REFINITIV STREETEVENTS

EDITED TRANSCRIPT

MRK.N - Merck & Co Inc Annual Shareholders Meeting

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REFINITIV

CORPORATE PARTICIPANTS

Dean Y. Li *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Kelly E. W. Grez *Merck & Co., Inc. - Corporate Secretary*

Kenneth C. Frazier *Merck & Co., Inc. - Executive Chairman*

Patricia F. Russo *Merck & Co., Inc. - Independent Director*

Robert M. Davis *Merck & Co., Inc. - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

Jennifer Reid

John Chevedden

PRESENTATION

Operator

At this time, please welcome Merck's Executive Chairman, Kenneth Frazier.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, and good morning, everyone. It's my pleasure to welcome you all to the 2022 Annual Meeting of Shareholders and to call this meeting to order. We've adopted a solely virtual format for this meeting to provide a safe, consistent and convenient experience to all shareholders regardless of their locations. I look forward to our time together and I hope you're all safe and well.

I'd like to acknowledge that all of our directors and director nominees nominated for election at this meeting are also attending virtually. In addition to the business portion of the meeting, Rob Davis, Chief Executive Officer and President of Merck, will provide an update on Merck over the past year. And then Dr. Dean Li, Executive Vice President and President of Merck Research Laboratories, will talk about our efforts to accelerate and advance our broad pipeline and where we are making important investments in our research activities to address some of the most critical patient needs and also ensure sustainable growth for the long term.

We're also joined by the rest of Merck's executive team. Our Corporate Secretary, Kelly Grez is present as well, and she informs me that we have a quorum. Thank you, Kelly.

Also attending this meeting virtually are Gerry Flynn and Stephanie Manuel, representing PricewaterhouseCoopers LLP, the independent registered public accounting firm for Merck for 2022, subject to shareholder ratification at this meeting.

Today's agenda as well as the rules of conduct are available in the Meeting Materials section of the virtual meeting website. Also available are the 2022 proxy statement and the 2021 annual report on Form 10-K.

Finally, pursuant to New Jersey law, a list of all shareholders of record who are entitled to vote at this meeting is available to all shareholders to view.

Now on to our presentation.

For more than 130 years, Merck has used the power of leading-edge science to deliver medicines and vaccines that save and improve lives. Our team remains committed to this purpose as we continue to positively impact global health today and for generations to come. We're all aware that the COVID-19 pandemic continues to impact lives around the world, including last year. While many regions around the world are recovering,

there are communities where we operate that are still being affected. As we have throughout the past 2-plus years, we continue to prioritize the safety and well-being of our employees and their families, supplying our medicines and vaccines and supporting patients in our clinical trials. Our innovation and ingenuity enable and inspire us to play a leading role in bringing forward important medicines and vaccines to address many of the world's most challenging diseases including our investigational antiviral drug, LAGEVRIO. We're pleased that LAGEVRIO is one of the important medicines that are part of the global effort in the fight against COVID-19.

We're also very pleased to have continued to transform our business throughout the last year, driving greater focus on our innovative portfolio and increasing our operational efficiency. We continue to invest in the discovery, development, production and commercialization of medicines and vaccines, which has accelerated and augmented our pipeline and portfolio and strengthen the short- and long-term sustainability of our business.

With that, I'm pleased to turn the stage over to Rob Davis, Merck's CEO and President, for more details on the company's achievements in the past year. Rob?

Robert M. Davis - *Merck & Co., Inc. - President, CEO & Director*

Thank you, Ken, and greetings, everyone. It's a pleasure to be speaking with you all today. For over a half century -- or for over a century, Merck has been propelled by bold ideas and innovation that advance human and animal health. We're proud that, that legacy and passionate about our future and will continue to be -- do that as we go forward. We know the world needs more of what we, Merck, can deliver. And this is what inspires us to continue helping patients around the world.

I'm proud of how our team consistently works with speed, urgency and agility to bring forward innovations that address unmet needs. Merck's continued ability to deliver on its legacy and create long-term value for all stakeholders is supported by our clinical and operational achievements. 2021 was a year of exceptional performance for our company. We drove robust top line growth of 17%, reaching $48.7 billion in sales and bottom line growth of 33%, achieving non-GAAP EPS of $6.02.

In addition, our team accelerated our broad pipeline, including investigational LAGEVRIO, also known as molnupiravir, while securing multiple new regulatory approvals across our portfolio of products.

We also grew our innovative product pipeline through key acquisitions and completed the spin-off of Organon. From a commercial standpoint, our teams executed at the highest levels, achieving strong growth across our key performance drivers, including KEYTRUDA, GARDASIL and Animal Health. Overall, it was a year of significant achievement for Merck in the face of an extraordinarily challenging environment and importantly, our momentum has continued into the first quarter of 2022.

At Merck, we're focusing our efforts where the needs are greatest and where we have the best opportunity to positively impact patients' lives. During the past year, we advanced our oncology portfolio and made substantial progress in achieving our aspiration to become the leading oncology company by 2025. In 2021 alone, we were pleased to receive 10 FDA approvals for oncology medicines, including 3 indications in earlier stages of cancer for KEYTRUDA in triple-negative breast cancer, renal cell carcinoma and melanoma.

