executive Board.

The Executive Board provides the Supervisory Board and its Audit Committee with regular, up-to-date, and comprehensive reports about all company-relevant issues concerning strategy, planning, business development, risk situation, risk management, and compliance. The rules of procedure of the Executive Board and of the Supervisory Board regulate the further details and ensure that the Supervisory Board is kept adequately informed by the Executive Board.

The Executive Board informs the Board of Partners and the Supervisory Board at least quarterly of the progress of business and the situation of the company. In addition, the Executive Board informs the aforementioned boards at least annually of the company's annual plans and strategic considerations.

The Executive Board passes its resolutions in meetings that are normally held once a month.

Supervisory Board

The Supervisory Board has 16 members. The Supervisory Board was composed as follows in fiscal 2021:

Member	Memberships of (a) other statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations	Member of the Supervisory Board since	Attendance of meeting of the Supervisory Board
Wolfgang Büchele (Chairman of the Supervisory Board) Römerberg, Chairman of Exyte GmbH, Stuttgart (Independent Shareholder Representative)	(a) • Gelita AG, Eberbach, Germany (Chairman) (not listed) (b) • E. Merck KG, Darmstadt, Germany ¹ (not listed) • Wegmann Unternehmens-Holding GmbH & Co. KG, Fürstenfeldbruck, Germany (Chairman) (not listed) • Kemira Oyj, Helsinki, Finland (listed) • KNDS NV, Amsterdam, Netherlands (not listed)	Jul. 1, 2009	4/4
Sascha Held (Vice Chairman of the Supervisory Board) Riedstadt, Application Consultant (full-time member and Chairman of the Merck Joint Works Council)	No board positions	Apr. 26, 2019	4/4
Gabriele Eismann Seeheim-Jugenheim, Senior Product Manager (full-time member of the Merck Joint Works Council)	No board positions	May 09, 2014	4/4
Edeltraud Glänzer Hannover, Chair of August-Schmidt-Stiftung, Bochum until October 30, 2021	(a) • B. Braun Melsungen AG, Melsungen, Germany (not listed) until March 18, 2021	Mar. 28, 2008	4/4
Jürgen Glaser Bingen, Regional Director of the German Mining, Chemical, and Energy Industrial Union (IG BCE), Darmstadt	(a) • SIRONA Dental Systems GmbH, Wals, Austria (not listed) (b) • Merck BKK, Darmstadt, Germany (not listed)	Apr. 26, 2019	3/4
Michael Kleinemeier Heidelberg, Managing Director of e-mobiligence GmbH, Heidelberg (Independent Shareholder Representative)	(b) • E. Merck KG, Darmstadt, Germany ¹ (not listed) • Transporeon GmbH, Ulm, Germany (not listed)	Apr. 26, 2019	4/4
Renate Koehler Darmstadt, Pharmacist and Manager of Engel- Apotheke pharmacy, Darmstadt (Independent Shareholder Representative)	No board positions	Apr. 26, 2019	4/4
Anne Lange Riedstadt, Application Engineer (full-time member and Vice Chairwoman of the Merck Joint Works Council)	No board positions	Apr. 26, 2019	4/4
Peter Emanuel Merck² Hamburg, Managing Partner of Golf-Lounge GmbH, Hamburg (Independent Shareholder Representative)	No board positions	Apr. 26, 2019	4/4
Dietmar Oeter Seeheim-Jugenheim, Vice President Corporate Quality Assurance	No board positions	May 09, 2014	4/4
Alexander Putz Michelstadt, Chemical laboratory assistant (full- time member of the Merck Joint Works Council)	No board positions	May 28, 2020	4/4
Christian Raabe Höchst, IT Business Partner Darmstadt Site	No board positions	Apr. 26, 2019	4/4

Footnotes on next page

Member	Memberships of (a) other statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations	Member of the Supervisory Board since	Attendance of meeting of the Supervisory Board
Helene von Roeder Frankfurt am Main, Member of the Executive Board (CFO) of Vonovia SE, Bochum (Independent Shareholder Representative)	(b) • E. Merck KG, Darmstadt, Germany ¹ (not listed) • Vonovia Finance B.V., Amsterdam, Netherlands (listed) • AVW Versicherungsmakler GmbH, Hamburg, Germany (not listed)	Apr. 26, 2019	4/4
Helga Rübsamen-Schaeff Düsseldorf, Consultant (Independent Shareholder Representative)	(a) • Merck Healthcare KGaA, Darmstadt, Germany ¹ (Chair) (not listed) • 4SC AG, Martinsried, Germany (listed) • AiCuris Anti-Infective Cures AG, Wuppertal, Germany (listed) (b) • E. Merck KG, Darmstadt, Germany ¹ (not listed)	May 09, 2014	4/4
Daniel Thelen Cologne, Program Manager Infrastructure at DB Netz AG, Frankfurt am Main (Independent Shareholder Representative)	(b) • E. Merck KG, Darmstadt, Germany ¹ (not listed)	Apr. 26, 2019	4/4
Simon Thelen² Cologne, Head of Hand Surgery, Department of Orthopedics and Trauma Surgery, University Hospital Düsseldorf (Independent Shareholder Representative)	(a) • Merck Healthcare KGaA, Darmstadt, Germany ¹ (not listed) (b) • E. Merck KG, Darmstadt, Germany ¹ (not listed)	Apr. 26, 2019	4/4

¹ Internal board position.

² Members delegated according to article 6 (5) of the Articles of Association.

The Supervisory Board performs a monitoring function. It supervises the Executive Board's management of the company. In comparison with the supervisory board of a German stock corporation, the role of the supervisory board of a corporation with general partners (KGaA) is limited. This is due to the fact that the members of the Executive Board are personally liable partners and therefore are responsible for the management of the company. In particular, the Supervisory Board is not responsible for appointing and dismissing general partners or for regulating the terms and conditions of their contracts. This is the responsibility of E. Merck KG. Nor does the Supervisory Board have the authority to issue rules of procedure for the Executive Board or a catalog of business transactions requiring approval. This authority likewise belongs to E. Merck KG (article 13 (3) sentence 1 and (4) sentence 1 of the Articles of Association).

