

Compensation Report

This compensation report describes the structure and application of the compensation system for the Executive Board of Merck KGaA, Darmstadt, Germany, in the 2021 fiscal year. It provides a transparent overview of the relationship between compensation and performance, and presents the compensation awarded or due to the members of the Executive Board and the Supervisory Board in the 2021 fiscal year. The compensation report has been jointly prepared by the Supervisory Board and the Executive Board in accordance with the provisions of section 162 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code in the version dated December 16, 2019. It has formally and materially been audited by KPMG AG Wirtschaftsprüfungsgesellschaft in line with the requirements of section 162 (3) AktG as part of the combined management report. The compensation report and the corresponding audit opinion as part of the audit opinion on the annual financial statements of Merck KGaA, Darmstadt, Germany, can be found on our website.

The legislation and regulations relating to the compensation report are geared toward the situation at a German stock corporation ("Aktiengesellschaft" or "AG") and do not take into consideration the special characteristics of a corporation with general partners ("Kommanditgesellschaft auf Aktien" or "KGaA"), such as our company. 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). Unlike the management board members of an AG, the members of the Executive Board of our company are personally liable partners of both Merck KGaA, Darmstadt, Germany, and the general partner E. Merck KG, Darmstadt, Germany, and not merely employed members of a corporate board. Given the structural differences between an AG and a KGaA, several recommendations of the German Corporate Governance Code apply to a KGaA only in a modified form.

Review of the 2021 fiscal year

In fiscal year 2021, the Group demonstrated great strength in a challenging market environment. All three business sectors, Life Science, Healthcare and Electronics, reported organic sales growth. Despite challenging conditions due to the pandemic, we succeeded yet again in avoiding significant disruptions to our supply chains and operations while at the same time, the safety of our global workforce continued to be our top priority.

In the Life Science business sector, our products and services enabled our customers worldwide to excel in areas such as scientific research and biotechnological manufacturing. Our capacity was expanded in bioprocessing and targeted acquisitions were made to broaden the portfolio. In addition, the Life Science business saw strong demand in both its core business and in dealing with the Covid-19 pandemic.

In the Healthcare business sector, in addition to strengthening the business with established products, the focus was on research for and development of specialty medicines. The approval of Tepmetko® is particularly noteworthy in this regard. In addition, there was significant growth in the immuno-oncology area in connection with the drug Bavencio® and in the therapeutic areas of neurology and immunology mainly through Mavenclad®.

The Electronics sector benefited from strong customer demand especially in the semiconductor industry. In light of the strong business performance, the completion of the Bright Future transformation program, originally scheduled for five years, was achieved — two years earlier than planned. At the same time, the new "Level Up" growth program was launched. This is intended to exploit the growth opportunities associated with the significant increase in global demand for innovative semiconductor and display materials. In addition to considerable ongoing investment in research and development (R&D), the global presence of the Electronics business was further significantly expanded. It was decided to build or expand R&D and production facilities in all relevant regions including China, Korea, Taiwan, Japan, the United States and Germany close to our customers.

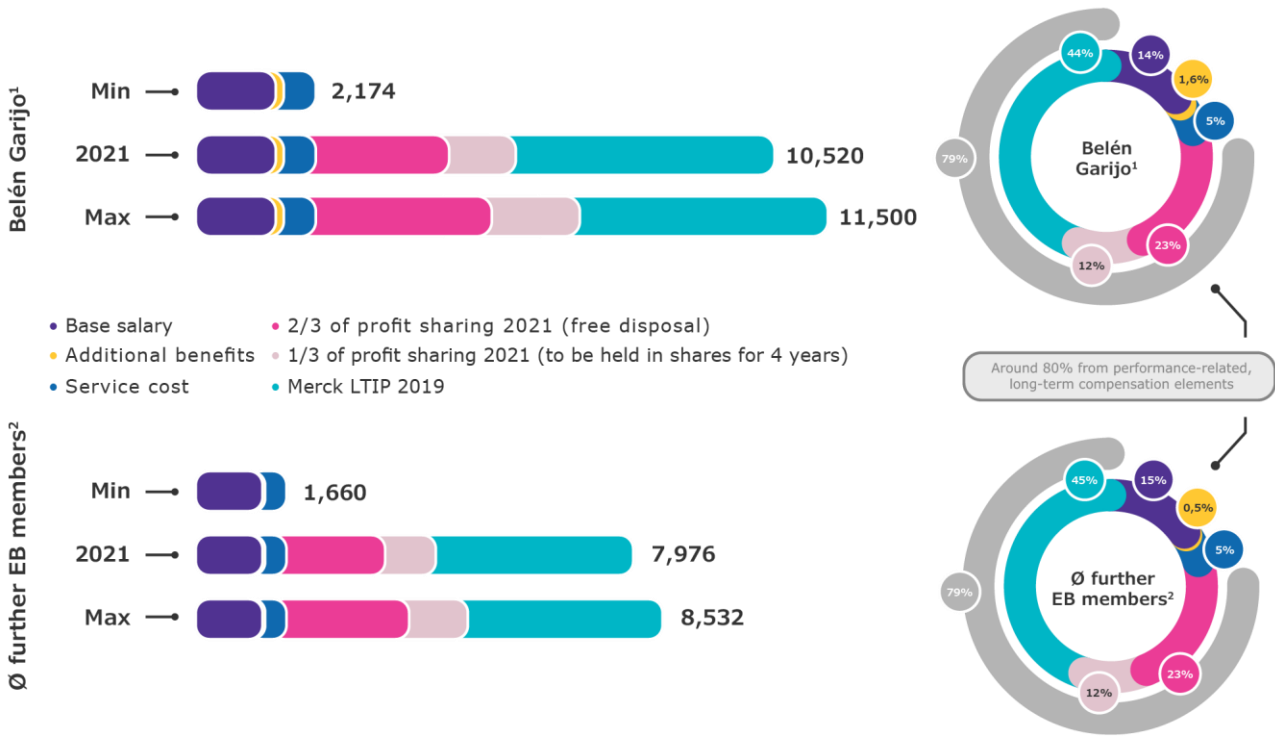
As a result, a large number of milestones were achieved across the business units in 2021. What we are doing in the area of sustainability has been intensified in all business sectors and group functions, e.g., in the R&D areas but also in the purchasing, finance and strategy units. We aim to develop products that create sustainable added value for society, for example via circular economy approaches. We also want to embed sustainability in all our value chains and have started a supplier decarbonization program in fiscal 2021. To further reduce our resource consumption, new greenhouse gas emissions and water consumption reduction targets were set in 2021, and we have applied to join the Science Based Targets Initiative. These targets underpin our ambitious sustainability strategy, which we unveiled at the end of 2020. The implementation of the sustainability strategy was further supported by the development of key performance indicators and a sustainability factor for compensation of the Executive Board.

Additionally, the year was characterized by personnel changes in the Executive Board. After a decade of successful service on the Executive Board, Stefan Oschmann left the company as planned to pursue other opportunities. Belén Garijo, a highly experienced and internationally recognized manager, took over as Chair of the Executive Board. She has been with our company since 2011 and has been a member of the Executive Board since 2015. In addition, the Executive Board was strengthened with two internationally experienced managers. Peter Guenter has assumed responsibility for the Healthcare sector while Matthias Heinzl is now in charge of the Life Science sector.

Following the entry into force of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the reformed GCGC, the compensation system for the Executive Board was adjusted with effect from January 1, 2021. The detailed compensation system is published on our website. The adjusted compensation system was approved at the Annual General Meeting 2021 with a voting result of 87.08% . The compensation system for the Supervisory Board was also presented at the 2021 Annual General Meeting and approved with 99.64%.

Compensation for fiscal year 2021 – Summary

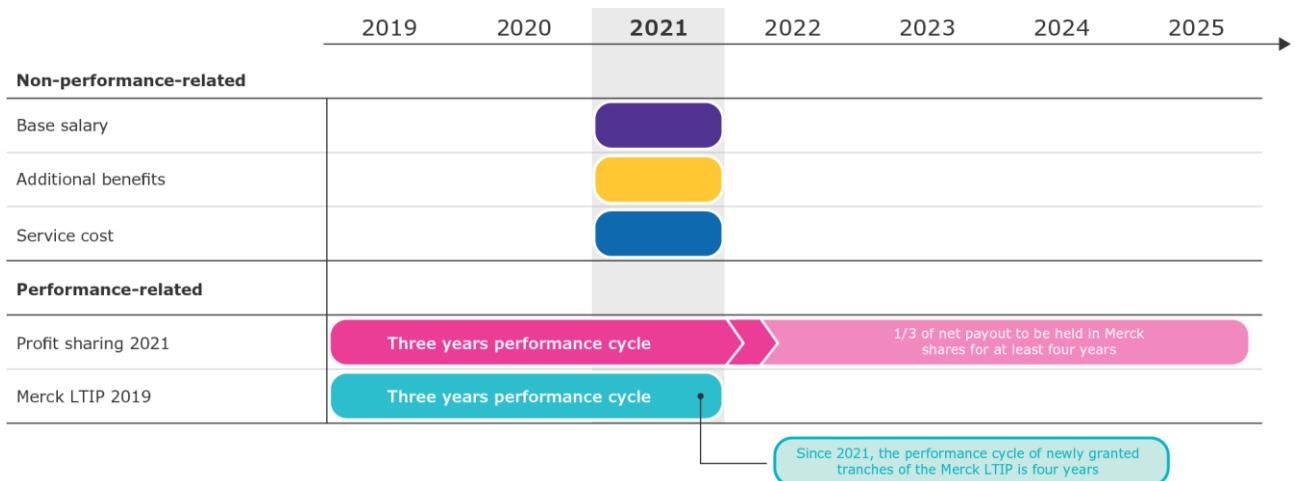
Summary of the compensation for the Executive Board members' performance up to December 31, 2021 – voluntary disclosure



¹ Belén Garijo is Chair of the Executive Board since May 1, 2021.

² In the calculation of the average compensation of the further members of the Executive Board (EB), the compensation of Kai Beckmann and Marcus Kuhnert are taken into account. Peter Guenter and Matthias Heinzl joined the Executive Board in the fiscal year 2021 and therefore did not receive any compensation from the LTIP 2019. Taking their compensation into account would therefore lead to a distorted presentation.