KEYTRUDA is currently approved in the U.S. for 33 indications across 16 tumor types, plus MSI-high and TMB high, with more yet to come. And the FDA approved WELIREG, a first-in-class oncology asset wholly owned by Merck. Lenvima and Lynparza are important innovations in their own right, and we're proud of these collaborations and to have them as part of our broad and expanding oncology portfolio and pipeline. We're excited that Merck has more than 80 additional potential approvals in oncology expected by 2028.

In vaccines, we're reaching millions of people all around the world, with our broad, robust portfolio led by GARDASIL and GARDASIL 9. We shared earlier this year that we expect supply and revenue to grow over time to meet the sustained demand for our market-leading HPV vaccines. In pneumococcal disease, we're expanding our portfolio and our reach and are proud of the impact these vaccines are having on global health.

We also focus on our cardiovascular portfolio including investigational treatments for heart failure, pulmonary arterial hypertension, thrombosis and atherosclerosis. We've made significant advancements across our CD pipeline and believe our broad differentiated portfolio has the potential to have meaningful impacts on patients' lives with at least 8 potential approvals by 2030. We're confident that these important innovations have the potential to be meaningful growth drivers for Merck well into the next decade.

We built on our rich legacy in infectious diseases research, including with LAGEVRIO, which is being developed in collaboration with Ridgeback Biotherapeutics. As Ken noted, we're proud of LAGEVRIO's role as an available treatment option for health care professionals battling the pandemic with their patients. And since receiving emergency use authorization in the United States in December and through the end of the first quarter of this year, we've delivered approximately 6.4 million courses to more than 30 countries. Our groundbreaking access strategy has been a priority from the start and has accelerated the distribution of LAGEVRIO to patients in need globally.

Our Animal Health business continues to expand across geographies, with growth in our companion animal and livestock businesses. Growth in companion animal product sales was led by BRAVECTO and animal health vaccines, while livestock animal product sales showed higher demand globally in poultry, ruminant and swine. The Animal Health business remains very well positioned to grow faster than the overall market.

We continue to invest in our business including in our pipeline in key growth drivers as well as the expansion of manufacturing capacity to ensure supply to meet future demand for our products. We remain committed to the dividend with the goal of increasing it over time. Beyond this, business development remains a top strategic priority that will help us bolster and augment our pipeline, drive stronger performance and enhance our long-term potential.

The acquisitions of Acceleron Pharma and Pandion Therapeutics are both examples of how we're adding to our existing commercial products and pipeline. Acceleron further strengthened our late-stage pipeline designed to address areas of serious unmet need in cardiovascular disease. In addition, Pandion Therapeutics enabled us to bring in an earlier-stage asset which leverages our understanding of the immune system and extends our efforts to autoimmune diseases. We'll continue to aggressively pursue compelling external science to supplement our internal pipeline leveraging a science-driven and portfolio-informed approach.

And finally, throughout the past year, we took further steps to integrate important ESG or environmental social and governance goals into the core of Merck's culture and business. In February of this year, we hosted an initial ESG event to discuss our focus on 4 priority areas: access to health, our employees, environmental sustainability and ethics and values. In December of 2021, we completed the inaugural issuance of a $1 billion sustainability bond.

We intend to use the proceeds to support projects and partnerships in our priority ESG areas and to contribute to our advancement of United Nations Sustainability Development Goals. We remain committed to operating responsibly to help ensure a safe, healthy and sustainable environment. We believe that strong performance across key ESG metrics aligns well with Merck's purpose, and we look forward to providing insights into our commitment to this space going forward.

I'm profoundly honored to have stepped into the role of CEO and President in 2021 and to be leading this great organization. I'm inspired every day by our extraordinary talent, the passion they bring to Merck, our overarching commitment to patients and the many opportunities that exist today and for decades to come.

I'll now hand the floor to Dr. Dean Li to talk about our efforts in Merck Research Laboratories. Dean?

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Thank you, Rob. Hello. It is my pleasure to provide an update on our progress since the last shareholders' meeting. Now R&D continues to be the cornerstone of Merck and our purpose to discover and develop innovative products and services that save and improve lives around the world. We are a science-led organization pursuing medical breakthroughs, while remaining agnostic to therapeutic area but cognizant of the need for a balanced portfolio over time.

Now fundamental to the strategy is that we follow the science while retaining focus on the needs of the patients. Once we commit to a molecule or to a mechanism or to a platform, we advance the program to demonstrate the potential for unambiguous promotable attributes in a defined patient population and thereby establish a clinical beachhead. Having observed a clear and meaningful benefit, we then look to expand, deepen and extend beyond the initial beachhead. In the case of a novel molecule, this means evaluating the benefit to broader patient populations, where there is biological rationale for activity. And in the case of a technology platform, we seek to apply the technology to other diseases and therapeutic areas.

