

Public Policy Statement: Charitable Product Donations

- Merck is committed to enabling access to our medicines and vaccines to populations worldwide. In working towards this goal, the Company engages in a wide range of access initiatives, including programs and partnerships with a charitable product donation component. However, charitable product donations are only one component of Merck's comprehensive approach to enabling access to medicines and vaccines (which also includes initiatives involving differential pricing, product licensing, product registration and World Health Organization (WHO) pre-qualification.)
- Merck believes that donations can address specific health needs, whether in communities with a fundamental lack of access to care and services or in acute or protracted humanitarian crises.
- Merck acknowledges that donations are typically not a long-term solution to enabling access to medicines and vaccines, and, except in cases of open-ended donation commitments (e.g., the Mectizan Donation Program), Merck does not view charitable donations as sustainable, stand-alone initiatives.
- Donations can also help to support essential services such as national health care capacity by protecting the work force that provides these services (e.g., vaccinating first responders and key administrative personnel). Similarly, donations can provide opportunities for national institutions (e.g., Ministries of Health) and other approved organizations (e.g., NGOs endorsed by the Ministry of Health) to gain valuable operational experience designing and implementing small-scale treatment or vaccination projects using newly developed pharmaceuticals or vaccines.
- Merck is committed to conducting product donation activities in a thoughtful, responsible manner that is consistent with established, endorsed and widely accepted public health guidelines and practices (e.g., WHO Guidelines on Drug Donations).
- Merck is committed to continuing to improve and expand upon its exemplary product donation practices through membership in the Partnership for Quality Medical Donations (PQMD) and continued dialog with other important stakeholders such as WHO.
- Merck believes that product donations, when conducted in a responsible manner, do not detract from a country's ability to develop and/or introduce low-cost alternatives (e.g., generics or alternative products produced by local manufacturers) into their health systems since appropriate donations respond to a specific request, are endorsed by the host government, and are in place for a limited duration.
- Although not the primary driver for Merck, the Company supports the continuation of the enhanced tax deduction granted by the United States Internal Revenue Service (IRS) as an appropriate incentive for qualified charitable product donations. The Company also supports the elimination of import tariffs and taxes on charitable product donations.

- To facilitate charitable donations, Merck partners primarily with a limited number of qualified non-governmental organizations (NGOs) or private voluntary organizations (PVOs). Each of these organizations has a long-standing relationship with the Company, demonstrates integrity of purpose, provides assurance that Merck products will be securely warehoused and will not be diverted, mishandled or misappropriated, and has well-established programs for the ill and needy in developing countries. These qualifications provide the Company with the controls necessary for the proper distribution, handling and administration of donated Merck products.

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