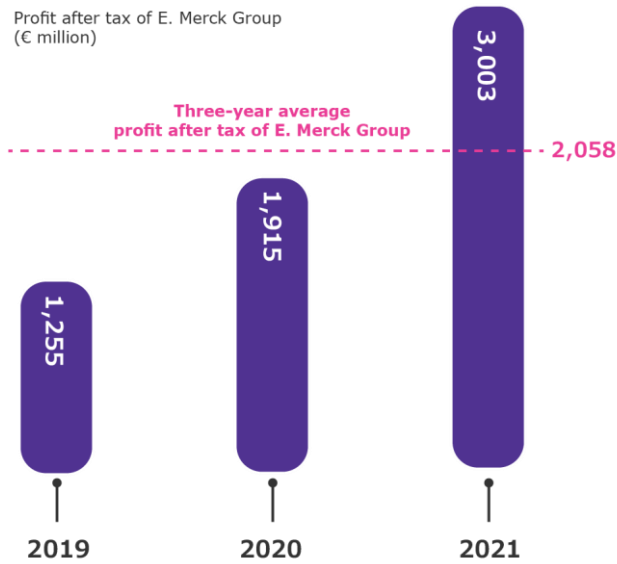
Compensation for fiscal year 2021 – Chronological overview



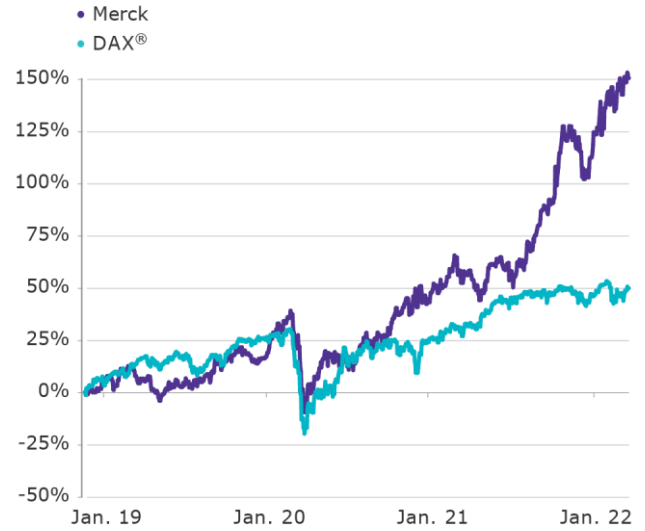
Performance-related compensation – Performance

Profit sharing 2021

Profit after tax of E. Merck Group
(€ million)



Share price development (2019-2021)



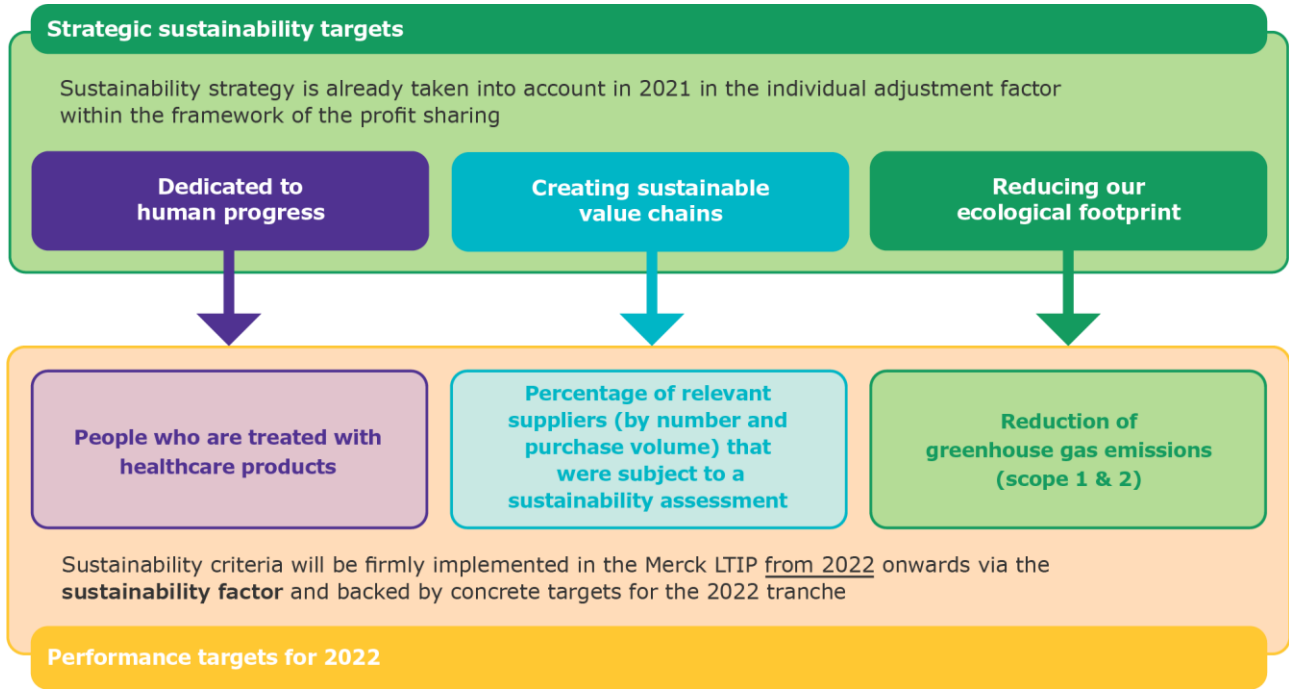
LTIP 2019 (2019 - 2021)

Performance indicator	Target corridor	Actual value	Target achievement (0% - 150%)
Share price performance relative to DAX® (Weighting: 50%)	Lower limit: -20% Target value: 0% Upper limit: 50%	87.6%	150.0%
EBITDA pre margin (Weighting: 25%)	Lower limit: 24.5% Target value: 27.5% Upper limit: 30.5%	29.2%	128.4%
Organic sales growth (Weighting: 25%)	Lower limit: 4.3% Target value: 7.3% Upper limit: 10.3%	8.0%	111.7%
Total target achievement¹:			135.0%

● = Actual value

¹ Cap of relative share price development was reached. Due to share price development actual payout is capped at 250%.

Sustainability targets in the compensation of the Executive Board



Determining the compensation of the Executive Board

At our company, unlike at publicly listed German stock corporations, it is not the Supervisory Board but the Board of Partners of E. Merck KG, Darmstadt, Germany, that is responsible for designing and reviewing the compensation system and deciding on the amount and composition of compensation received by the Executive Board members. The Board of Partners has assigned this task to its Personnel Committee. As a result, the Personnel Committee is responsible for the development and regular review of the compensation system, i.e., in particular for the structure and examination of the performance-independent and performance-related compensation elements. The Personnel Committee also takes into account the compensation system for managers and employees below Executive Board level in order to ensure consistency between the compensation systems, and uniform controlling. Furthermore, the Personnel Committee is responsible for defining the annual targets and thresholds of the key performance indicators for the performance-related compensation elements.

In addition to the structure of the Executive Board compensation system, the Personnel Committee is responsible for defining the specific amounts of compensation paid to the members of the Executive Board. The compensation paid to the members of the Executive Board takes into account the responsibilities and duties of the individual Executive Board members, and in particular their status as personally liable partners, their individual performance, and the economic situation, as well as the performance and future prospects of the company.

Furthermore, Executive Board compensation is oriented toward the external peer environment of our company, which comprises the DAX® companies as well as a group of selected international competitors:



The relationship between Executive Board compensation and the compensation of top management and the workforce as a whole continues to be taken into account, also in a multi-year assessment. Top management is defined as encompassing the senior levels of management below the Executive Board. The compensation of the remaining workforce as a whole is based on typical employee compensation.

The Personnel Committee reviews the amount and structure of the Executive Board compensation by reference to the peer groups described and with the assistance of an independent compensation consultant.

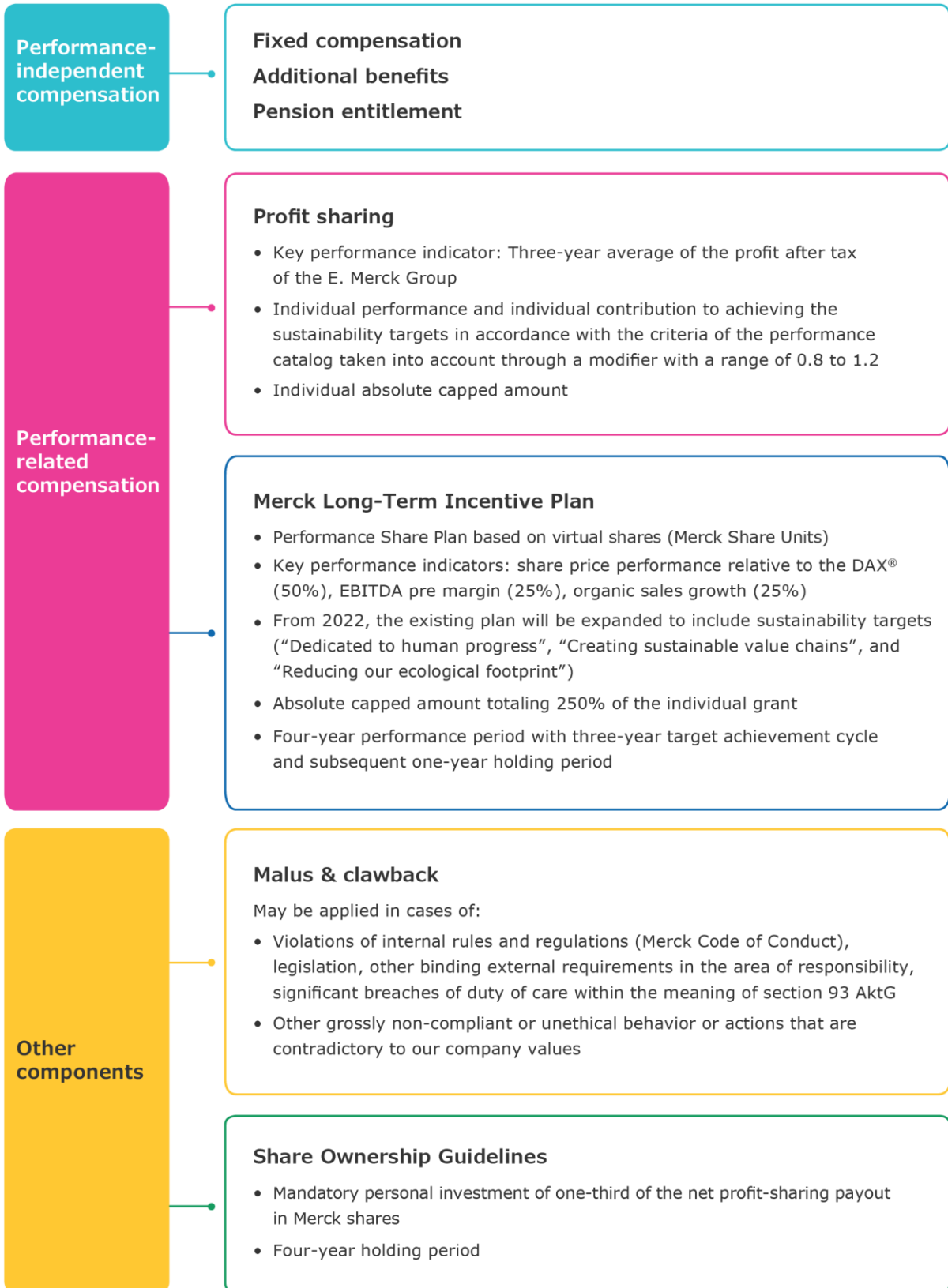
Overview of the structure of the compensation system