In addition, we have a strong and active business development team on the lookout for opportunities to augment our pipeline in areas of high unmet medical need. In 2021, we acquired promising candidates in immunology and pulmonary arterial hypertension through our acquisitions of Pandion and Acceleron, respectively.

I will start with oncology. Our clinical development programs continue to generate evidence to support new therapeutic options for patients and diversify our imprint on cancer. Our broad portfolio of early- and late-stage assets and the expertise and ability to leverage KEYTRUDA's positions us to make a difference in the treatment landscape. We remain on track to be the leaders in oncology by 2025 and have more than 80 potential approvals across the oncology portfolio through 2028.

In 2021, we made important progresses in expanding into new tumor types, including certain types of breast cancer, endometrial cancer and cervical cancer. And when we talk about deepening the response to KEYTRUDA through combinations, we are evaluating more than 20 mechanisms to further this part of the strategy. Our program is being executed with an eye on co-formulations with lead internal assets, diversification of our portfolio and co-developing and co-commercializing candidates with collaborators. We are pleased by the progress across our portfolio and the value we have been able to deliver to patients and to shareholders.

Earlier this year, we held an event to showcase our growing cardiovascular pipeline. Despite progress in the understanding of the biology of cardiovascular disease, it remains the number one cause of death worldwide. We are focusing our efforts on the areas of greatest need, where we see the opportunity to positively impact patients' lives. This includes heart failure, where despite current therapies, approximately 50% of patients diagnosed will die within 5 years; pulmonary arterial hypertension, where, again, progressive disease kills close to half of patients within 5 years of diagnosis; thrombosis, where patients with end-stage renal disease who are -- who have elevated incidents of thrombotic events and a high risk of bleeding have limited options; and atherosclerosis where despite therapeutic options, evidence indicates a significant portion of patients do not reach their LDL-cholesterol lowering goals and therefore, have an elevated risk for a major cardiovascular event. And our long-standing soluble guanylate cyclase collaboration with Bayer continues to generate value.

We received approval for the Verquvo in the United States and the EU. And in the United States, Verquvo is indicated to reduce the risk of cardiovascular death and heart failure hospitalization, following the hospitalization for heart failure or need for outpatient intravenous diuretics and adults with symptomatic chronic heart failure and reduced ejection fraction.

In addition, our discovery efforts have yielded a compelling internal pipeline of candidates, which are now steadily emerging from early stages of development. As you can see, we are executing on our clinical development strategy. And at the same time, our discovery centers strategically located in biotech communities are progressing with over 120 programs in oncology, cardiometabolic, infectious disease, vaccines, immunology and neuroscience. These candidates are fueling our future pipeline. We continue to conduct cutting-edge science in our laboratories with multiple publications in top-tier journals, which allows us to attract talented scientists to our laboratories.

As you can see, in 2021, we made meaningful advancements across our broader pipeline with approvals for new molecular entities, including VAXNEUVANCE, Verquvo and WELIREG and an emergency use authorization for LAGEVRIO in the United States. We also made progress in women's cancer and several U.S. regulatory approvals for KEYTRUDA.

In total, we received more than 30 approvals and filed more than 20 new drug applications and supplemental biologics application in China, EU, Japan and the United States. 2022 has started well with progress across multiple therapeutic areas, including oncology, in both advanced and earlier stages of cancer as well as cardiovascular disease and vaccines. Notably, in vaccines, we are advancing our suite of pneumococcal assets,

which includes VAXNEUVANCE already approved for adults and under review for pediatric use as well as our innovative Phase III program for V116, which is due to start later this year. I look forward to providing updates in the future, and thank you for your time today. And now to Ken.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, Dr. Li. Now continuing with the business portion of the meeting, I will now ask Ms. Grez as the secretary of the meeting to report on our quorum and other matters.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Mr. Chairman, proxies have been received totaling 2,115,568,000 votes or 83.67% of the total votes entitled to be cast. This substantially exceeds the majority required for a quorum. This meeting is held pursuant to the Notice of Annual Meeting that we began mailing on April 4, 2022, to all shareholders of record as of March 25, 2022.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, Ms. Grez. In accordance with the resolution of the Board dated March 22, 2022, Michael J. Barbera and Jason P. Graham, representative of First Coast Results, Inc, were appointed as inspectors of election for this meeting and have executed the required oath of office.

The proposals will be presented in the order outlined in the 2022 proxy statement. We have 3 management proposals and 3 shareholder proposals.

I now declare the polls officially open. All Merck shareholders entitled to vote at this meeting have the ability to do so online. Please remember that if you've already voted by proxy, it is not necessary to vote again. If you are a shareholder entitled to vote and have not yet voted or if you want to change your previously cast vote, you may do so via the website used to access this meeting. After all proposals on the agenda have been presented, we will close the polls and share the preliminary report of the inspector of election. We will also begin our general question-and-answer period at that time.