However, the fact that the Supervisory Board has no possibilities to directly influence the Executive Board restricts neither its information rights nor its audit duties. The Supervisory Board must monitor the Executive Board in terms of legality, regularity, usefulness, and economic efficiency. In particular, the Supervisory Board has the duty to examine the reports provided by the Executive Board. This includes regular reports on the intended business policy, as well as other fundamental issues pertaining to corporate planning, especially financial, investment, and HR planning, the profitability of the Merck Group, and the course of business. The regular reports pertaining to Group Internal Auditing, risk management, the internal control system, and compliance are now received by the Audit Committee of the Supervisory Board. In addition, by means of consultation with the Executive Board, it creates the basis for supervision of the management of the company by the Supervisory Board in accordance with section 111 (1) AktG.

The Supervisory Board and the Audit Committee examine the Annual Financial Statements as well as the Consolidated Financial Statements and the Combined Management Report, taking into account the auditors report. Moreover, the Audit Committee discusses the quarterly statements and the half-year financial report, taking into account in the latter case the report of the auditor on the audit review of the abridged financial statements and the interim management report of the Group, and reports to the Supervisory Board. The adoption of the Annual Financial Statements is not the responsibility of the Supervisory Board, but of the General Meeting. The Supervisory Board and the Audit Committee normally meet four times a year. Further meetings may be convened if requested by a member of either the Supervisory Board or the Executive Board. As a rule, resolutions of the Supervisory Board are passed at meetings at the instruction of the Chairman. In exceptional cases a resolution may be passed by other means, details of which are given in the rules of procedure.

The members of the Board of Partners of E. Merck KG and of the Supervisory Board may be convened to a joint meeting if so agreed by the chairpersons of the two boards.

The Supervisory Board has adopted rules of procedure for its activities that are available on the company's website at www.merckgroup.com/company/who-we-are/management-and-company-structure/supervisoryboard/EN/Rules-of-Procedure-Supervisory-Board-EN.pdf.

The rules of procedure prescribe that the Supervisory Board may form committees. The Supervisory Board has formed a Nomination Committee comprising three shareholder representatives. Its members are Wolfgang Büchele (Chair), Helga Rübsamen-Schaeff, and Simon Thelen. The Nomination Committee is responsible for proposing to the Supervisory Board suitable candidates for its proposal to the Annual General Meeting. Apart from legal requirements and the recommendations of the German Corporate Governance Code, the "Objectives of the Supervisory Board with respect to its composition," "Profile of skills and expertise," and the "Diversity Policy" are to be taken into consideration as well. The Supervisory Board also established an Audit Committee in fiscal 2021 (further details can be found in the Report of the Supervisory Board). Owing to the aforementioned limited authority, and since a corresponding need has not yet arisen, the Supervisory Board in fiscal 2021 had no further committees.

The German Stock Corporation Act in the version currently applicable to the company states that the Supervisory Board and the Audit Committee of a publicly listed company must have at least one member who has professional expertise in accounting or auditing. As financial expert, Helene von Roeder has particular knowledge and experience of the application of reporting principles and internal controls, is familiar with auditing of financial statements. She is also the Chair of the Audit Committee of the company's Supervisory Board and the Finance Committee of the Board of Partners of E. Merck KG. A further provision of the German Stock Corporation Act requires that the members of the Supervisory Board be collectively familiar with the sector in which their company operates. This requirement is specifically addressed in the Supervisory Board's profile of skills and expertise, which stipulates that the Supervisory Board have at least four members who possess such knowledge of the sector. We currently meet this requirement (see also "Objectives of the Supervisory Board with Respect to Its Composition and Profile of Skills and Expertise").

Information on the independence of the shareholder representatives can be found under "Objectives of the Supervisory Board with Respect to its Composition and Profile of Skills and Expertise." The next self-assessment of the Supervisory Board is scheduled for 2022.

Board of Partners of E. Merck KG

Some of the responsibilities that lie with the supervisory board of a German stock corporation are fulfilled at Merck by E. Merck KG. This applies primarily to the Board of Partners of E. Merck KG. Therefore, the Board of Partners as well as the composition and procedures of its committees are described in the following.

The Board of Partners has nine members. The Board of Partners was composed as follows in fiscal 2021:

Member	Memberships of (a) statutory supervisory boards and (b) comparable German and foreign supervisory bodies of corporations
Johannes Baillou (Chairman of the Board of Partners) Vienna, Austria, Vice Chairman of the Executive Board and General Partner of E. Merck KG	No board positions
Simon Thelen (Vice Chairman of the Board of Partners since July 31, 2021) Cologne, Head of Hand Surgery, Department of Orthopedics and Trauma Surgery, University Hospital Düsseldorf	(a) • Merck KGaA, Darmstadt, Germany (listed) • Merck Healthcare KGaA, Darmstadt, Germany (not listed)
Wolfgang Büchele Römerberg, Chairman of Exyte GmbH, Stuttgart	(a) • Merck KGaA, Darmstadt, Germany (listed) • Gelita AG, Eberbach, Germany (Chairman) (not listed) (b) • Wegmann Unternehmens-Holding GmbH & Co. KG, Fürstenfeldbruck, Germany (Chairman) (not listed) • Kemira Oyj, Helsinki, Finland (listed) • KNDS NV, Amsterdam, Netherlands (not listed)
Michael Kleinemeier Heidelberg, Managing Director of e-mobiligence GmbH, Heidelberg	(a) • Merck KGaA, Darmstadt, Germany (listed) (b) • Transporeon GmbH, Ulm, Germany (not listed)
Katharina Kraft Mannheim, Senior Strategy Manager at BASF SE, Ludwigshafen	No board positions
Helene von Roeder Frankfurt am Main, Member of the Executive Board (CFO) of Vonovia SE, Bochum	(a) • Merck KGaA, Darmstadt, Germany (listed) (b) • Vonovia Finance B.V., Amsterdam, Netherlands (listed) • AVW Versicherungsmakler GmbH, Hamburg, Germany (not listed)
Helga Rübsamen--Schaeff Düsseldorf, Consultant	(a) • Merck KGaA, Darmstadt, Germany (listed) • Merck Healthcare KGaA, Darmstadt, Germany (Chair) (not listed) • 4SC AG, Martinsried, Germany (listed) • AiCuris Anti-Infective Cures AG, Wuppertal, Germany (listed)
Frank Stangenberg-Haverkamp Darmstadt, Chairman of the Executive Board and General Partner of E. Merck KG, Vice Chairman until July 30, 2021	(a) • Fortas GmbH, Rösrath, Germany (Chairman) (not listed) • Merck Healthcare KGaA, Darmstadt, Germany (not listed) (b) • Travel Asset Group Ltd., London, United Kingdom (Chairman) (not listed)
Daniel Thelen Cologne, Program Manager Infrastructure at DB Netz AG, Frankfurt am Main	(a) • Merck KGaA, Darmstadt, Germany (listed)