Compensation components

Executive Board compensation fundamentally comprises three main components: fixed compensation, profit sharing, and the Long-Term Incentive Plan. This is complemented by contributions to the company pension plan as well as additional benefits. There are also additional compensation arrangements for the members of the Executive Board, in particular malus and clawback provisions and a Share Ownership Guideline.

The performance-related compensation elements – profit sharing and the Long-Term Incentive Plan – are based on a multiyear performance period and are wholly oriented toward the company’s long-term development. In addition, the two variable compensation components are designed to be tied to the company’s share price to a large extent, thereby ensuring that our shareholders’ interests are taken into particular account. The key performance indicators selected for variable compensation are derived from the corporate strategy and form part of our central controlling system. In this way, the variable compensation paid to the Executive Board members is used as a strong controlling tool in order to ensure a focus on our objective of long-term profitable growth accompanied by strong cost discipline.

The following diagram shows an overview of all of the elements of the compensation system for the Executive Board members:



Executive Board compensation for 2021

The performance-related and performance-independent compensation components applied in the Executive Board compensation system in the 2021 fiscal year are fully consistent with the Executive Board compensation system approved by the 2021 Annual General Meeting. Compliance with the compensation system is ensured by the Personnel Committee. The Personnel Committee decides by resolution on the concrete application (e.g., setting of targets, determination of target achievement, etc.) as well as the respective amounts to be paid out.

The following section reports on the compensation awarded or due in accordance with section 162 (1) AktG. Accordingly, the following sections contain all amounts actually received by the individual members of the Executive Board (active and former members) in the financial year (compensation awarded) or all amounts legally due but not yet received (compensation due).

In addition, compensation is disclosed on a voluntary basis for which the members of the Executive Board have provided the underlying service completely by December 31, 2021, but for which payment will be made in the following year. This relates to the profit sharing for fiscal year 2021, as well as the 2019 LTI tranche, whose performance period ended on December 31, 2021. These amounts have been provisionally determined by the Personnel Committee by way of a resolution and subsequently communicated to the members of the Executive Board. The final amount will be paid to the members of the Executive Board after the preparation of the consolidated financial statements of E. Merck KG and will be reported on in the Compensation Report for fiscal year 2022. This enables transparent information and ensures the link between performance and compensation in the fiscal year.

Performance-independent compensation

Fixed compensation

The fixed compensation received by the members of the Executive Board comprises fixed and performance-independent amounts that are paid in the form of 12 equal monthly installments.

Additional benefits

The additional benefits include company cars with private use, contributions to insurance policies and expenses for personal protection.

As compensation for the loss of entitlements to variable remuneration from his previous employment, Peter Guenter received a commitment to a cash compensation totaling € 1,500,000.00 as sign-on bonus, which will be paid in four equal installments on July 1, 2021; July 1, 2022; July 1, 2023; and July 1, 2024; provided he continues to be a member of the Executive Board. In addition, the total costs of € 62,168.00 for temporary local accommodation, relocation and relocation services in connection with his move to Darmstadt were paid as a onetime occurrence.

Pension entitlement

The members of the Executive Board are granted a defined contribution pension obligation as a direct commitment.¹ A fixed amount is paid into a benefit account every year and interest is paid at the applicable statutory maximum technical interest rate for the life insurance industry in accordance with section 2 (1) of the Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV). Once a member retires, the amount in the benefit account is paid out either in ten annual installments or as a one-time payment.

¹ For accounting purposes, this corresponds to a defined-benefits obligation within the meaning of IAS 19.8.

Pension obligations

€ thousand	Contribution level	IAS 19 ¹			
		Service cost		Present value of the pension obligation as of December 31	
		2021	2020	2021	2020
Belén Garijo (Chair since May 1, 2021)	583	572	440	6,308	5,649
Kai Beckmann	450	441	392	5,823	5,325
Peter Guenter (since January 1, 2021)	450	452	-	451	-
Matthias Heinzel (since April 1, 2021)	450	387	-	376	-
Marcus Kuhnert	400	406	409	4,290	3,860
Total	2,333	2,258	1,241	17,248	14,834

¹ For accounting purposes, this corresponds to a defined-benefits obligation within the meaning of IAS 19.8.

There was a defined benefit pension obligation for Stefan Oschmann until April 30, 2021. The amount of the pension was based on a percentage of his pensionable compensation.

Pension obligation

€ thousand	Pensionable compensation	Percentage entitlement	IAS 19			
			Service cost		Present value of the pension obligation as of December 31	
			2021	2020	2021	2020
Stefan Oschmann (until April 30, 2021)	800	70	-	1,611	15,730	17,344

Performance-related compensation

Performance-related compensation comprises profit sharing as well as the Long-Term Incentive Plan. Both compensation elements are based on multi-year performance periods and are tied to the company's share price to a large extent.

Profit sharing

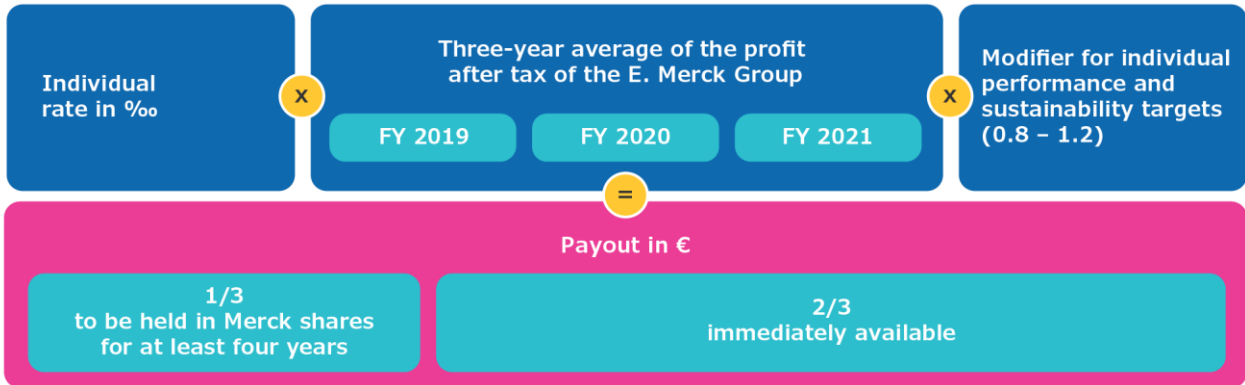
For the purposes of profit sharing, an individual profit sharing rate is defined for the members of the Executive Board as a per mille rate of the three-year average of the consolidated profit after tax of E. Merck KG, Darmstadt, Germany. The current and the two preceding fiscal years are included in the calculation.

The use of profit after tax as the key performance indicator, which also serves as the basis for dividend payments, ensures very close alignment with shareholder interests.

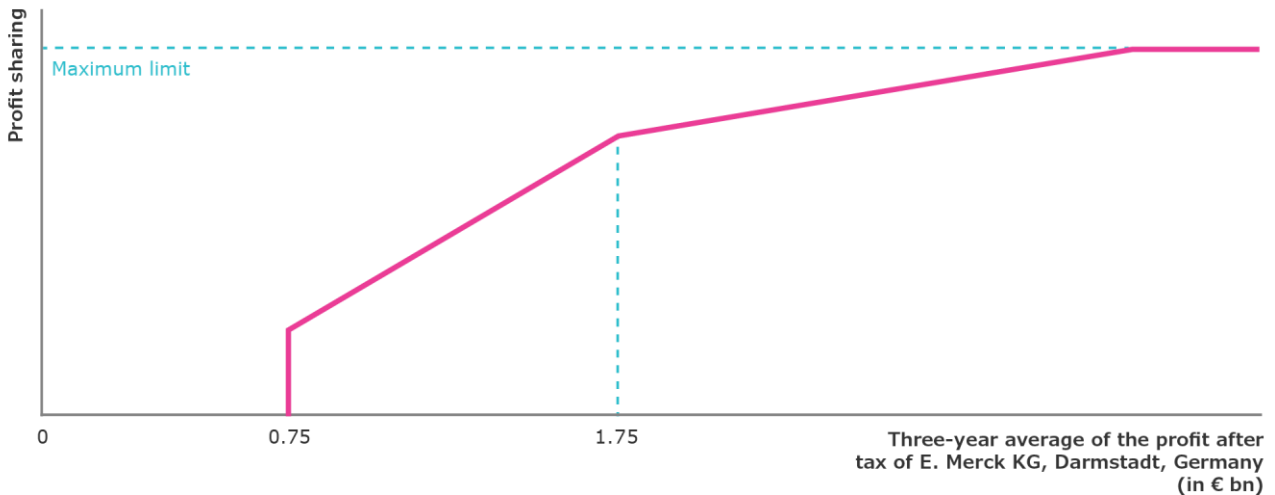
To appropriately consider the individual performance of the Executive Board members, the Personnel Committee is able to modify the payment by applying a factor ranging from 0.8 to 1.2. In determining the level of this factor, the Personnel Committee applies the criteria defined in the compensation system that also include ambitious sustainability targets. The performance factor makes it possible to recognize outstanding performance by a member of the Executive Board by multiplying profit sharing by a value greater than 1.0 up to 1.2. Similarly, multiplying by a value less than 1.0 down to 0.8 can reduce profit sharing if the circumstances call for it.