The first item of business is the election of directors. The Board's nominees for terms expiring in 2023 are: Douglas M. Baker Jr.; Mary Ellen Coe; Pamela J. Craig; Robert M. Davis, Chief Executive Officer and President of Merck; Kenneth C. Frazier, Executive Chairman of Merck; Thomas H. Glocer, Independent Lead Director; Dr. Risa J. Lavizzo-Mourey; Dr. Stephen L. Mayo; Dr. Paul B. Rothman; Patricia F. Russo; Dr. Christine E. Seidman; Inge G. Thulin; Kathy J. Warden; and Peter C. Wendell.

I note for the record that no nomination for director has been properly made in advance of this meeting by any shareholder of the company.

We now turn to a proposal to approve by a nonbinding advisory vote, the compensation of our named executive officers. The Board of Directors recommends a vote for this proposal.

The next item of business is a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for 2022 as set forth in the 2022 proxy statement. The Board of Directors recommends a vote for this proposal.

We now come to the shareholder proposals. Each shareholder will be given 3 minutes to present their proposal. Shareholders should restrict their comments to the proposal before the meeting. The first shareholder proposal is from Mr. Kenneth Steiner and concerns an independent Board Chairman. If Kenneth Steiner, John Chevedden or representatives on the line, I would now ask the operator to unmute their line to allow them to present this proposal.

John Chevedden

This is John Chevedden for Kenneth Steiner. Can you hear me okay?

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Yes, Mr. Chevedden.

John Chevedden

Our proposal 4, independent Board Chairman, shareholders request that the Board of Directors adopt an enduring policy in an event the governing documents as necessary in order that 2 separate people hold the office of the Chairman and the office of the CEO. Whenever possible, the Chairman of the Board shall be an independent director. The Chairman shall not be a former CEO of the company.

This proposal topic won 52% support at Boeing and 54% support at Baxter International. Boeing then adopted this proposal topic in 2020. The roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman, who is completely independent of the CEO and our company.

This proposal topic won 46% shareholder support from -- in 2017. This 46% support almost certainly represented more than 50% support from the shares that have access to independent proxy voting advice. Merck management should support the majority vote from the shares that have access to independent proxy voting advice and are not forced to rely on the biased opinion of management on an important governance topic.

At its 2020 Annual Meeting, Lowe's Director said that having a separate Chairman and Chief Executive Officer, allows the Chairman to devote his time and attention to the Board oversight. The Merck Board needs attention from an independent Board Chairman. In 2021, Mr. Leslie Brun, the former Merck Lead Director left the Board before the term he was elected to was complete, received 190 million negative votes. And Ms. Patricia Russo, who chairs the management pay committee, received 228 million negative votes. These 2 negative votes were up to 28x the negative votes received by other Merck directors. These 2 directors were also the leaders in negative votes at Merck in 2020.

Post Mr. Thomas Glocer, the new Lead Director, has 15 years long tenure. As director tenure goes up, director independence goes down. Independence is the most important attribute in a lead director. With the current policy of allowing a CEO to serve as chair, this means giving up a substantial check and balance safeguard that can only occur with the independent Board Chairman. Lead Director can delegate most of the Lead Director duties to the CEO office and simply rubber stamp it. There's no way shareholders can be sure of what goes on.

Don't be fooled by the management words about flexibility. The only flexibility management is willing to consider is complete avoidance of the parameters of this proposal and have 1 person doing the 2 most important jobs at Merck, Chairman and CEO, or to have a former Merck CEO serve as Chairman, both in clear contradiction to this proposal.

Please vote yes, proposal 4, Independent Board Chairman.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, Mr. Chevedden. The Board has carefully considered the shareholder proposal regarding an independent Board Chairman and believes adopting such a proposal is not in the best interest of Merck shareholders. The Board's current leadership model strikes an appropriate balance between strong and consistent executive leadership and independent and effective oversight of Merck's business. The proposal seeks to replace the company's balanced governance structure with an inflexible approach that restricts the Board's ability regardless of circumstances to exercise its judgment about which leadership arrangements would best serve the interest of the company and the shareholders at a particular point in time.

Additionally, the company's existing governance policies and practices including the substantial percentage of independent directors on the Board, the robust duties of the independent lead director and our 4 Board committees whose membership is limited to independent directors only empower our independent directors to effectively oversee management.

For more information regarding the Board's position on this proposal, please refer to the Board's full statement and opposition, which is available on Page 86 of the company's 2022 proxy statement. The Board of Directors recommends a vote against this proposal.

The second shareholder proposal is from Oxfam America, Inc., and concerns access to COVID-19 products. If Jennifer Reid or another representative for Oxfam America, Inc. is on the line, I would now ask the operator to unmute their line to allow them to present this proposal.

Jennifer Reid

Good morning. My name is Jennifer Reid. I'm the Senior Adviser of Health and Vaccine Equity with Oxfam America, and I'm pleased to speak on behalf of the resolution filed by Oxfam. Merck's COVID-19 treatment molnupiravir is recommended to help protect people against severe illness and save lives in certain circumstances. With the continued emergence of new variants of COVID-19, waning vaccine immunity and persistent vaccine inequity, appropriate treatment for COVID-19 is a critical element of a durable response to avert hospitalization or death.