The Board of Partners supervises the Executive Board in its management of the company. It informs itself about the business matters of Merck KGaA and may inspect and examine the company's accounts, other business documents, and assets for this purpose. According to article 13 (4) of the Articles of Association of Merck KGaA, the Executive Board requires the approval of E. Merck KG for transactions that are beyond the scope of the Group's ordinary business activities. For such transactions, approval must first be obtained from the Board of Partners of E. Merck KG. The Board of Partners convenes as and when necessary; however, it normally meets four times a year. The members of the Executive Board of Merck KGaA are invited to all meetings of the Board of Partners, unless the Board of Partners resolves otherwise in individual cases. The members of the Board of Partners may convene a joint meeting with the Supervisory Board of Merck KGaA if so agreed by the chairpersons of the two boards.

The Board of Partners may delegate the performance of individual duties to committees. Currently, the Board of Partners has three committees in place: the Personnel Committee, the Finance Committee, and the Research and Development Committee.

Personnel Committee

The Personnel Committee has four members: Johannes Baillou (Chair), Wolfgang Büchele, Michael Kleinemeier, and Frank Stangenberg-Haverkamp. The Personnel Committee meets at least twice a year. Further meetings are convened as and when necessary. Meetings of the Personnel Committee are attended by the Chair of the Executive Board of Merck KGaA unless the Committee decides otherwise. The Personnel Committee is responsible for, among other things, the following decisions concerning members and former members of the Executive Board: contents and conclusion of employment contracts and pension contracts; granting of loans and salary advances; changes to the compensation structure and adaptation of compensation; approval for taking on honorary offices, board positions, and other sideline activities; and division of responsibilities within the Executive Board of Merck KGaA. The Personnel Committee passes its resolutions by a simple majority; in matters concerning the Chair of the Executive Board, unanimity is required. The Chairman of the Committee regularly informs the Board of Partners of its activities.

Finance Committee

The Finance Committee has five members: Helene von Roeder (Chair), Johannes Baillou, Wolfgang Büchele, Daniel Thelen, and Simon Thelen. The Finance Committee holds at least four meetings a year, some of which are joint meetings with the Audit Committee of the Supervisory Board of Merck KGaA. At least one meeting is a joint meeting with the auditor of Merck KGaA. Further meetings are convened as and when necessary. Meetings of the Finance Committee are attended by the Chief Financial Officer of Merck KGaA. Other members of the Executive Board of Merck KGaA may attend the meetings upon request of the Finance Committee. These meetings regularly include the Chair of the Executive Board. The Finance Committee is responsible for, among other things, analyzing and discussing the Annual Financial Statements, the Consolidated Financial Statements, and the respective reports of the auditor, as well as the half-year financial report and the quarterly statements. In addition, the Finance Committee addresses Merck's net assets, financial position, results of operations, and liquidity, as well as accounting issues. Upon request of the Board of Partners, the Finance Committee examines investment projects that must be approved by the Board of Partners and provides recommendations pertaining thereto. It passes its resolutions with a simple majority. The Committee Chairperson regularly informs the Board of Partners of the activities of the Finance Committee.

Research and Development Committee

The Research and Development Committee has four members: Helga Rübsamen-Schaeff (Chair), Johannes Baillou, Katharina Kraft, and Simon Thelen. The Research and Development Committee is convened as and when necessary, but holds at least two meetings a year. Meetings of the Research and Development Committee are attended by members of the Executive Board of Merck KGaA upon request of the Committee. These meetings regularly include the Chair of the Executive Board as well as the CEO Life Science, the CEO Healthcare, and the CEO Electronics. The Research and Development Committee is responsible for, among other things, reviewing and discussing the research activities of the Life Science, Healthcare, and Electronics business sectors. It passes its resolutions with a simple majority. The Chair of the Committee reports to the Board of Partners on the insights gained from the meetings.

Stipulations to promote the percentage of management positions held by women pursuant to section 76 (4) and section 111 (5) of the German Stock Corporation Act (AktG)

Stipulations pursuant to section 76 (4) AktG (target for the percentage of positions held by women on the two upper management levels below the Executive Board)

We foster diversity within the company, which also includes ensuring a balance of genders in management. To this end, we pursue both voluntary and legally required objectives, and we work continuously and sustainably on achieving them. As a global company with correspondingly aligned global (leadership) structures, we are striving to increase the proportion of management positions held by women (managers, experts, and project managers in roles 4 and above)¹ as a voluntary goal. We want to achieve gender parity by the end of 2030.

In addition, Merck KGaA is subject to the statutory obligations under section 76 (4) AktG. Against this background, on December 15, 2016, the Executive Board of Merck KGaA defined the targets for the percentage of positions held by women in Merck KGaA as 21% for the first management level and 26% for the second management level below the Executive Board. December 31, 2021, was set as the deadline for achieving these targets.

On December 31, 2021, the actual percentage of positions held by women at Merck KGaA was 35.5% at the first management level and 31.8% at the second management level. In other words, the successful appointment and promotion of women resulted in the target for the percentage of positions held by women being comfortably exceeded at both management levels.