The members of the Executive Board are obligated to hold one-third of the yearly total net amount from profit sharing in shares of our company for at least four years. Further details are provided under the heading "Share Ownership Guideline".

The following illustration shows the profit sharing for the 2021 fiscal year:



An average profit of at least € 0.75 billion must be generated in order for the profit sharing payment to be made. This minimum threshold reflects the “pay-for-performance” philosophy that underpins the compensation system. Where profit is generated in excess of this threshold, the level of the individual profit sharing rates is staggered. The maximum profit sharing payment is capped individually.



The three-year average that is relevant for the 2021 fiscal year was based on the profit after tax generated by E. Merck Group in 2019, 2020 and 2021:

Profit after tax of the E. Merck Group

€ million	2018	2019	2020	2021
Profit after tax of the E. Merck Group	3,324	1,255	1,915	3,003
Three-year average profit after tax of the E. Merck Group (2018-2020)			2,165	
Three-year average profit after tax of the E. Merck Group (2019-2021)				2,058

For the fiscal year 2021, the Personnel Committee has set the performance factor at 1.0 for all members of the Executive Board taking into account their individual performance and contribution to the sustainability targets. This recognizes the contributions of the members of the Executive Board, which led to the conclusion of a successful fiscal year 2021.

The 2021 fiscal year was concluded with remarkable success in terms of employee safety and health, good financial results, stable business operations, and an extremely positive share price development. In addition to the successful further development of the business, the Executive Board showed ambitious commitment to rapidly achieving the goals set out in the sustainability strategy. For example, significant progress was made in systematically embedding sustainability in all the company's processes. Further information on the development of sustainability topics can be found in the non-financial statement, which will be published in the management report (Lagebericht) for the first time in fiscal year 2021.

Taking into account the relevant three-year average of the consolidated profit after tax of E. Merck Group, the individual profit sharing rates and the performance factor, this results in the following profit sharing for 2021:

Profit sharing 2021 summary

	Three-year average profit after tax of the E. Merck Group (€ million)	Average profit-sharing rate 2021 (in per mill)	Performance factor for individual performance	Payout amount (€ thousand)	thereof mandatory personal investment (1/3) (€ thousand) ¹
Belén Garijo (Chair since May 1, 2021)	2,058	1.78	1.0	3,671	1,224
Stefan Oschmann (until April 30, 2021)		0.63	1.0	1,287	429
Kai Beckmann		1.39	1.0	2,854	951
Peter Guenter (since January 1, 2021)		1.54	1.0	3,165	1,055
Matthias Heinzel (since April 1, 2021)		1.16	1.0	2,385	795
Marcus Kuhnert		1.29	1.0	2,654	885

¹ Gross amount - investment is based on net amount.

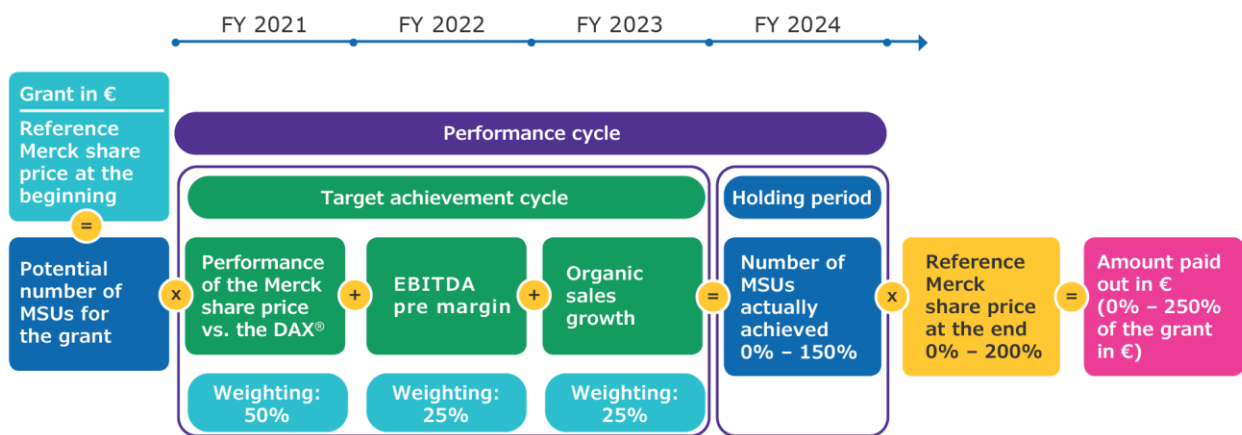
The profit-sharing payout will be made in cash in April 2022. One-third of the net payout amount must be held in shares of Merck KGaA, Darmstadt, Germany, for at least four years. Further details of the investment obligation can be found in the "Share Ownership Guideline" section.

In fiscal year 2021, the profit sharing for the fiscal year 2020 has been paid out, which is therefore to be reported as remuneration awarded or due in fiscal year 2021 in accordance with section 162 of the German Stock Corporation Act (AktG). All information on profit sharing 2020 can be found in the Compensation Report 2020.

Long-Term Incentive Plan (LTIP)

Long-Term Incentive tranche for the fiscal year 2021

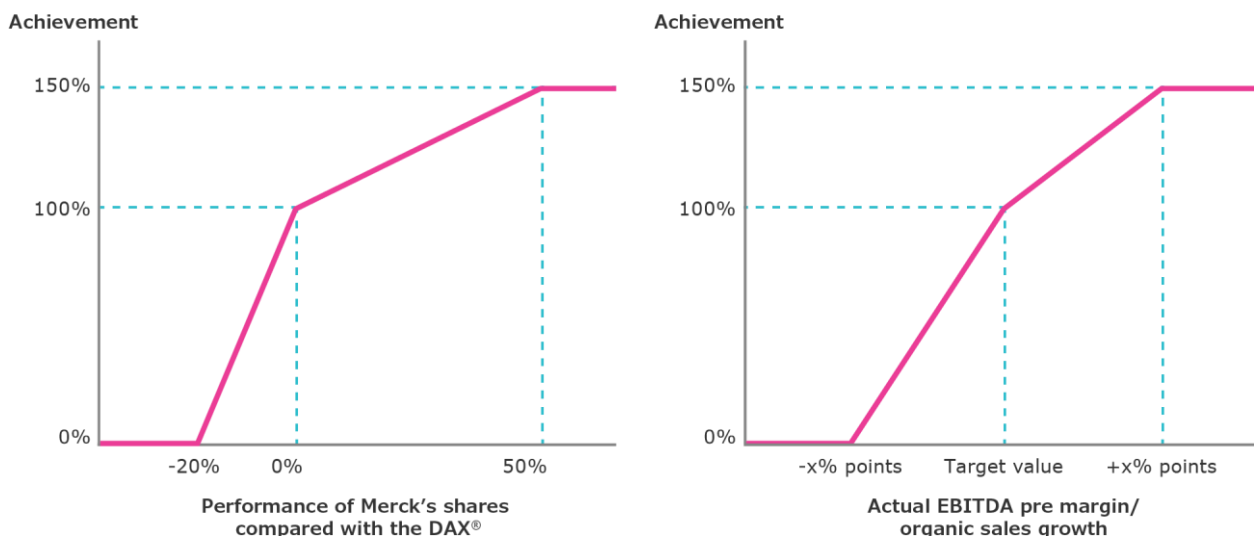
The Long-Term Incentive Plan is designed as a virtual performance share plan. It is based on a four-year future-oriented performance cycle that is composed of a three-year target achievement cycle and, since the 2021 tranche, a subsequent one-year holding period. As part of the LTIP, the members of the Executive Board are provisionally eligible to receive a certain number of virtual shares, referred to as share units of Merck KGaA, Darmstadt, Germany (“MSUs”).



The number of MSUs is calculated as follows: An individual grant in euros is set for each Executive Board member. Every year, this grant is divided by the definitive reference share price at the beginning of the performance cycle, resulting in the number of MSUs that the respective member is provisionally entitled to receive. The number of MSUs actually allocated to the Executive Board members after the end of the target achievement cycle may be between 0% and 150% of the MSUs they are provisionally entitled to receive and depends on the development of three weighted key performance indicators over the three-year target achievement cycle. The relevant key performance indicators are:

- The performance of the Merck KGaA, Darmstadt, Germany share price compared with the performance of the DAX[®] with a weighting of 50%,
- The EBITDA pre margin as a proportion of a defined target value with a weighting of 25%, and
- The organic sales growth of the Merck Group as a proportion of a defined target value with a weighting of 25%.

The number of MSUs actually allocated after the end of the target achievement cycle is based on the following target achievement curves. The targets and thresholds for the key performance indicators of EBITDA pre margin and organic sales growth are defined by the Personnel Committee at the start of the performance period and subsequently published in the compensation report.



The target achievement cycle is followed by a one-year holding period. The payout may be between 0% and a maximum of 250% of the amount originally allocated and depends on the number of MSUs actually allocated and the reference share price at the end of the performance cycle.

In the fiscal year 2021, the 2021 tranche of the LTIP was allocated on the basis of the following parameters:

LTIP Tranche 2021 allocation

	Grant amount (€ thousand)	Reference Merck share price at the beginning (in €)	Number of potential MSUs
Belén Garijo (Chair since May 1, 2021)	2,190	132.43	16,538
Stefan Oschmann (until April 30, 2021)	752		5,676
Kai Beckmann	1,715		12,951
Peter Guenter (since January 1, 2021)	1,900		14,348
Matthias Heinzl (since April 1, 2021)	1,425		10,761
Marcus Kuhnert	1,400		10,572

LTI tranches allocated before the fiscal year 2021

The 2018, 2019 and 2020 tranches of the LTIP are structured like the 2021 tranche allocated in the fiscal year. However, the one-year holding period following the target achievement cycle has just been introduced in 2021. Accordingly, the performance period of the 2018, 2019, and 2020 tranches is three years.