But Merck has not done enough to ensure equitable access and transparency about its pricing strategy despite the millions of dollars in public funds that contributed to molnupiravir development. Merck's voluntary license for low and lower middle income countries was a step in the right direction, but it still leaves nearly half the world's population, including millions of vulnerable people living in developing countries without affordable access to the treatment.

Among those excluded, upper middle income countries are left behind as Merck has applied an estimated 40x as many doses of molnupiravir to wealthy countries than upper middle income countries as of early May. We do not know what prices Merck is charging upper middle income countries because the company has not shared this information. It is reportedly charging the U.S. government over $700 per treatment course. That is 35x more than the estimated generic price even as U.S. taxpayers provided an estimated $35 million to help develop this treatment.

Investors need more transparency about how Merck is pricing molnupiravir. This publicly funded and developed medicine should be publicly available for those who need it without high price markups or geographic restrictions.

Without sustainable global access to COVID-19 medical support for all who need them, we will continue to experience preventable deaths and sickness, disruptions to economic activity and the threat of deadlier or more disruptive variants. Merck can live up to its value of putting patients first regardless of where they live by ensuring more equitable access to publicly funded treatment. We urge shareholders to support this proposal to provide clarity on how public financial support factors into Merck's approach to ensuring access to it's COVID-19 product. Thank you.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, Ms. Reid. The Board has carefully considered the shareholder proposal regarding access to COVID-19 products and recommends you vote against. The Board believes adopting the shareholder proposal is not in the best interest of the company or our shareholders because it is unnecessary and duplicative considering the company's existing practices and transparency regarding access to LAGEVRIO.

Merck has been transparent about our commitment to providing timely access to LAGEVRIO globally through our comprehensive supply and access approach and invested in manufacturing at risk so that supply would be available if LAGEVRIO received regulatory authorizations or approvals. For example, Merck has entered into a licensing agreement with the Medicines Patent Pool to increase broad access for LAGEVRIO in 105 low and middle-income countries following appropriate regulatory approvals. This approach and our transparency has been commended publicly by shareholders that submitted a similar shareholder proposal in connection with our last year's annual meeting.

Indeed, other than Oxfam America, the lone proponent of this year's proposal -- each of the other 15 co-proponents of last year's proposal did not submit a similar proposal this year.

For more information regarding the Board's position on this proposal, please see the Board's full statement and opposition, which is available on Page 88 of the company's 2022 proxy statement. The Board of Directors recommends a vote against this proposal.

The third and final shareholder proposal is from the National Legal and Policy Center and concerns lobbying expenditure disclosure. If Paul Chesser or a representative for the National Legal and Policy Center is on the line, I would now ask the operator to unmute their line to allow them to present this proposal.

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

I'm Paul Chesser, Director of the Corporate Integrity Project for the National Legal and Policy Center.

Merck claims it is transparent about its lobbying activities and expenditures by pointing out that it discloses some information here, some information there, some information on government website, some information buried in PDF documents, et cetera, et cetera. The company also tells anyone who might be curious to just go look on the House of Senate websites for its federal lobbying disclosure reports. These reports come nowhere close to what our proposal seeks. Merck, like every other company I've dealt with this proxy season, does not want to make an easy, straightforward and coherent way for you to find the specifics of its lobbying activities.

However, having reviewed a couple of Merck's recent federal lobbying reports, it's clear that one of its top priorities are so-called diversity, equity and inclusion initiatives. I don't doubt the sincerity of the intentions of these efforts. But I would disagree with much of the purported solutions because we have had program after program after program for decades and trillions of dollars spent in pursuit of so-called equity in both the public and private sectors and still fall short.

There's much I would like to address about what Merck Chairman and former CEO, Kenneth Frazier, said to the media following the death of George Floyd in 2020. But I only have time for one point. One thing Mr. Frazier said then was, "Joblessness leads to hopelessness. Hopelessness leads to what we see in the streets." I would argue partly though what we still see in the streets is the result of the perpetuity of poverty, unemployment and lack of opportunity due to unending programs for giveaways of every basic need or want for a few human being to have. Is these types of programs that seem to be much of what Merck funds promotes and lobbies for? Under such circumstances, what is the incentive to achieve and earn. Having looked at Merck's Company Foundation, I see the same glaring omission that I see in every other major corporations' foundation, nearly all of which have major diversity, equity and inclusion efforts.

What is that omission? Promoting fatherhood. A few statistics, fatherless families are 44% more likely to raise children living in poverty. 71% of all adolescent substance abusers come from fatherless homes. 80% of adolescents in psychiatric hospitals come from fatherless homes. 73% of teen pregnancies happen in fatherless homes. Fatherless children are more likely to score lower than the norm in reading in math and are 9x more likely to drop out of school. And I don't have time to go into the prime statistics. Bottom line to Merck and other corporations who truly want progress for the racial inequity problem, lobby and donate to promote Fatherhood not to incentivize endless cycles of poverty and hopelessness. Please vote for Proposal #6.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, Mr. Chesser. The Board has carefully considered the shareholder proposal regarding lobbying expenditure disclosure and recommends you vote against it. The Board believes that adopting the proposal is unnecessary because the company already has a comprehensive system of disclosures for the categories specified in the proposal, including disclosures on the company's political contributions and lobbying activities, the company's policies and procedures governing lobbying and the company's related decision-making and oversight.