On December 21, 2021, the Executive Board of Merck KGaA set the new targets to be achieved by December 31, 2024, as follows:

- First management level of Merck KGaA below the Executive Board: 35.5% of positions held by women, which corresponds to full headcounts
- Second management level of Merck KGaA below the Executive Board: 31.8% of positions held by women, which also corresponds to full headcounts

The first management level comprises all managers of Merck KGaA with a direct reporting line to the Executive Board of Merck KGaA or who belong to the Global Executive Group. The second management level comprises all managers of Merck KGaA who report to managers with a direct reporting line to the Executive Board of Merck KGaA or the Global Executive Group.

Stipulations pursuant to section 111 (5) AktG (target for the percentage of positions on the Supervisory Board held by women)

Pursuant to section 111 (5) AktG, the Supervisory Board of companies that are listed or subject to codetermination stipulates binding targets for the percentage of positions on the Supervisory Board and on the Management Board held by women. However, Merck KGaA is not required to set stipulations pursuant to section 111 (5) AktG for the following reasons: The statutory target of 30% pursuant to section 96 (2) AktG is already applied to the Supervisory Board of Merck KGaA; this eliminates the obligation to stipulate a further target for the percentage of positions held by women on the Supervisory Board (see section 111 (5) sentence 5 AktG). In turn, the obligation to stipulate a target for the percentage of positions held by women on the Executive Board pursuant to section 111 (5) AktG and the minimum composition requirement for the Executive Board pursuant to section 76 (3a) AktG are not applicable to the legal form of a corporation with general partners (Kommanditgesellschaft auf Aktien), as a corporation with general partners neither has a management

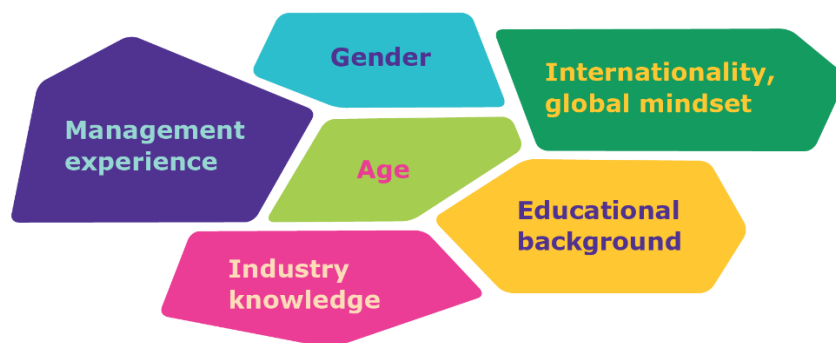
¹ The group in question accounts for around 7% of the total workforce; see the description of "Diversity and management".

board comparable to that of a stock corporation, nor does the Supervisory Board have personnel authority over the Executive Board. Rather, the Executive Board of Merck KGaA consists of personally liable general partners (see also the description of Supervisory Board procedures). In line with its diversity policy, however, Merck also continues to pursue representation of both genders as an objective for the Executive Board.

Diversity policy pursuant to section 289f (2) No. 6 of the German Commercial Code (HGB)

Merck is pursuing a Group-wide, global diversity program. At Merck, diversity stands for a culture of inclusion, mutual esteem, and respect. To demonstrate this open and dynamic company culture, we promote diversity throughout the Group – and do so at all levels, including the Executive Board and Supervisory Board.

We believe that a diverse workforce boosts the innovative strength of the Merck Group and contributes materially to our business success. That is why we are furthering a culture of diversity independent of age, gender, disability, ethnic or cultural background, religion, industry experience, and educational background. The diversity policy to strategically steer the topics of diversity and inclusion at Merck thus focuses on the following key criteria:



Our Group-wide diversity policy encompasses both voluntary as well as legally defined objectives that we continuously and sustainably work to achieve. In this context, it should be noted that with respect to the Executive Board of Merck KGaA, many rules can only be applied correspondingly. This is because the Executive Board comprises personally liable general partners of Merck KGaA and is not a management board with employed members of a corporate body (for details, please also see the "Joint Report of the Executive Board and the Supervisory Board").

In addition to the aspects presented in the following, reference is made to the objectives of the Supervisory Board with respect to its composition and the profile of skills and expertise of the Supervisory Board (see the information on the "Objectives of the Supervisory Board with respect to its composition and profile of skills and expertise"). The statements made there are part of the diversity policy for the Supervisory Board presented here.

Age

Our boards are to have a balanced age structure. This permits future-oriented and consistent succession planning and is a key element of sustainable company management and monitoring. Maximum age limits apply to both boards. A maximum age of 70 applies to members of the Executive Board, while the standard age limit for Supervisory Board members is 75. Our diversity policy aims for an age range of at least ten years between the youngest and the oldest member of the respective board.

With an age range of over 35 years, the current composition of the Supervisory Board satisfies this objective. The age range of the Executive Board is currently eight years.

Gender

Gender diversity also plays a crucial role since it enables us to benefit from a larger talent pool, and allows us as a company to develop a better understanding of important customer groups.

Additionally, Merck continues to pursue representation of both genders as an objective for the Executive Board. The Board of Partners of E. Merck KG appointed Belén Garijo, former CEO of Healthcare and Vice Chair of the Executive Board, as the new Chair of the Executive Board effective May 1, 2021, making it the first time a woman has been appointed to these positions. The statutory target of 30% pursuant to section 96 (2) AktG already applies to the Supervisory Board of Merck KGaA and is currently met.

Internationality and global mindset

As a science and technology company with global operations and major markets on five continents with around 59,000 employees¹ at locations in 66² countries, internationality and the associated global mindset is one of our key success factors. According to our diversity policy, the Executive Board's internationality derives from leadership experience or national origin, relative to our key sales markets or those locations that are organizationally and culturally relevant to our employee development efforts. For both criteria, Europe, North America, and Asia-Pacific are currently the key regions.

The Executive Board meets this objective with management experience in the named regions, e.g., in the following countries: Denmark, Spain, the United States, Singapore, and Malaysia. In addition, more than one-third of the Executive Board members are not German citizens.