The payout under the 2018 tranche of the Merck LTIP was made in April of the 2021 fiscal year. The performance cycle for this tranche ran from January 1, 2018, to December 31, 2020. The performance cycle for the 2019 tranche of the LTIP ended in fiscal year 2021. The performance cycle for this tranche ran from January 1, 2019, to December 31, 2021. The payout will be made in April 2022.

The targets and thresholds, the actual amounts and the resulting target achievement for the 2018 and 2019 tranches can be summarized as follows:

LTIP Tranche 2018 target achievement

	Lower target corridor limit	Target	Upper target corridor limit	Actual achieved value	Target achievement
Share price performance relative to the DAX® (weighting: 50%)	-20.0%	0.0%	50.0%	45.1%	145.1%
EBITDA pre margin (weighting: 25%)	24.2%	27.2%	30.2%	27.4%	103.3%
Organic sales growth (weighting: 25%)	3.0%	6.0%	9.0%	5.4%	80.0%
Total target achievement					118.4%

LTIP Tranche 2019 target achievement

	Lower target corridor limit	Target	Upper target corridor limit	Actual achieved value	Target achievement ¹
Share price performance relative to the DAX® (weighting: 50%)	-20.0%	0.0%	50.0%	87.6%	150.0%
EBITDA pre margin (weighting: 25%)	24.5%	27.5%	30.5%	29.2%	128.4%
Organic sales growth (weighting: 25%)	4.3%	7.3%	10.3%	8.0%	111.7%
Total target achievement					135.0%

¹ Cap of relative share price development was reached.

The resulting payouts are as follows:

LTIP 2018 summary

	Grant amount (€ thousand)	Reference Merck share price at the beginning (in €)	Number of potential MSUs	Total target achievement	Final number of MSUs	Reference Merck share price at the end (in €)	Payout amount (€ thousand)
Stefan Oschmann (until April 30, 2021)	2,255		24,584		29,101		3,854
Udit Batra (until July 13, 2020)	1,705		18,588		22,004		2,428
Kai Beckmann	1,430	91.7	15,590	118%	18,455	132.43	2,444
Walter Galinat (until September 30, 2018)	1,320		14,391		17,035		999
Belén Garijo	1,870		20,386		24,132		3,196
Marcus Kuhnert	1,320		14,391		17,035		2,256

LTIP 2019 summary

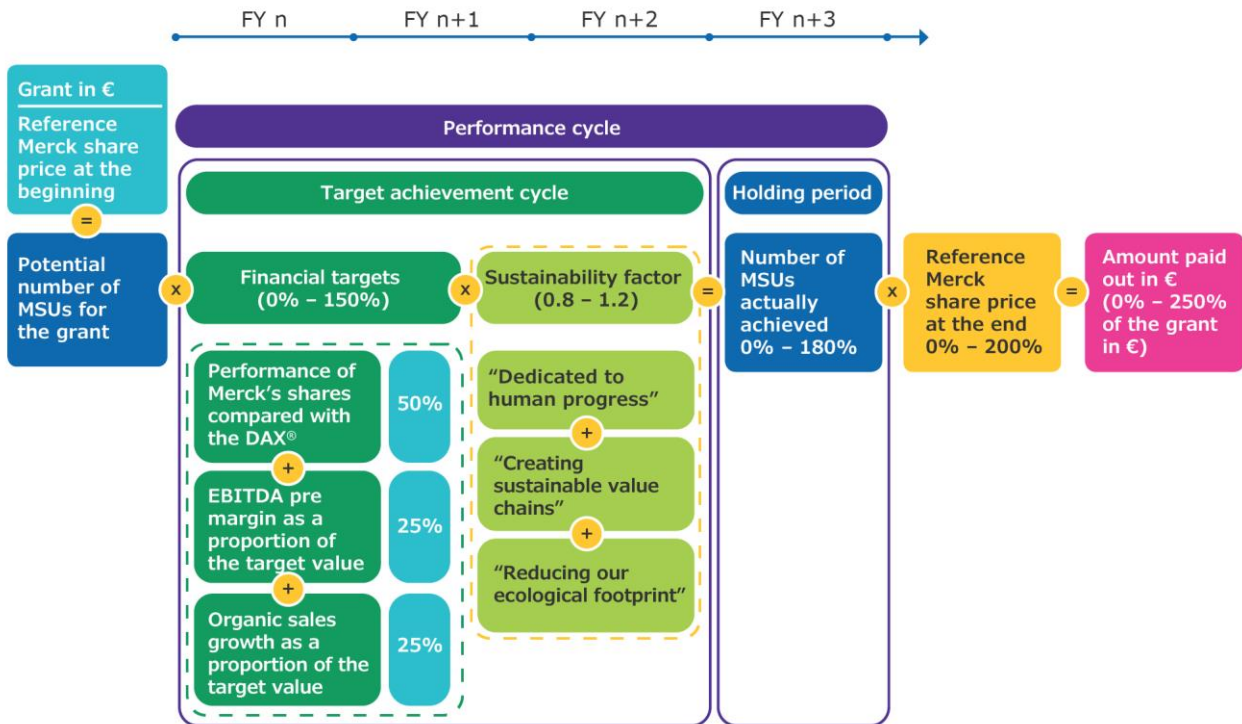
	Grant amount (€ thousand)	Reference Merck share price at the beginning (in €)	Number of potential MSUs	Total target achievement	Final number of MSUs	Reference Merck share price at the end (in €)	Payout amount ¹ (€ thousand)
Stefan Oschmann (until April 30, 2021)	2,255		24,054		32,479		4,377
Udit Batra (until July 13, 2020)	1,705	93.75	18,187	135%	24,557	212.16	2,131
Kai Beckmann	1,530		16,320		22,036		3,825
Belén Garijo	1,870		19,947		26,933		4,675
Marcus Kuhnert	1,320		14,080		19,012		3,300

¹ Payout capped at 250% of grant amount and subject to verification of compliance with maximum compensation in fiscal year 2022.

The performance period of the LTIP tranche 2020 runs until December 31, 2022. Accordingly, detailed reporting will be provided in the 2022 compensation report.

Outlook: Long-Term Incentive Plan from 2022

Starting from fiscal year 2022, our sustainability strategy will be even more firmly enshrined in the compensation system for the members of the Executive Board following the introduction of a sustainability factor with a range of 0.8 to 1.2. The sustainability factor, which measures the performance of selected sustainability targets over the three-year target achievement cycle, can increase or reduce the target achievement resulting from the financial key performance indicators by up to 20%.



The sustainability factor encompasses three performance criteria: “Dedicated to human progress”, “Creating sustainable value chains” and “Reducing our ecological footprint”. From 2022 onward, the Personnel Committee will define specific measurable key performance indicators at the start of each tranche of the LTIP as well as the target and threshold levels that will be used to calculate the target achievement at the end of the target achievement cycle. The following criteria were defined for the selection of the key performance indicators:

- Relevance and influence of the performance indicators on the three overarching performance criteria of the sustainability strategy
- Internal and external influence of the performance indicators by management
- Good measurability and operationalization
- Sustained impact to support long-term solutions and not incentivize short-term actions

The amount of the sustainability factor depends on the degree of target achievement and may range between 0.8 and 1.2. Every year, the Personnel Committee also determines the weighting of the performance criteria for each tranche of the LTIP in order to emphasize priorities.

The Personnel Committee has defined the following parameters for the sustainability factor for the 2022 tranche of the LTIP:

Performance criterion	Weighting	Concrete sustainability target (Key Performance Indicator)
Dedicated to Human Progress	20%	People treated with our Healthcare products
Creating sustainable value chains	40%	Percentage of relevant suppliers (in terms of number and purchase volume) that are covered by a valid sustainability assessment
Reducing our ecological footprint	40%	Greenhouse gas emissions Scope 1+2

- We are convinced that, with the help of science and technology, we can make a contribution to solving many global challenges. We aim to be commercially successful and to create positive value for society through our business activities. In connection with the performance criterion "Dedicated to human progress", we measure the contribution of our Healthcare business sector, namely how many people worldwide have been treated with medical products from our company. We plan to continuously increase this number and thus contribute to a significant improvement in medical care and the state of health of as many people as possible. In addition, we are assessing how plausible contributions to "Dedicated to human progress" can also be implemented in the Life Science and Electronics business sectors.
- With regard to the performance criterion "Creating sustainable value chains", we want to anchor sustainability more firmly in our supply chains. This may be achieved by increasing the transparency of our supply chains and subjecting more companies with which our company maintains supply relationships to a sustainability assessment. In particular, we want to focus on suppliers where we see special sustainability risks in the supply chain. When measuring our progress, we pay attention to both the increase in the proportion of suppliers with sustainability assessment in relation to their number and their share of the purchase volume. With regard to the number of relevant suppliers, we expect a significant increase in the share over the next few years and thus coverage of a large part of the relevant purchase volume.
- With regard to the performance criterion "Reducing our ecological footprint", we aim to make a significant contribution to climate protection and the Paris Climate Agreement. That is why we have decided in 2021 that we would like to join the Science Based Targets Initiative. On our way to climate neutrality, we aim to reduce both direct (Scope 1) and indirect emissions (Scope 2) by 50% by 2030 compared to 2020. This target is to be achieved through the reduction of process-related emissions, energy efficiency measures, and the increased purchase of electricity from renewable sources. For process emissions in particular (Scope 1), we aim to achieve a significant reduction in emissions over the next few years through the use of new technologies, despite further growth in our business.

The specific targets and thresholds, the actual amounts and the resulting target achievement will be published in the corresponding compensation report after the end of the performance cycle.

Share Ownership Guideline

In 2017, we introduced with the Share Ownership Guideline (SOG) that the members of the Executive Board have to invest and hold a fixed percentage of their annual fixed compensation in shares. As of the beginning of the fiscal year 2021, we have linked this share ownership obligation to the variable compensation element of profit sharing. Under the adjusted SOG, the Executive Board members are now required to hold one third of the net profit sharing payment in shares of Merck KGaA, Darmstadt, Germany, for at least four years. The adjusted SOG will be applied for the first time related to the profit sharing payout for the fiscal year 2021. The required shares will be purchased automatically via an external provider.