As such, the Board believes that preparing the report sought by the proposal would be duplicative and not an effective use of the company's resources nor would it provide shareholders with additional meaningful disclosures. For more information regarding the Board's position on this proposal, please see the Board's full statement in opposition, which is available on Page 90 of the company's 2022 proxy statement. The Board of Directors recommends a vote against this proposal.

This completes the proposals, and I now declare the polls officially closed.

Now we turn to the general question-and-answer portion of our meeting. And I'd like to invite Rob Davis and Dean Li to join me on the stage. We want to thank you for the many questions pre-submitted in accordance with our rules of conduct. We will try to cover as many as we can in the time we have for Q&A. If we run out of time for a question or a topic and you've provided your contact information when you submitted your question, we will follow-up with a response. Ms. Grez, what is our first question?

QUESTIONS AND ANSWERS

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Ken. Our first question is from Leonard Amoruso, and it is what is the status of your COVID-19 products? What new products are in your pipeline? I'll hand this question over to Rob.

Robert M. Davis - *Merck & Co., Inc. - President, CEO & Director*

Thank you, Leonard. As Dean and I shared earlier, investigational LAGEVRIO, which is being developed with -- in collaboration with Ridgeback Biopharmaceuticals, was granted emergency use authorization by the FDA in December of 2021. And it's one of the many important treatments that are now part of the global effort in the fight against COVID-19.

We're proud of how we've been able to accelerate broad global access to LAGEVRIO, and it's an important option for health care providers to help address the ongoing pandemic. We're also proud of the speed with which we develop this treatment and manufactured at risk, as Ken highlighted earlier, to ensure supply would be available upon authorization.

Since it was first authorized by the U.K. in November, LAGEVRIO is now authorized for use in more than 30 countries, including the U.S. and Japan, and is currently being evaluated in a Phase III study for post-exposure prophylaxis in adults who reside in the same household as someone with COVID-19. We're also continuing a broad research program for additional vaccines and therapeutics in COVID-19.

And additionally, in the last year, we've taken important steps to provide transparency in the opportunities we see in our pipeline. Beyond treatments for COVID-19, we're continuing to make advances across multiple therapeutic areas, including oncology, in both advanced and earlier stages of cancer as well as in cardiovascular disease and vaccines.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Rob. We received a question from Glenn Weinhoff about the number of directors we have on the Board and a question about diversity on the Board from Beverly Jones. A number of other questions about the composition of our board were also asked relating to tenure, independence and qualifications. Ken, do you want to address these?

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

I'd be happy to. Thank you, Mr. Weinhoff and Ms. Jones. Our Board has long believed in the business value of having diverse perspectives in the boardroom. We are deliberate in ensuring the board has the right mix of perspectives, skills and expertise to address Merck's current and anticipated

needs as the opportunities and challenges the company faces evolve over time. The Board has been deliberate also over the past number of years in refreshing itself with new Board members in their seats.

The Board's nominees at this year's meeting clearly demonstrate our commitment to diversity of both experience and perspective. Our Board members possess varied skills and experiences, including scientific, medical, financial, leadership public policy and regulation, talent management and global strategy as well as operational, all of which we believe are critical to overseeing the execution of Merck's strategy.

Our Board now consists of 14 directors, 12 of whom are independent. Of our 14 directors, 3 are African Americans, and 6 are women. The average tenure of Board members is approximately 7 years. So I would say that we have tried to put together a board that is both diverse, broadly talented to meet the needs of you, our shareholders.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks. Ken. Our next question comes from Chris Nanda, and it is, what are the measures Merck is taking to reduce its ecological footprint including waste reduction and reducing climate change impact, greenhouse gas emissions associated with all aspects of Merck's operations. Rob, do you want to take this one?

Robert M. Davis - *Merck & Co., Inc. - President, CEO & Director*

Sure. Well, thank you for the question, Chris. Our company has a long history of environmental stewardship, and we continue to make this a priority for our company.

I'm personally committed to reducing our environmental impact to drive long-term success for our business and our stakeholders. We realize our strategy and efforts need to improve and need to constantly change, given the increasingly resource-constrained world and the rapidly changing climate we face. Our environmental sustainability strategy has 3 areas of focus aimed at managing our impact, and they include driving efficiency in our operations, designing new products, packaging and facilities to minimize environmental impact and reducing impacts in our upstream and downstream value chain. We're proud of the fact that our greenhouse gas reduction goals have been certified by the science-based targets initiative.