Management experience

The key prerequisites for high-performance leadership teams are both the diversity of the individual competency profiles and a balance between a Group-internal and external management perspective. Therefore, the Executive Board as a whole must have in-depth knowledge and experience in the following key areas of importance to the company: strategy and planning, finance and accounting, sales and operations, human resources, legal and compliance, and information technology, as well as ecological and social sustainability. In addition, it is important for the composition of the Executive Board to ensure a good balance of members from within and outside the company. Our diversity policy seeks to derive inspiration and innovation from outside the company and to identify the latest trends of relevance to the core businesses of the company, while ensuring sustainability and continuity in line with our corporate culture.

The current Executive Board fulfills both of the aforementioned objectives: All required aspects of the competency profile are covered by at least one member of the Executive Board. Likewise, two members of the

¹ Merck also has employees at sites that are not fully consolidated subsidiaries. These figures refer to all people directly employed by Merck and therefore may deviate from figures in the financial section of this report.

² Each country with at least one active employee is included as a separate country.

Executive Board possess multiple years of experience working within the Merck Group prior to their appointment to the Executive Board.

Industry experience

To efficiently lead and manage the Group, the Executive Board must have in-depth knowledge of the key industries and business sectors that the company operates in. For each of the areas Life Science, Healthcare, and Electronics, there should be at least one member of the Executive Board with in-depth expertise in accordance with the diversity concept.

The Executive Board covers the full range of the necessary industry experience.

Educational background

In order to translate the tremendous innovative potential of a science and technology company into sustainable business success, interdisciplinary educational backgrounds are a key element of our diversity policy both for the Executive Board and for the Supervisory Board. The current composition of both boards illustrates this interdisciplinary aspect to a very high degree.

The members of the Executive Board contribute knowledge of various fields including economic sciences, medicine (pharmacology, physical education), information technology, and electrical engineering. In addition, the majority of members of the Executive Board hold a university and doctorate degree.

Moreover, the members of the Supervisory Board have a background in one or more of the following fields of specialization: chemistry, pharmaceuticals, mathematics, law, human medicine, business administration and economics, physics, education, and computer sciences, among others.

Seven Supervisory Board members are university graduates and hold doctorates.

Report of the Supervisory Board

The Supervisory Board again properly executed its duties in 2021 in accordance with the law as well as the company's Articles of Association and rules of procedure. In particular, the Supervisory Board monitored the work of the Executive Board diligently and regularly.

Cooperation with the Executive Board

The cooperation with the Executive Board was characterized by intensive, trustworthy exchange. During fiscal 2021, the Executive Board provided the Supervisory Board with regular written and verbal reports on the business development of Merck KGaA and the Merck Group. In particular, the Supervisory Board was informed about the current and potential impact of the Covid-19 pandemic, the market and sales situation of the company against the background of macroeconomic development, and the financial position of the company and its subsidiaries, along with their earnings development and corporate planning. Within the scope of quarterly reporting, the sales and operating results were presented for the Merck Group as a whole, and broken down by business sector. Aside from the Supervisory Board meetings, the Chairman of the Supervisory Board also maintained, and continues to maintain, a regular exchange of information with the Chair of the Executive Board.

Key topics of the Supervisory Board meetings

Four Supervisory Board meetings were held in fiscal 2021. At these meetings, the Supervisory Board intensely discussed the reports of the Executive Board as well as, together with the Executive Board, company developments and strategic issues. The Chair of the Audit Committee reported comprehensively on the previous meetings of the Audit Committee at all the meetings of the Supervisory Board (starting with the first regular meeting following its establishment in May 2021).

At the meeting in February 2021, which was held as a video conference due to the ongoing Covid-19 pandemic, the Executive Board first intensively addressed the Annual Financial Statements and Consolidated Financial Statements for 2020, the Combined Management Report, the reports of the auditor, including the audit report on the non-financial declaration for fiscal 2020, and the proposal for the appropriation of net retained profit. The auditor explained the audit reports including the focus areas of the audit. The Executive Board and the Head of Group Accounting reported on the financial statements. Furthermore, the Supervisory Board resolved upon the report and the objectives of the Supervisory Board with respect to its composition and the profile of skills and expertise, the Declaration of Conformity with the German Corporate Governance Code, and the Statement on Corporate Governance. The Supervisory Board also adopted the proposals to be made to the Annual General Meeting and approved the plan to again hold the Annual General Meeting in virtual form in light of the ongoing Covid-19 pandemic. The Executive Board reported on business performance in 2020 and presented the plans for fiscal 2021 as well as the positive expectations for Merck's global business even in light of the Covid-19 pandemic, which it discussed in detail with the Supervisory Board. The Supervisory Board also took note of the written risk report. The Head of Group Internal Auditing presented the report from Group Internal Auditing for 2020. No risks that could threaten the continued existence of the company were identified. The annual data protection and compliance report for 2020 was also presented. Furthermore, the Supervisory Board resolved the establishment of an Audit Committee with immediate effect (further details can be found under "[Committees](#)" below). The meeting also heard a report on the status of the enterprise resource planning (ERP) project in Darmstadt. Finally, the meeting resolved the formal amendment of the Articles of Association of Merck KGaA to reflect the departure of the Chairman of the Executive Board, Stefan Oschmann, the appointment of Belén Garijo as the new Chair of the Executive Board, and the appointment of the two new Executive Board members, Peter Guenter and Matthias Heinzl.

The meeting in May 2021, which was held as a video conference due to the ongoing Covid-19 pandemic, focused on the report of the Executive Board on business performance in the first quarter and the updated forecast for fiscal 2021. The Executive Board discussed developments in the first quarter of 2021 and provided an outlook concerning the expected business performance in 2021 as a whole. The Supervisory Board extensively discussed the contributions of the individual business sectors to the positive financial performance. The report of the Research and Development Committee of the Board of Partners of E. Merck KG for Life Science/Electronics was a further focus of the meeting. Finally, the Supervisory Board discussed the topic of sustainability and the fact that this has become a strategic priority for the company and a critical factor in its success.