The Share Ownership Guideline promotes even stronger alignment between the interests of the Executive Board members and those of our shareholders, and it additionally raises the entrepreneurial responsibility of the Executive Board members in addition to their status as personally liable general partners.

The following table provides an overview of the shareholding requirement of the members of the Executive Board as of December 31, 2021, under the SOG that applied until December 31, 2020 as well as the amount to be invested in shares under the new SOG that has applied since January 1, 2021:

Share Ownership Guideline

	Status quo as of December 31, 2021		Mandatory net investment from profit sharing ²
	Number of shares	In % of base salary ¹	
Belén Garijo (Chair since May 1, 2021)	12,389	196%	1,224
Kai Beckmann	10,527	199%	951
Peter Guenter (since January 1, 2021)	-	-	1,055
Matthias Heinzl (since April 1, 2021)	-	-	795
Marcus Kuhnert	9,474	179%	885
Stefan Oschmann (until April 1, 2021)	-	-	429

¹Reference share price as of December 31, 2021: 227.00€.

²Gross amount - investment based on net amount

³Due to his retirement on April 30, 2021, the shareholding obligation under the original SOG ceased to apply as of December 31, 2021

Malus and clawback provisions

Through their status as personally liable general partners of Merck KGaA, Darmstadt, Germany, and E. Merck KG, Darmstadt, Germany the Executive Board members bear a unique entrepreneurial responsibility. This is also reflected by the penalty criteria set forth in profit sharing and by the German statutory regulations on liability for damages stipulated in section 93 AktG. In order to take even greater account of the prominent position of entrepreneurial responsibility in compensation, a clawback provision is implemented for the Long-Term Incentive Plan. Cases in which the clawback provision may be applied include violations of internal rules and regulations (Code of Conduct), legislation, other binding external requirements in the area of responsibility, significant breaches of duty of care within the meaning of section 93 AktG, and other grossly non-compliant or unethical behavior or actions that are contradictory to our company values. In these cases, amounts that have already been allocated under the Long-Term Incentive Plan may be retained. The Personnel Committee is entitled to demand the repayment of profit sharing and LTIP payouts from a member of the Executive Board if it subsequently transpires that the payout was made wrongfully, either in full or in part. For example, this is the case when targets are not actually met or are not met to the extent assumed when the payout was calculated due to incorrect information being applied. The extent of these claims for restitution is based on section 818 of the German Civil Code (BGB). The Personnel Committee may agree deadlines for the assertion of claims for restitution with the members of the Executive Board.

Neither the malus provision nor the clawback provision were exercised in the fiscal year 2021.

Compensation-related transactions

Belén Garijo was appointed as Chair of the Executive Board effective May 1, 2021, becoming the first woman to lead a DAX®-listed international corporation. In connection with the position of CEO of Merck KGaA, Darmstadt, Germany, a new five-year employment contract was concluded between Belén Garijo and E. Merck KG, Darmstadt, Germany. For the fiscal year 2021, Belén Garijo received compensation for her position as an ordinary member of the Executive Board in the period from January 1, 2021, to April 30, 2021, and compensation for her position as Chair of the Executive Board for the period from May 1, 2021, to December 31, 2021.

Contracts with the members of the Executive Board are usually concluded for a period of five years. When an employment contract begins or ends during the course of the year, the fixed compensation, profit sharing and individual LTIP tranches are paid on a pro rata basis.

Should members of the Executive Board be held liable for financial losses while executing their duties, this liability risk is covered by a D&O insurance policy under certain circumstances. The D&O insurance policy has a deductible in accordance with the legal requirements.

Post-contractual non-competition clause

Post contractual non-competition clauses have been agreed with the vast majority of Executive Board members except for Marcus Kuhnert. With him it has been agreed on to conclude an agreement about a post-contractual non-competition clause if required. The post-contractual non-competition clause involves the payment of compensation amounting to 50% of the member's average compensation within the last twelve months and is paid for a period of two years. Other earnings, pension payments and any severance payments are offset against this amount.

A post-contractual non-competition clause was agreed with Stefan Oschmann. He will be paid monthly compensation of € 343,184 in the period from May 1, 2021, to April 30, 2023. His monthly pension of € 46,667 is offset against this amount.

Obligations in connection with the cessation of Executive Board membership

The contracts of the Executive Board members do not provide for ordinary termination. The right to extraordinary termination for good cause in accordance with section 626 BGB is available to both parties without observing a notice period.

The contracts of the Executive Board members may provide for the continued payment of fixed compensation to surviving dependents for a limited period of time in the event of death. Above and beyond existing pension obligations, no further obligations are provided for in the event of the termination of the contractual relationships of the Executive Board members.

There is a cap on the amounts payable to Executive Board members in the event of the early termination of the contract without good cause justifying such termination. Pursuant to this, payments in connection with the termination of an Executive Board member's duties shall not exceed twice the annual total compensation, or constitute compensation for more than the remaining term of the employment contract (severance cap). If an Executive Board member's duties cease due to the termination of the employment contract either by the company or the Executive Board member before the four-year performance cycle of an open tranche in the Long-Term Incentive Plan expires, the obligations resulting from the plan continue to apply if there are specific grounds for the termination, e.g., if the employment contract is not renewed after it expires or if the Board of Partners determines this to be appropriate at its own discretion; otherwise, the obligations no longer apply. If the compensation in the fiscal year in which the Executive Board member's duties cease is expected to be significantly higher or lower than in the previous fiscal year, the Board of Partners may decide to adjust the amount applied as the member's total compensation at its own discretion.

The contract with Stefan Oschmann regularly ended on April 30, 2021 due to retirement as of May 1, 2021. Stefan Oschmann is receiving a pension of € 46,667 per month as a company pension since May 1, 2021. In connection with the regular termination of his position as Chief Executive Officer, he will also receive a waiting allowance of € 343,184 per month for the period from May 1, 2021 to April 30, 2023. The monthly pension will be offset against the monthly waiting allowance. Further explanations of these payments can also be found under the heading "Post-contractual non-competition clause".

Payments by affiliates of Merck Group

In the period from January 1, 2020, to July 13, 2020, the total compensation of Udit Batra as a member of the Executive Board also included his compensation as CEO of EMD Millipore Corp., United States. Between January 1 and July 13, 2020, Udit Batra received fixed compensation of € 413 thousand from EMD Millipore Corp., United States, as well as a bonus of € 1,008 thousand and an LTI payout of € 1,131 thousand. In the fiscal year, Udit Batra received an LTI payout of € 1,939 thousand as part of his compensation from EMD Millipore Corp., United States. These payments are included in the corresponding compensation elements paid to Udit Batra as a member of the Executive Board of E. Merck KG, Darmstadt, Germany.

Individual disclosure of the compensation of the Executive Board

Compensation awarded and due to current members of the Executive Board in the fiscal year 2021

In accordance with the revised section 162 (1) of the German Stock Corporation Act (AktG), the compensation awarded or due to each member of the Executive Board in financial year 2021 and the respective relative share of total compensation are now presented transparently in the tables below. This includes all compensation elements which were paid out or became legally due in fiscal year 2021.

Regarding Stefan Oschmann, the compensation awarded or due, which has been paid after he has left the Executive Board (waiting allowance and pension) is presented in the section "Compensation awarded or due to former members of the Executive Board in the financial year".

To ensure a transparent presentation of the relation between business performance and the resulting compensation, compensation for fiscal year 2021 is also disclosed on a voluntary basis, with the variable compensation components being allocated to the year in which the final performance was rendered, irrespective of the actual date of payment or the legal due date.

In order to provide a complete picture of the total compensation of the Executive Board members, pension expense is also reported on a voluntary basis.

The compensation of the current members of the Executive Board is shown in the following tables.

In fiscal year 2021 pursuant to section 162 AktG	For fiscal year 2021 as voluntary disclosure
	Base salary
	Additional benefits
Profit sharing for fiscal year 2020, payout in fiscal year 2021	Profit sharing for fiscal year 2021, payout in fiscal year 2022
LTIP tranche 2018 (Jan 1, 2018-Dec 31, 2020), payout was in fiscal year 2021	LTIP tranche 2019 (Jan 1, 2019-Dec. 31, Dec 2021), payout will be in fiscal year 20221
	Other compensation
	Sign-On Bonus for Peter Guenter
	Service cost as voluntary disclosure

¹ Subject to verification of compliance with the maximum remuneration

The figures presented in the table have been rounded in accordance with standard commercial practice. This may lead to the consequence that individual values cannot be added to the totals.

Compensation awarded or due

	Belén Garijo Chair of the Executive Board (since May 1, 2021; previously member of the Executive Board)				
	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2021		2020	2021	2020
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,433	18%	1,200	1,433	1,200
Additional benefits	169	2%	66	169	66
Profit sharing				-	3,299
Profit sharing 2019	-		3,000	-	-
Profit sharing 2020	3,299	41%	-	-	3,299
Profit sharing 2021	-		-	3,671	-
LTIP				-	3,196
LTI 2017 (2017 to 2019)	-		1,385	-	-
LTI 2018 (2018 to 2020)	3,196	39%	-	-	3,196
LTI 2019 (2019 to 2021)	-		-	4,675	-
Others	-	-	-	-	-
Compensation awarded or due pursuant to § 162 AktG	8,097	100%	5,651	-	-
Compensation for the fiscal year	-	-	-	9,948	7,761
Service cost	572	-	440	572	440
Total compensation	8,669	-	6,091	10,520	8,201

Stefan Oschmann
Chair of the Executive Board
(until April 30, 2021)

	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2021		2020	2021	2020
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	500	6%	1,400	500	1,400
Additional benefits	13	0%	269	13	269
Profit sharing					4,069
Profit sharing 2019	-		4,810	-	-
Profit sharing 2020	4,069	48%	-	-	4,069
Profit sharing 2021	-		-	1,287	-
LTIP					3,854
LTI 2017 (2017 to 2019)	-		1,670	-	-
LTI 2018 (2018 to 2020)	3,854	46%	-	-	3,854
LTI 2019 (2019 to 2021)	-		-	4,377	-
Others	-	-	-	-	-
Compensation awarded or due pursuant to § 162 AktG	8,436	100%	8,149	-	-
Compensation for the fiscal year	-	-	-	6,177	9,592
Service cost	-	-	1,611	-	1,611
Total compensation	8,436	-	9,760	6,177	11,203

