



# *Charitable Product Donations*

Merck is committed to enabling access to our medicines and vaccines to populations worldwide, in line with our company-wide commitment to advancing health equity. In working towards this goal, the Company engages in a wide range of initiatives to address access challenges, including differential pricing, product licensing, product registration, and World Health Organization (WHO) pre-qualification. Charitable product donation programs are a core component of Merck's comprehensive approach to enabling access to our life changing medicines and vaccines. These programs leverage our products and philanthropic investments through partnership to meet immediate and unmet health needs for underserved populations globally.

## **Merck's Position**

Merck believes that product donations are an effective approach to address specific unmet health needs, whether in communities with a fundamental lack of access to care and services or in acute or protracted humanitarian crises. Donation partnerships prioritize meeting unmet need in two ways: (1) addressing health needs in disaster and humanitarian crisis settings and (2) strengthening health infrastructure and capacity. For example, 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 vaccines or treatments.

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).

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 improving and expanding its exemplary product donation practices through membership in the Partnership for Quality Medical Donations (PQMD), conformance to its guidelines, and continued dialogue. PQMD partners with organizations committed to bringing measurable health impact by setting quality standards, disseminating knowledge, and influencing policy.

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 generally are endorsed by the host government, are time-limited, and address a specific request or need. We do not see charitable product donations as a sustainable, stand-alone initiative, except in Merck's commitment to the Mectizan Donation Program with global partners to support the elimination of river blindness.

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 April 2019 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.