At the meeting in July 2021, the Executive Board first reported on the positive business performance in the second quarter of 2021 and how this should be viewed compared with the previous year and in the context of the ongoing Covid-19 pandemic. The EU Chemicals Strategy was discussed at the meeting. The Supervisory Board also resolved to commission the auditor to conduct a limited assurance review of the non-financial declaration for fiscal 2021. Finally, the Supervisory Board resolved, on the basis of the recommendation by the Audit Committee and in accordance with its preference, to propose to the Annual General Meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be elected as the auditor of the Annual Financial Statements of the Merck Group for fiscal 2023 and the auditor responsible for conducting the audit review of the abridged financial statements and interim management report included in the half-year financial report as of June 30, 2023.

At its fourth meeting in November 2021, the Supervisory Board first dealt with the report of the Executive Board on the third quarter of 2021. The Executive Board explained the very positive business performance, even compared with the strong prior-year quarter, and the raised forecast for fiscal, which had exceeded the expectations of the capital market. The background of the positive business performance was then discussed in detail by the Supervisory Board. Other topics discussed included the report by the Research and Development Committee for Healthcare and Merck KGaA's transactions with related parties within the meaning of section 111a et seq. AktG. In the previous year, a procedure was established to regularly assess whether the conditions of section 111a (2) sentence 1 AktG have been met for such transactions. There were no transactions requiring the approval of the Supervisory Board in accordance with section 111b (1) AktG. The Global Executive Conference was also discussed.

In parts of its meetings, the Supervisory Board regularly meets without the members of the Executive Board being present. Additionally, the employee representatives gather for a preparatory meeting ahead of each Supervisory Board meeting. The employee representatives also gather immediately after each Supervisory Board meeting to discuss the topics addressed at the meeting. Among other things, this includes a discussion of which topics should be placed on the agenda for the next Supervisory Board meeting.

Annual Financial Statements

The Annual Financial Statements of Merck KGaA, the Consolidated Financial Statements of the Merck Group, and the Combined Management Report for Merck KGaA and the Merck Group, including the accounts, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

The auditors issued an unqualified audit opinion on the Annual Financial Statements of Merck KGaA in accordance with German Auditing Standards.

For the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards and for the Combined Management Report, the auditors issued the unqualified auditor's report reproduced in the Annual Report of the Merck Group.

In addition, the auditor audited the calculation of Merck KGaA's participation in the profit of E. Merck KG in accordance with article 27 (2) of the Articles of Association, as well as the separate combined non-financial (Group) report. The Annual Financial Statements of Merck KGaA, the Consolidated Financial Statements of the Merck Group, and the Combined Management Report for Merck KGaA and the Merck Group, including the non-

financial declaration and the proposal of the Executive Board for the appropriation of net retained profit, were submitted firstly to the Audit Committee and then to the Supervisory Board together with the auditor's reports.

The Audit Committee examined the Annual Financial Statements of Merck KGaA, the proposal for the appropriation of net retained profit, and the auditor's report. It also examined the Consolidated Financial Statements of the Merck Group as well as the Combined Management Report for Merck KGaA and the Merck Group, including the non-financial declaration, and took note of the auditor's reports of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin. It focused particularly on the key audit matters of particular importance in the audit opinion, on the resulting risks for the financial statements, the approach adopted during the audit as described, and the conclusions drawn by the auditor. On completion of its examination, the Audit Committee raised no objections and thus recommended that the Supervisory Board approve the Annual Financial Statements for Merck KGaA, the Consolidated Financial Statements of the Merck Group, the Combined Management Report of Merck KGaA and the Merck Group prepared by the Executive Board, and the report presented by the auditor in accordance with article 27 (2) of the Articles of Association.

At its meeting in February 2022 to approve the financial statements, the Supervisory Board also examined the Annual Financial Statements of Merck KGaA, the proposal for the appropriation of net retained profit, the auditor's report presented in accordance with article 27 (2) of the Articles of Association, the Consolidated Financial Statements of the Merck Group, and the Combined Management Report of Merck KGaA and the Merck Group in accordance with article 14 (2) of the Articles of Association, and took note of the auditor's reports of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin. The discussion of the relevant agenda item at this meeting was also attended by the auditors who sign the audit opinion on the Annual Financial Statements of Merck KGaA and the Consolidated Financial Statements of the Merck Group. The auditors also reported on their audit at this meeting as well as in the meeting of the Audit Committee. Based on the recommendation of the Audit Committee and its own review, the Supervisory Board approved the Annual Financial Statements for Merck KGaA, the Consolidated Financial Statements of the Merck Group, the Combined Management Report of Merck KGaA and the Merck Group prepared by the Executive Board, and the report presented by the auditor in accordance with article 27 (2) of the Articles of Association. The Supervisory Board gave its consent to the proposal of the Executive Board for the appropriation of net retained profit after conducting its own review.

Corporate governance and Declaration of Conformity

Corporate governance is a topic of high priority for the Supervisory Board. We take investor suggestions on this matter extremely seriously. In its own estimation, the Supervisory Board has an adequate number of independent members. There were no conflicts of interest, as defined by the German Corporate Governance Code, involving Supervisory Board members during the year under review. In fiscal 2021, the Chairman of the Supervisory Board was prepared to hold talks with investors on topics pertaining to the Supervisory Board as appropriate, and remains willing to do so. The Chairman of the Supervisory Board conducted an investor discussion with Schroders Investment Management on the Executive Board compensation system in fiscal 2021. No other discussions were requested by investors. Following the most recent self-assessment in fiscal 2020, the next self-assessment of the Supervisory Board is scheduled to take place in fiscal 2022.

After discussing corporate governance issues in detail, the Executive Board and the Supervisory Board adopted the updated Declaration of Conformity in accordance with section 161 AktG and issued it jointly in February 2022. The statement is permanently available on the website of Merck KGaA (www.merckgroup.com/en/investors/corporate-governance/reports.html). More information about corporate governance at Merck KGaA, including the compensation of the Executive Board and Supervisory Board, is given in the Statement on Corporate Governance of the Annual Report.

Committees

Apart from the Nomination Committee and the Audit Committee, the Supervisory Board of Merck KGaA did not have any further committees in fiscal 2021 on account of the special features that apply to the Supervisory Board of a corporation with general partners (KGaA) under German company law, and because a corresponding need for this has not emerged to date. The members of the Nomination Committee did not convene in fiscal 2021.