Kai Beckmann
Member of the Executive Board

	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2021		2020	2021	2020
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	19%	1,100	1,200	1,100
Additional benefits	30	0%	21	30	21
Profit sharing					2,640
Profit sharing 2019	-		2,400	-	-
Profit sharing 2020	2,640	42%	-	-	2,640
Profit sharing 2021	-		-	2,854	-
LTIP					2,444
LTI 2017 (2017 to 2019)	-		1,059	-	-
LTI 2018 (2018 to 2020)	2,444	39%	-	-	2,444
LTI 2019 (2019 to 2021)	-		-	3,825	-
Others	-	-	-	-	-
Compensation awarded or due pursuant to § 162 AktG	6,314	100%	4,580	-	-
Compensation for the fiscal year	-	-	-	7,909	6,205
Service cost	441	-	392	441	392
Total compensation	6,755	-	4,972	8,350	6,597

Peter Guenter
Member of the Executive Board
(since January 1, 2021)

	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2021		2020	2021	2020
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	72%	-	1,200	-
Additional benefits	95	6%	-	95	-
Profit sharing					
Profit sharing 2019	-		-	-	-
Profit sharing 2020	-	-	-	-	-
Profit sharing 2021	-		-	3,165	-
LTIP					
LTI 2017 (2017 to 2019)	-		-	-	-
LTI 2018 (2018 to 2020)	-	-	-	-	-
LTI 2019 (2019 to 2021)	-		-	-	-
Others	375	22%	-	375	-
Compensation awarded or due pursuant to § 162 AktG	1,670	100%	-	-	-
Compensation for the fiscal year	-	-	-	4,835	-
Service cost	452	-	-	452	-
Total compensation	2,122	-	-	5,287	-

Matthias Heinzel
Member of the Executive Board
(since April 1, 2021)

	In the fiscal year (pursuant to section 162 AktG)			For the fiscal year (voluntary disclosure)	
	2021		2020	2021	2020
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	900	97%	-	900	-
Additional benefits	25	3%	-	25	-
Profit sharing					
Profit sharing 2019	-		-	-	-
Profit sharing 2020	-	-	-	-	-
Profit sharing 2021	-		-	2,385	-
LTIP					
LTI 2017 (2017 to 2019)	-		-	-	-
LTI 2018 (2018 to 2020)	-	-	-	-	-
LTI 2019 (2019 to 2021)	-		-	-	-
Others	-	-	-	-	-
Compensation awarded or due pursuant to § 162 AktG	925	100%	-	-	-
Compensation for the fiscal year	-	-	-	3,310	-
Service cost	387	-	-	387	-
Total compensation	1,312	-	-	3,697	-

Marcus Kuhnert
Member of the Executive Board

	In the fiscal year (pursuant to section 162 AktG)		For the fiscal year (voluntary disclosure)		
	2021		2020	2021	
	€ thousand	in %	€ thousand	€ thousand	€ thousand
Base salary	1,200	20%	1,000	1,200	1,000
Additional benefits	42	1%	25	42	25
Profit sharing				-	2,640
Profit sharing 2019	-		2,284	-	-
Profit sharing 2020	2,640	43%	-	-	2,640
Profit sharing 2021	-		-	2,654	-
LTIP				-	2,256
LTI 2017 (2017 to 2019)	-		977	-	-
LTI 2018 (2018 to 2020)	2,256	37%	-	-	2,256
LTI 2019 (2019 to 2021)	-		-	3,300	-
Others	-	-	-	-	-
Compensation awarded or due pursuant to § 162 AktG	6,138	100%	4,286	-	-
Compensation for the fiscal year	-	-	-	7,196	5,921
Service cost	406	-	409	406	409
Total compensation	6,544	-	4,695	7,602	6,330

Compensation awarded and due to former members of the Executive Board in the fiscal year

The compensation awarded or due to former members of the Executive Board during the fiscal year is also presented below. Tranches of the LTIP already allocated before a member of the Executive Board left the company continue to run until the end of the originally contractually agreed term and are settled and paid out after the end of the performance period. In addition, some members who have already left the Executive Board receive fixed payments from pension plans.

In individual cases, there are pension commitments from previous agreements which provide for a supplementary annual variable payment. In accordance with the individual contractual agreements, such supplementary payment is based on the profit of E. Merck-Group and is capped with reference to a percentage of the pension amount received.

The following tables show the compensation awarded or due to former members of the Executive Board in fiscal year 2021 in accordance with section 162 (1) of the German Stock Corporation Act (AktG) and the respective relative share of total compensation. For former members of the Executive Board who left the Executive Board in the last ten years, the information is given by nameing. All members of the Executive Board who left previously are presented anonymously in order to comply with § 162 Stock Corporation Act (AktG) para. 5 sentence 2 on the omission of personal data.

Compensation awarded or due

	Stefan Oschmann Chair of the Executive Board (until April 30, 2021)		
	2021		2020
	€ thousand	in %	€ thousand
Pension	373	12%	–
Others (waiting allowance)	2,745	88%	–
Compensation awarded or due pursuant to § 162 AktG	3,118	100%	–

	Udit Batra Member of the Executive Board (until July 13, 2020)		
	2021		2020
	€ thousand	in %	€ thousand
Base salary	–	–	636
Additional benefits	–	–	4
Profit sharing	–	–	–
Profit sharing 2019	–	–	2,800
Profit sharing 2020	1,364	36%	–
Merck LTIP	–	–	–
LTI 2017 (2017 to 2019)	–	–	1,262
LTI 2018 (2018 to 2020)	2,428	64%	–
Others	–	–	–
Pension	–	–	–
Compensation awarded or due pursuant to § 162 AktG	3,792	100%	4,702
Service cost	–	–	147
Total compensation	3,792	–	4,849

	Walter Galinat Member of the Executive Board (until September 30, 2018)		
	2021		2020
	€ thousand	in %	€ thousand
Merck LTIP	–	–	–
LTI 2017 (2017 to 2019)	–	–	759
LTI 2018 (2018 to 2020)	998	76%	–
Others	–	–	–
Pension	313	24%	313
Compensation awarded or due pursuant to § 162 AktG	1,311	100%	1,072

	Former Member of the Executive Board 1		
	2021		2020
	€ thousand	in %	€ thousand
Pension	542	57%	542
Complementary payment (variable)	406	43 %	400
Compensation awarded or due pursuant to § 162 AktG	948	100%	942

Former Member of the Executive Board 2

	2021		2020
	€ thousand	in %	€ thousand
Pension	679	57%	679
Complementary payment (variable)	510	43%	502
Compensation awarded or due pursuant to § 162 AktG	1,189	100%	1,181

Former Member of the Executive Board 3

	2021		2020
	€ thousand	in %	€ thousand
Pension	441	57%	441
Complementary payment (variable)	331	43 %	326
Compensation awarded or due pursuant to § 162 AktG	772	100%	767

Former Member of the Executive Board 4

	2021		2020
	€ thousand	in %	€ thousand
Pension	447	57%	447
Complementary payment (variable)	335	43 %	330
Compensation awarded or due pursuant to § 162 AktG	782	100%	777

Former Member of the Executive Board 5

	2021		2020
	€ thousand	in %	€ thousand
Pension	361	57%	361
Complementary payment (variable)	271	43 %	267
Compensation awarded or due pursuant to § 162 AktG	632	100%	628

Former Member of the Executive Board 6

	2021		2020
	€ thousand	in %	€ thousand
Pension	128	67%	128
Complementary payment (variable)	64	33 %	63
Compensation awarded or due pursuant to § 162 AktG	192	100%	191

Former Member of the Executive Board 7

	2021		2020
	€ thousand	in %	€ thousand
Pension	324	67%	324
Complementary payment (variable)	162	33 %	160
Compensation awarded or due pursuant to § 162 AktG	486	100%	484

	Former Member of the Executive Board 8		
	2021		2020
	€ thousand	in %	€ thousand
Pension	211	58%	211
Complementary payment (variable)	151	42 %	148
Compensation awarded or due pursuant to § 162 AktG	362	100%	359

	Former Member of the Executive Board 9		
	2021		2020
	€ thousand	in %	€ thousand
Pension	87	2%	520
Complementary payment (variable)	4,894	98 %	4,385
Compensation awarded or due pursuant to § 162 AktG	4,980	100%	4,905

In addition, as a result of a Higher Regional Court ruling, a back payment of the 2008 and 2009 profit sharing and corresponding interest were to be paid to a former member of the Executive Board in fiscal year 2021.

	Former Member of the Executive Board 10		
	2021		2020
	€ thousand	in %	€ thousand
Back payment profit sharing			
Profit sharing 2008	3,185	65%	-
Profit sharing 2009	2,845		-
Others	3,303	35%	-
Compensation awarded or due pursuant to § 162 AktG	9,333	100%	-

Former members of the Executive Board who only received pension payments in the 2021 fiscal year are shown in the following table. The compensation granted and owed in the 2021 fiscal year in accordance with section 162 (1) AktG consists entirely of non-performance-related compensation elements.

Pension payments

€ thousand	2021	2020
Karl-Ludwig Kley	630	630
Bernd Reckmann	459	430
Michael Becker	466	466
Former member of the Executive Board 11	430	418

Compliance with the defined maximum compensation

The maximum compensation limits the compensation granted in the fiscal year, i.e., the total of all non-performance-related and performance-related compensation elements granted in a fiscal year. Pension payments are not included in the maximum compensation.

The maximum compensation for the fiscal year is € 11,500,000 for the Chair of the Executive Board and € 9,500,000 each for ordinary members of the Executive Board. The total compensation awarded or due in accordance with §162 of the Stock Corporation Act (AktG) less any pension payments and plus service costs is below the defined maximum compensation in accordance with §87a AktG for all members of the Executive Board.

For Stefan Oschmann, a legacy agreement existed prior to the approval of the compensation system by the Annual General Meeting 2021, which provides for a maximum compensation of €12,700,000 in the fiscal year 2021 taking into account the retirement as of April 30, 2021. Such maximum compensation was also complied with in the fiscal year 2021.