We also support the global efforts to achieve the goals of the Paris Agreement, and our commitments reinforce our long-standing focus on preventing the worst impacts of climate change by reducing our demand for energy and minimizing our greenhouse gas emissions.

Our Global Energy and Sustainability Center of Excellence has created an energy road map to help our facilities reduce energy demand and the associated greenhouse gas emissions. And now all new facilities are required to comply with our energy design guide and energy conservation plan. Our low carbon transmission playbook is designed to help strategies to reduce greenhouse gas emissions across our business. The company has a public target to maintain global water use at or below 2015 levels by 2025. In addition, we aim to reduce our global operational waste including our goal that at least 50% of our sites will send 0 waste to landfills also by 2025. We continuously strive to maximize the use of environmentally friendly methods of disposal such as recycling, composting and generating energy from waste.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Rob. We received a few questions related to our plans for KEYTRUDA. What new trials are underway or what additional use authorizations are being pursued. Dean, would you take these?

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Absolutely. We are a leader in oncology research and are focused on expanding our portfolio of cancer medicines into new tumor types, extending into earlier lines of therapy and deepening patient response through combinations and co-formulations. We have built one of the largest

immuno-oncology clinical research programs, including 1,200 clinical trials that combine KEYTRUDA with other cancer treatments, and a pipeline that includes more than 20 mechanisms that is in the clinic.

KEYTRUDA, our anti-PD-1 therapy has transformed the way we treat some of the deadliest forms of cancer, becoming a foundational treatment for patients with certain advanced cancers. And to date, KEYTRUDA is approved in the United States for 33 indications across 16 tumor types, plus MSI-high and TMB-high. Worldwide, more than 1 million patients have been treated with commercially available KEYTRUDA. We continue to expand our treatment impact in earlier stages of disease where there are now 5 U.S. approvals for KEYTRUDA. Our research continues to expand with positive data presented earlier this year for the adjuvant treatment of patients with Stage Ib 3a non-small cell lung cancer following surgical resection in KEYNOTE-091.

Our broad oncology portfolio also includes Lynparza, Lenvima, TUKYSA and WELIREG, which are also important innovations in cancer care.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Dean. We've received a number of questions from shareholders regarding Merck's executive compensation, and how it is aligned to promote company performance and shareholders' interests.

For this question, I would turn to Pat Russo, Chair of the Compensation and Management Development Committee. Operator, will you please unmute Pat Russo's line?

Patricia F. Russo - *Merck & Co., Inc. - Independent Director*

Good morning, and thanks for the question. As recently elected Chair of the Compensation Committee, although I have served on it for quite a while, I will tell you that the committee itself is comprised entirely of independent directors. And does believe that the executive award programs we have in place are appropriately aligned with performance. And in fact, we use an outside independent consultant to help us assess alignment on a regular basis.

Merck's comp programs are designed to reward executives based on the achievement of specific company performance objectives, which as a whole are intended to drive long-term value for Merck shareholders and help maintain Merck as an industry leader in the development of innovative medicines.

The programs maintain, we think, a reasonable balance between annual and longer-term performance with a significant portion of compensation for executive teams being delivered in the form of equity, which is intended to drive longer-term performance and increased value. In the annual program, we have both financial objectives and nonfinancial objectives that are ensuring awards for top and bottom line performance in terms of revenue and net income and as well progress and success with respect to our pipeline advancements, which obviously lead to longer-term revenue opportunities.

And then lastly, I would just say that we do utilize as most companies do an independent outside consultant, FW Cook, which advises the Compensation and Management Committee on trends, regulatory requirements, practices, policies, et cetera, and then advises the full Board on CEO compensation.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Pat. We also received several questions on our approach to returning capital to shareholders through dividends and share repurchases. How do those fit into how we spend compared to investment in the business or other uses? Rob, would you take this one?

Robert M. Davis - *Merck & Co., Inc. - President, CEO & Director*

Sure. Well, we have a very disciplined approach to how we allocate capital across the business and to our shareholders. We'll continue to prioritize investments in our business and pipeline to drive near-term and long-term growth. But in addition, we've been and will continue to be appropriately aggressive in augmenting our internal pipeline through strategic business development, and we intend to pursue additional value-enhancing opportunities.

That said, we remain committed to the dividend with a goal of increasing it over time. And to the extent we have excess cash, we will return it to shareholders through share repurchases.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Rob. I think we've got another one for you. Shareholders have submitted questions asking about how Merck promotes diversity within the organization.

Robert M. Davis - *Merck & Co., Inc. - President, CEO & Director*

Well, thanks for that. We've always believed in the business value of having a diverse background in all of our employees and bringing diverse perspectives to Merck. While in the past, we've held ourselves accountable for increasing diverse representation, I'd like to point out that in 2021, we furthered that commitment by sharing our goals publicly. These goals include increasing the representation of women and underrepresented groups within our leadership levels, and we're making progress.