In February 2021, the Supervisory Board established an Audit Committee comprising three shareholder representatives and three employee representatives. The members of the Audit Committee are Helene von Roeder (Chair), Wolfgang Büchele, Edeltraud Glänzer, Sascha Held, Christian Raabe, and Daniel Thelen. The Audit Committee meets four times a year. Further meetings are convened as and when necessary. The Audit Committee is generally responsible for accounting and auditing matters. In particular, its responsibilities include examining the Annual Financial Statements and Consolidated Financial Statements and the respective reports of the auditor, the half-year financial report, and the quarterly reports. It also reviews the performance of the auditing firm, particularly the auditor in charge of the engagement. It prepares the negotiations and resolutions of the Supervisory Board on the approval of the Annual Financial Statements and Consolidated Financial Statements and the proposal to the Annual General Meeting on the election of the auditor. The adoption of the Annual Financial Statements is not the responsibility of the Audit Committee or the Supervisory Board, but of the General Meeting. The Audit Committee also ascertains the independence of the auditor, assigns the audit mandate to the auditor, and determines the focus areas of the audit and the fee agreement. Furthermore, the Audit Committee monitors the accounting process, the effectiveness of the internal control system, the risk management system, the internal auditing system, and compliance. The Chair of the Audit Committee and the auditor also engage in a regular dialog outside of the meetings of the Audit Committee.

At its first regular meeting in May 2021, the Audit Committee primarily addressed the selection process for the new auditor. The results of an intensive preliminary assessment by the company based on objective, predefined criteria for selection were discussed in detail by the Audit Committee, and the shortlisted candidates were given the opportunity to present themselves at length in person. Ahead of the meeting, all candidates had been given extensive opportunities to present themselves to the company and outline their plans in the event of being selected as the auditor. The candidates were then discussed in detail. The Chair of the Executive Board and the Chief Financial Officer subsequently presented the report on the net assets, financial position, and results of operations of the Merck Group for the first quarter of 2021, which the Audit Committee then discussed.

The meeting in July 2021 again focused on the selection recommendation in connection with the mandatory change of auditor. The system for deciding on the auditor was addressed. This was followed by a final discussion of the results of the assessment model and the presentation of the remaining candidates. Based on this discussion, the Audit Committee resolved a recommendation that the Supervisory Board propose to the Annual General Meeting the election of either one of the two remaining candidates as the auditor of the Annual Financial Statements of the company and the Consolidated Financial Statements of the Merck Group for fiscal 2023. The Audit Committee stated and explained to the Supervisory Board its preference that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, one of the two remaining candidates, be proposed to the Annual General Meeting as the auditor of the Annual Financial Statements and Consolidated Financial Statements for fiscal 2023. The Chief Financial Officer and the Head of Group Accounting subsequently presented the report on the net assets, financial position, and results of operations of the Merck Group for the second quarter of 2021, which the Audit Committee then discussed. The auditor presented its half-year financial report. Another focal point of the meeting was the resolution of the list of audit and non-audit services to be performed by the auditor up until the end of 2021. The system for monitoring the performance of non-audit services, which is to be introduced effective January 1, 2022, in light of the new and more stringent statutory regulations arising from the German Act to Strengthen Financial Market Integrity (FISG), was then discussed and adopted. The risk management status report was presented and discussed.

At the meeting in November 2021, the Chief Financial Officer and the Head of Group Accounting reported on the net assets, financial position, and results of operations of the Merck Group in the extremely successful third quarter of 2021. The Audit Committee then extensively discussed the report on the third quarter. The meeting then reviewed the contractual terms for the annual audit of the financial statements and evaluated the audit of the financial statements, the audit fees, and the contractual terms following an extensive presentation by the Head of Group Accounting. Finally, the planning for the audit of the financial statements as of December 31, 2021, was discussed with the auditor. The company's internal control system was a further topic of discussion. It was reported that the internal control system had been fundamentally revised and subjected to an external audit by an auditing firm. Finally, the report on Group Internal Auditing and compliance and data protection was presented.

Personnel matters and training

With one exception, all the Supervisory Board meetings were attended by all Supervisory Board members. Jürgen Glaser excused himself from attending the meeting in July 2021. The members of the Audit Committee attended all meetings of the Audit Committee. There were no changes to the composition of the Supervisory Board in fiscal 2021.

The members of the Audit Committee participated in a two-day training session organized by the company in conjunction with the Frankfurt School of Finance & Management on the responsibilities and obligations of an audit committee and on the subject of finance. The members of the Supervisory Board participated in a one-day training session on accounting and balance sheet analysis. The cost of the training was borne by the company.

Darmstadt, February 2022

The Supervisory Board of Merck KGaA

Wolfgang Büchele
Chairman

Objectives of the Supervisory Board with respect to its Composition and Profile of Skills and Expertise

Initial situation

According to recommendation C. I of the German Corporate Governance Code in the version dated December 16, 2019, the Supervisory Board shall specify concrete objectives regarding its composition as well as prepare a profile of skills and expertise for the entire board. In its composition, the Supervisory Board shall take into account the number of independent members, consider the principle of diversity, specify an age limit, and disclose the term of Supervisory Board membership.

General notes on the composition of the Supervisory Board

The Supervisory Board of Merck KGaA currently comprises 16 members, eight of whom represent the shareholders and a further eight who represent the employees. The eight employee representative members are elected by employee delegates pursuant to the provisions of the German Co-determination Act (Mitbestimmungsgesetz, MitbestG). These consist of six company employees, including a senior executive, as well as two union representatives. The Supervisory Board has no statutory proposal right with respect to electing the delegates or employee representatives. Two of the eight shareholder representatives are specified by a delegation right of E. Merck Beteiligungen KG. The Supervisory Board likewise has no statutory proposal right with respect to exercising this delegation right. The other six shareholder representatives are elected by the General Meeting. In accordance with section 124 (3) sentence 1 AktG, the Supervisory Board shall propose Supervisory Board members to the General Meeting for election. These proposals require a majority of the votes of the shareholder representative members of the Supervisory Board. The next scheduled election to the Supervisory Board shall take place at the 2024 Annual General Meeting. The General Meeting is not required to follow the election proposals. The appointment objectives and competency requirements that the Supervisory Board sets forth below therefore do not represent requirements to be met by those eligible to elect or to delegate members. Instead, they are intended to express the objectives pursued by the Supervisory Board in office with regard to its advisory and monitoring functions.