In addition to the maximum compensation, there is a separate payment cap for each of the performance-related compensation elements. An upper limit has been set for the amount of profit sharing for all members of the Executive Board. The payout from the Long-Term Incentive Plan cannot exceed 2.5 times the individual award value, even in the case of exceptional performance. In addition, there is a cap on the amount of the total of profit sharing, LTIP and fixed compensation.

Compliance with the defined maximum compensation is ensured by the Personnel Committee setting the amounts of the variable compensation components by resolution.

The defined maximum compensation for the members of the Executive Board is shown in the following table.

Overall compensation limit

in €	Maximum compensation pursuant to section 87a AktG
Belén Garijo (Chair since May 1, 2021)	11,500,000
Kai Beckmann	9,500,000
Peter Guenter (since January 1, 2021)	9,500,000
Matthias Heinzel (since April 1, 2021)	9,500,000
Marcus Kuhnert	9,500,000

Compensation for the Supervisory Board members in fiscal year 2021

The compensation of the Supervisory Board members is defined by article 20 of the Articles of Association of Merck KGaA, Darmstadt, Germany, and corresponds to the compensation system for the Supervisory Board that was adopted by the 2021 Annual General Meeting with 99.64% of the votes cast.

Accordingly, the members of the Supervisory Board receive fixed compensation of € 47,000 per year. The Chairman receives double and the Vice Chairman receives one and a half times this amount. In addition to their fixed compensation, Supervisory Board members who are also members of the Audit Committee, which has been established in the meeting of the Supervisory Board on February 26, 2021, receive annual compensation of € 15,000. The Chair of the Audit Committee receives additional annual compensation of € 30,000. In fiscal year 2021, the compensation for membership of the Audit Committee was paid pro rata temporis.

Moreover, the members receive additional compensation of € 750 per meeting they attend.

The compensation granted and owed and the respective relative share of the total compensation for the current members of the Supervisory Board is presented in the following table. No members stepped down from the Supervisory Board in the fiscal year. There were no payments to former members of the Supervisory Board in the fiscal year.

Compensation awarded or due

	2021							2020				
	Fixed compensation		Compensation for committee duties		Meeting fees		Total compensation	Fixed compensation		Meeting fees		Total compensation
	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	€ thousand	in %	€ thousand	in %	€ thousand
Wolfgang Büchele	94.0	86%	12.7	12%	3.0	3%	109.7	94.0	97%	3.0	3%	97.0
Sascha Held	70.5	82%	12.7	15%	3.0	3%	86.2	70.5	96%	3.0	4%	73.5
Gabriele Eismann	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Edeltraud Glänzer	47.0	75%	12.7	20%	3.0	5%	62.7	47.0	94%	3.0	6%	50.0
Jürgen Glaser	47.0	95%	–	–	2.3	5%	49.3	47.0	94%	3.0	6%	50.0
Michael Kleinemeier	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Renate Koehler	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Anne Lange	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Peter Emanuel Merck	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Dietmar Oeter	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Alexander Putz (since May 28, 2020)	47.0	94%	–	–	3.0	6%	50.0	27.9	95%	1.5	5%	29.4
Christian Raabe	47.0	75%	12.7	20%	3.0	5%	62.7	47.0	94%	3.0	6%	50.0
Helene von Roeder	47.0	62%	25.4	34%	3.0	4%	75.4	47.0	94%	3.0	6%	50.0
Helga Rübsamen-Schaeff	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0
Daniel Thelen	47.0	75%	12.7	20%	3.0	5%	62.7	47.0	94%	3.0	6%	50.0
Simon Thelen	47.0	94%	–	–	3.0	6%	50.0	47.0	94%	3.0	6%	50.0

Supervisory Board member Wolfgang Büchele received an additional € 140,000 (2020: € 140,000) for 2021 in this function as a member of the corporate bodies of E. Merck KG.

Supervisory Board member Helga Rübsamen-Schaeff received an additional € 150,000 (2020: € 150,000) for 2021 in this function as a member of the corporate bodies of E. Merck KG and an additional € 6,000 (2020: € 6,000) for 2021 as a member of the Supervisory Board of Merck Healthcare KGaA.

Supervisory Board member Michael Kleinemeier received an additional € 140,000 (2020: € 140,000) for 2021 in this function as a member of committees of E. Merck KG.

Supervisory Board member Helene von Roeder received an additional € 150,000 (2020: € 150,000) for 2021 in this function as a member of the corporate bodies of E. Merck KG.

Supervisory Board member Peter Emanuel Merck received an additional € 80,000 (2020: € 80,000) for 2021 in this function as a member of the corporate bodies of E. Merck KG.

Supervisory Board member Daniel Thelen received an additional € 140,000 for 2021 in this function as a member of the corporate bodies of E. Merck KG (2020: € 140,000).

Supervisory Board member Simon Thelen received an additional € 140,000 (2020: € 140,000) for 2021 in this function as a member of the corporate bodies of E. Merck KG and an additional € 3,000 (2020: € 3,000) for 2021 as a member of the Supervisory Board of Merck Healthcare KGaA.

Comparative presentation of compensation and earnings development

The comparative presentation in accordance with section 162 (1) no. 2 of the AktG shows the annual change in the compensation of the members of the Executive Board and the members of the Supervisory Board, the development of earnings of the Merck Group as well as the development of the average remuneration of a full-time employee of Merck KGaA over the last five years.

For employee compensation, the average personnel expenses excluding company pension costs are used. This reflects the total compensation of employees worldwide.

For members of the Executive Board, the compensation awarded and due in fiscal years 2020 and 2021 is used in accordance with section 162 of the German Stock Corporation Act (AktG). For the years 2019, 2018 and 2017, the allocated compensation is used excluding the service costs according to the DCGK sample table in the compensation report of the respective fiscal year.

The increase in Supervisory Board compensation is due to the introduction of additional compensation for the Audit Committee.

Comparative presentation

€ thousand / in %	2021	2020	Change 2021/2020	Change 2020/2019	Change 2019/2018	Change 2018/2017
Member of the Executive Board						
Belén Garijo (Chair since May 1, 2021)	8,097	5,651	43.30%	-6.90%	7.20%	6.00%
Stefan Oschmann (until April 30, 2021)	8,436	8,149	3.50%	-11.40%	58.90%	-20.10%
Kai Beckmann	6,314	4,580	37.90 %	-11.00%	26.20%	-26.00%
Peter Guenter (since January 1, 2021)	1,670	-	-	-	-	-
Matthias Heinzel (since April 1, 2021)	925	-	-	-	-	-
Marcus Kuhnert	6,138	4,286	43.20%	-9.70%	27.40%	-4.20%
Former Member of the Executive Board						
Stefan Oschmann (until April 30, 2021)	3,118	-	-	-	-	-
Udit Batra (until July 13, 2020)	3,792	4,702	-19.40%	-16.30%	34.90%	-1.20%
Walter Galinat (until September 30, 2018)	1,311	1,072	22.30%	-10.10%	-59.30%	-7.60%
Karl-Ludwig Kley (until August 31, 2016)	630	630	-	67.10%	-25.50%	-82.00%
Bernd Reckmann (until 29. April 2016)	459	430	6.70%	-43.00%	184.50%	-87.20%
Michael Becker (until December 31, 2011)	466	466	-	1.50%	1.80%	1.60%
Former member of the Executive Board 1	948	942	0.60%	1.60%	2.40%	0.90%
Former member of the Executive Board 2	1,189	1,181	0.70 %	1.60%	2.50%	0.90%
Former member of the Executive Board 3	772	767	0.70%	1.60%	2.40%	1.00%
Former member of the Executive Board 4	782	777	0.60%	1.60%	2.40%	1.00%
Former member of the Executive Board 5	632	628	0.60%	1.60%	2.30%	1.00%
Former member of the Executive Board 6	192	191	0.50%	1.60%	2.20%	1.10%
Former member of the Executive Board 7	486	484	0.40%	1.50%	2.40%	1.10%
Former member of the Executive Board 8	362	359	0.80%	1.70%	2.30%	1.00%
Former member of the Executive Board 9	4,980	4,905	1.50%	-0.60%	-1.40%	9.80%
Former member of the Executive Board 10	9,333	-	-	-	-	-
Former member of the Executive Board 11	430	418	2.90%	-	-17.20%	32.20%
Member of the Supervisory Board						
Wolfgang Büchele	109.7	97.0	13.09%	-	-	-
Sascha Held	86.2	73.5	17.28%	110.00%	-	-
Gabriele Eismann	50.0	50.0	-	-1.50%	1.50%	-
Edeltraud Glänzer	62.7	50.0	25.40%	-	-	1.50%
Jürgen Glaser	49.3	50.0	-1.40%	42.10%	-	-
Michael Kleinemeier	50.0	50.0	-	45.20%	-	-
Renate Koehler	50.0	50.0	-	42.10%	-	-
Anne Lange	50.0	50.0	-	45.20%	-	-
Peter Emanuel Merck	50.0	50.0	-	42.10%	-	-
Dietmar Oeter	50.0	50.0	-	-1.50%	1.50%	-
Alexander Putz (since May 28, 2020)	50.0	29.4	69.83%	87.70%	-68.60%	1.50%
Christian Raabe	62.7	50.0	25.40%	42.10%	-	-
Helene von Roeder	75.4	50.0	50.80%	42.10%	-	-
Helga Rübsamen-Schaeff	50.0	50.0	-	-	-	1.50%
Daniel Thelen	62.7	50.0	25.40%	42.10%	-	-
Simon Thelen	50.0	50.0	-	42.10%	-	-
Personnel expenses without pension expenses	5,608,000	5,363,000	4.60%	8.90%	4.70%	3.70%
Average number of employees	58,706	57,580	2.00%	7.40%	-0.30%	3.40%
Average compensation of an employee	96	93	2.60%	1.40%	5.00%	0.20%
Earnings development						
Profit after tax of the Merck KGaA (IFRS)	3,065,000	1,994,000	53.70%	50.60%	-61.00%	29.90%
Profit after tax of the E. Merck Group (IFRS)	3,003,000	1,915,000	56.80%	52.60%	-62.20%	30.40%