Managing Our Environmental Footprint

At Merck we strive to reduce our environmental impact and conserve key resources not only because doing so is consistent with our values as a health care company, but because it makes business sense.

We believe that by operating in a sustainable manner, being careful about consuming energy, water and raw materials, and minimizing the environmental impacts of our wastes, air emissions, water effluents and products, we will be in a better position to operate more efficiently and sustainably.

Merck has long made it a priority to investigate how we use energy and to identify ways to reduce our demand for energy. Merck’s energy strategy includes development of a team of energy experts to identify and implement best practices for energy across the Company and to conduct audits at our facilities to seek site-specific opportunities for energy improvement.

Merck is also working with stakeholders to develop and implement a science-based approach to evaluating the Pharmaceuticals division’s impact on the environment. Merck is also working with stakeholders to develop and implement a science-based approach to evaluating the Pharmaceuticals division’s impact on the environment.

Valuing Our Employees

To achieve our business goals, we rely on the integrity, knowledge, imagination, leadership, diversity and teamwork of Merck employees worldwide. We strive to reward their commitment and performance, and to respond to the needs of our employees and their families.

Among our most important strategic priorities are fostering diversity and inclusion. It is Merck policy to promote equal opportunity globally. Merck’s management is responsible for enforcing this policy by making thoughtful and equitable efforts to correct imbalances in our workforce globally. We expect all Merck leaders to achieve key diversity and inclusion goals, and we use those goals to judge not only an individual manager’s performance but also divisional and overall corporate performance.

Merck also strives to enhance the health and well-being of our employees by providing a wide variety of health programs based on the highest standards of medical care and regulatory requirements. In addition, we are committed to providing a safe working environment through preventive activities and closely tracking accidents or injuries so that we can address problems promptly and work toward eliminating occupational injuries or illness.

The U.S. Environmental Protection Agency recognized Merck as an ENERGY STAR Partner of the Year in 2006 and 2007 and Sustaining Partner in 2008 for its advanced energy strategy.

The One Merck Diversity and Inclusion Awards, which recognize individuals who demonstrate superior performance, and to respond to the needs of our employees and their families.

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Merck’s research philosophy is based on satisfying unmet medical needs globally. In assessing our research priorities, we also explore the scientific and commercial feasibility of conducting research with the potential to develop a product that is useful, considering available knowledge, theories, technologies and skills.

We spent almost $5 billion annually on R&D in 2006 and 2007. The talent of our scientists, combined with the dramatic scientific and technological advances of the past decade, has led to an exciting period of Merck research as we seek new and more effective ways to treat diseases.

We commit resources to achieve research breadth and depth and to develop best-in-class targeted and differentiated products that are valued highly by patients, payers and physicians. We are also active in research into diseases prevalent in the developing world, including malaria, TB, diarrheal disease, cervical cancer and HIV.

In addition, we work with the external scientific community and pursue external licensing opportunities as a key part of our strategy.

Researching New Medicines and Vaccines to Address Unmet Needs

» Researching and developing new medicines and vaccines that address unmet needs
» Improving access to medicines, vaccines and health care
» Ensuring confidence in the safety and quality of our products
» Conducting ourselves ethically and transparently
» Managing our environmental impacts

We believe that the best way to address the concerns, risks and questions facing our business, and to build a foundation of trust is to be transparent about the way we operate.

By doing this, I am confident that we will continue to succeed in our most fundamental responsibility—discovering and developing medicines and vaccines that make a difference in people’s lives and create a healthier future.

Richard T. Clark
Chairman, President and Chief Executive Officer
October 2008

Improving Access to Medicines, Vaccines and Health Care

Merck believes it has an important role and responsibility in improving access to medicines, vaccines and quality health care worldwide.

Our strategy includes:
1. Discovering and developing breakthrough medicines and vaccines that address major burdens of illness globally.
2. Developing long-term business strategies and models tailored to the individual needs of least developed countries, emerging markets, and the developed world that help our products reach patients wherever they may live. We also consider philanthropic activities that will support our business strategies.
3. Promoting and participating in partnerships with governments, multilateral organizations, community-based organizations, other corporations and nongovernmental organizations to help build health care capacity, expand delivery systems and address specific health and development challenges, particularly in the developing world.

Progress
» In 2007, Merck adopted a new developing world pricing policy for our vaccines, which offers GARDASIL® (Human Papillomavirus Quadrivalent [Types 6, 11, 16, 18] Vaccine, Recombinant) and ROTATEQ® (rotavirus vaccine, live, oral, pentavalent) at significantly discounted or not-for-profit prices based on countries’ ability to pay.
» As of July 2008, more than 770,000 patients in 125 countries and territories were being treated with regimens containing at least one of Merck’s anti-retroviral medicines.

Future Plans
» Continue to work with international groups to facilitate introduction of vaccines in the world’s poorest countries.
» Continue to investigate opportunities to reduce the cost of our anti-retroviral medicines for people living in the world’s poorest countries and those hardest hit by the pandemic.

Ensuring Confidence in the Safety and Quality of Our Products

Nothing is more important to Merck than ensuring the safety and quality of our medicines and vaccines.

We assess the safety of our products in clinical trials over many years before our products are approved. We also disclose results from our clinical trials in patients irrespective of the outcome. In addition, we abide by a system of policies, processes and procedures to ensure product quality in our internal and external manufacturing.

PROGRESS
» Since 2007, Merck has registered at trial initiation all clinical trials (Phase I–V) in patients that it sponsors and conducts on www.ClinicalTrials.gov.
» As of May 2008, Merck had published a total of 218 clinical trial results on www.ClinicalStudyResults.org.

FUTURE PLANS
» Continue to work to enhance and integrate our systems to identify, measure, control and sustain quality excellence in our products.

Conducting Ourselves Ethically and Transparently

Like integrity of product, integrity of performance is a Merck standard wherever we do business.

Our Values and Standards applies one standard of conduct to all employees worldwide. Ethical business practices are also a key measure in annual performance evaluations globally.

Merck’s Office of Ethics provides several channels for employees to raise ethical questions or concerns, including the Merck Advice Line, a telephone line available to employees around the world 24 hours a day, seven days a week.

PROGRESS
» In 2007, Merck launched an online global compliance training series to complement existing programs.
» To date, 90 percent of Merck employees have taken the basic online ethics training, Know the Code, which reviews Merck’s Code of Conduct.

FUTURE PLANS
» To achieve 95 percent completion rate of new ethics training courses by required employee populations by the end of 2009.

Message from the Chairman

Since I took over the helm as CEO at Merck in 2005, we have been listening carefully to the ideas of those concerned about the state of global health care and the success of our Company. Based on what we’ve heard, we have concluded that five issues are vital to Merck’s future success:

» Researching and developing new medicines and vaccines
» Improving access to medicines, vaccines and health care
» Ensuring confidence in the safety and quality of our products
» Conducting ourselves ethically and transparently
» Managing our environmental impacts

You can find additional disclosures and information on our approach to corporate responsibility and order a copy of our print report at www.merck.com/cr.