Additionally, we aim to create more opportunities for underrepresented groups by evaluating our talent management practices, including how we hire, advance and retain our talent, to determine where we can remove barriers to ensure we continue to do better in all of these categories. This includes training our managers on strategies to mitigate unconscious bias and the candidate selection and hiring process. And we've also worked with our external providers to ensure that they focus on these priorities as well. I think the best path to value creation is through talent. And today, I'm proud that as a result of our efforts, we're increasing our diverse talent representation.

Importantly, we remain committed to actively cultivating a talented, diverse and inclusive workforce that better represents and can, therefore, better serve our customers, health care providers and our patients.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Rob. Our next question comes from Tom Clark, and it is, where will the bulk of R&D be directed for the next year? Dean, do you want to take this one?

Dean Y. Li - *Merck & Co., Inc. - Executive VP & President of Merck Research Laboratories*

Yes. Thank you for the question, Tom. Our investment in R&D have resulted in a portfolio of innovative products that have been driving revenue growth over the past several years. We intend to advance our internal pipeline and the opportunities we see in vaccine, cardiometabolic, neuroscience and other disease areas. And we are making extensive investments in the discovery and development of new drugs as well, which we will believe will be the source of longer-term innovations.

We will also continue to build upon our strong position in oncology and execute on our strategy to expand, deepen and extend benefits to patients and diversify our imprint on cancer. We remain highly focused in our pursuit of the best external science and are appropriately aggressive in pursuing compelling external innovation.

In addition to continuing to drive for leadership in oncology, we are also looking to broaden our pipeline into other areas of science. Last year's acquisition of Pandion and Acceleron are good indications of that. Following the completion of our acquisition of Acceleron, we are making strong progress in advancing the development of Sotatercept currently being evaluated in multiple Phase III studies. This is an important and strategic opportunity for our company to continue advancing our portfolio and pipeline in cardiopulmonary disease.

With our exceptional scientific expertise, data-driven approach and strong clinical execution, we believe our broad differentiated portfolio can have a meaningful impact on patient lives. We will continue to follow the science where we can make the greatest difference now and in the future.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thanks, Dean. And I think we have time for just one more question. A number of our shareholders are interested in what actions we are taking to manage the business through the current environment. Rob, will you take this one?

Robert M. Davis - *Merck & Co., Inc. - President, CEO & Director*

Sure. Well, and I think Ken summarized some of this in his opening comments, but what's important at Merck, we're working globally and with diligence and dedication in what remains a very challenging environment. And to really address this, we've established a clear set of priorities. And I'm proud of how we've executed against those priorities with both focus and discipline.

And to give you a sense of what those priorities are: first, the safety, growth and well-being of our workforce is paramount to ensure we can deliver for the patients that count on us. Second, we must ensure the continued supply of our medicines and vaccines, including those for clinical trials. And third, we must deliver on our near-term operational commitments, which we continue to do. And finally, we must accelerate our growing internal pipeline and augment it with the best external science.

Our consistent ability to achieve these priorities over the last several quarters, while navigating the ever-changing macro environment demonstrates our clinical and operational strength, our commercial execution and our robust product demand and is reflected in our '22 guidance as well as in our stronger long-term outlook. It's why I continue to be so confident in the future of this company.

Overall, it has been a year of significant achievement for Merck and our momentum continues. And most importantly, I am immensely proud of my Merck colleagues and how they have stepped up to deliver for patients and for all of our stakeholders. Thanks.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Thank you, Rob. This concludes the question-and-answer portion of our meeting.

Now I'll turn it over to Ken.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

Thank you, Kelly. Let's proceed with the rest of the meeting. The final report of the Inspector of Elections will not be available today. We do, however, have a preliminary report, which I will now ask Ms. Grez to present.

Kelly E. W. Grez - *Merck & Co., Inc. - Corporate Secretary*

Mr. Chairman, the Inspector of Election has presented his preliminary report. He has determined that each of the 14 directors nominated by the Board has been elected by a majority of the votes cast, and the Audit Committee's request for ratification of PricewaterhouseCoopers LLP as the

independent registered public accounting firm has been approved. Shareholders approved by a nonbinding advisory vote, the 2021 compensation of our named executive officers. The proposal received an affirmative vote of 91.9% of the total votes cast.

The inspector has also determined that the shareholder proposal regarding an independent Board Chairman has received an affirmative vote of 34.5% of the total votes cast. The shareholder proposal regarding access to COVID-19 products has received an affirmative vote of 36% of the total votes cast. The shareholder proposal regarding lobbying expenditure disclosure has received an affirmative vote of 16% of the total votes cast. A majority of the votes cast were required for each of the proposals to be approved.

The final results will be available Friday on the company's website at www.merck.com, under the Investors tab, along with an archived recording of this meeting. We also intend to disclose the final results on Form 8-K within 4 business days of this meeting. Thank you.

Kenneth C. Frazier - *Merck & Co., Inc. - Executive Chairman*

The business of this meeting has now been completed. On behalf of my colleagues on the Merck Board as well as my colleagues on management, we want to thank you very much for attending Merck's 2022 Annual Meeting of Shareholders, and I wish you all the best of health and success going forward. Thank you.