For the Supervisory Board of Merck KGaA, professional qualifications and personal expertise are the two most important prerequisites for appointments to seats on the Supervisory Board. When proposing Supervisory Board candidates for election or delegation, the Supervisory Board will always give top priority to these prerequisites, which are essential for fulfilling its legal duties. Overall, the Supervisory Board's policy is to optimally meet its monitoring and advisory duties by having diversity among its members. Diversity includes, in particular, internationality as well as different experience backgrounds and career paths. The proportion of women on the Supervisory Board is also considered to be an aspect of diversity. When preparing proposals for election or delegation to the Supervisory Board, the Supervisory Board shall consider in each case to what extent different, complementary specialist skills; professional and life experience; and an appropriate representation of both genders benefit the work of the Supervisory Board. Additionally, the Supervisory Board shall support the Executive Board in its efforts to increase diversity within the company.

Objectives of the Supervisory Board with respect to its composition

According to recommendation C. I of the German Corporate Governance Code in the version dated December 16, 2019, the Supervisory Board specified the following objectives regarding its composition, and reports below on their status of implementation.

Internationality

The Supervisory Board shall have at least three members with business experience in the main sales markets of Merck KGaA. Currently, the main sales markets of Merck KGaA are Europe, America, and Asia-Pacific. The present composition of the Supervisory Board satisfies this objective. More than three Supervisory Board members have entrepreneurial experience in a wide range of European countries. More than three Supervisory Board members have experience in management positions in companies that operate globally.

Women on the Supervisory Board

Six women are currently members of the Supervisory Board of Merck KGaA. Accordingly, women make up 37.5% of the Supervisory Board. When nominating candidates for election to the Supervisory Board or making proposals for delegations, the Supervisory Board shall examine whether the percentage of women can be increased by suitable candidates. The Supervisory Board considers the 37.5% share of female members to be satisfactory at the present time. This is due to the percentage of women in leadership positions at Merck and in consideration of the composition of the supervisory boards of other companies of comparable size.

Independence

The Supervisory Board shall have an appropriate number of independent shareholder representatives as members. In any case, at least five of the shareholder representatives on the Supervisory Board shall be independent. According to the Articles of Association of Merck KGaA, six members representing the shareholders are to be elected by the General Meeting, and two members are to be delegated. Taking this and the special ownership structure of Merck KGaA into account, the shareholder representatives consider five shareholder representatives to be an appropriate number of independent members. In the opinion of the shareholder representatives, the objectives concerning independent members are met at the present time. The shareholder representatives consider the following members to be independent: Wolfgang Büchele, Michael Kleinemeier, Renate Koehler, Peter Emanuel Merck, Helene von Roeder, Helga Rübsamen-Schaeff, Daniel Thelen, and Simon Thelen. In particular, the shareholder representatives do not believe that membership of the Board of Partners of E. Merck KG conflicts with independence. The Board of Partners exists complementary to the competencies and the activities of the Supervisory Board. It is not to be expected that this will lead to material and not merely temporary conflicts of interest. It should also be taken into account that due to its substantial capital investment and unlimited personal liability, E. Merck KG has a strong interest in the businesses of Merck KGaA operating efficiently and in compliance with procedures, counteracting from the outset conflicts of interest between E. Merck KG and Merck KGaA and thus also corresponding conflicts of interest between the members of the respective corporate boards.

No material conflicts of interest

Moreover, no one shall be proposed for election to the Supervisory Board who simultaneously serves on a board of or advises a major competitor of the company, or who, owing to another function, such as advisor to major contract partners of the company, could potentially become involved in a conflict of interest. No Supervisory Board member serves on a board of or advises a major competitor. No Supervisory Board member performs a function that could lead to a lasting conflict of interest.

Age limit

As a rule, the members of the Supervisory Board shall not exceed the age of 75. This objective is met at the present time.

Regular limit on the length of Supervisory Board membership

The objective of the Supervisory Board regarding its composition is that, as a rule, all members belong to the board for an uninterrupted period of no more than 15 years (corresponding to three regular terms of office). This objective is also met at the present time. The length of membership of the Supervisory Board members is set out in the Statement on Corporate Governance in the “Procedures of the Executive Board, Supervisory Board, Board of Partners, and its Committees” section.

Profile of skills and expertise

Additionally, in accordance with recommendation C. I of the German Corporate Governance Code in the version dated December 16, 2019, the Supervisory Board has prepared a profile of skills and expertise and reports on the status of implementation below.

In-depth knowledge of the fields relevant to the company

The Supervisory Board shall have at least four members with in-depth knowledge of and experience in fields that are important to the company, including at least one expert for the Life Science and Healthcare/Electronics business sectors respectively. This requirement is met at the present time. At present, the Supervisory Board has more than four members who have in-depth knowledge of and experience in the Life Science and Healthcare/Electronics business sectors. More than four Supervisory Board members also have executive experience in companies that also or specifically operate in the Life Science and Healthcare/Electronics business sectors.

Management experience

The Supervisory Board shall have at least three members who have experience in managing or supervising a medium- or large-sized company. The Supervisory Board has more than three members who have the corresponding experience. They include Supervisory Board members who were or still are members of the management or executive board at relevant companies, as well as Supervisory Board members who have gained experience in supervisory bodies of German or foreign companies of this size.

Knowledge of business administration

The Supervisory Board must have at least four members who have in-depth knowledge of business administration and at least one member who has professional expertise in accounting or auditing. This requirement is met at the present time.

Experience in other supervisory or control bodies

Lastly, the Supervisory Board shall have at least four members who have experience as members of other supervisory or control bodies (whereby possible membership of the Board of Partners of E. Merck KG is not taken into account). This requirement is also met at the present time.