OVERVIEW:
Company Summary
CORPORATE PARTICIPANTS

Robert Davis  Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Dean Li  Merck & Co Inc - Executive Vice President, President - Merck Research Laboratories

Kelly Grez  Merck & Co Inc - Corporate Secretary & AVP, Legal

CONFERENCE CALL PARTICIPANTS

John Chevedden

Paul Chesser  National Legal and Policy Center

David Bahnsen Bahnsen  The Bahnsen Family Trust dated July 14, 2003

PRESENTATION

Operator

(video playing)

Good morning, and welcome to the 2024 annual meeting of shareholders of Merck & Co, Inc. We do not anticipate any technical difficulties today, but in the event we lose audio or webcast connection and are unable to convey any updates, we request that you wait 10 minutes for resolution. Please refer to the Investor Relations section of the company’s website for updates.

At this time, I would like to introduce Merck’s Chairman, Chief Executive Officer, and President, Robert M. Davis.

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Good morning, and thank you for joining today’s call. I hope you're doing well. I'm pleased to welcome you to our 2024 annual meeting of shareholders and to call this meeting to order. Today's meeting is being conducted in virtual format that allows us to provide a consistent experience for all shareholders. On behalf of all of us at Merck, including my colleagues and our Board of Directors, we appreciate your interest and ongoing investment in our business. And we remain committed to creating value for you, our shareholders, as well as for all of our stakeholders, including customers, clinicians, and ultimately, the patients who look to us for solutions to some of the world's toughest health challenges.

I would now like to acknowledge all of our independent directors and director nominees who are attending today's meeting virtually. Our Board consists of experienced and qualified leaders who bring the diverse perspectives, skills, and experience needed to oversee the successful execution of Merck's strategy.

I would also like to take a moment to extend my sincere thanks to Peter Wendell, who is retiring from our Board as of this meeting. Since 2003, Mr. Wendell has contributed significantly to our company and our Board, and I deeply appreciate his leadership and dedicated service.

Prior to the business portion of this meeting, I’ll provide an update on our significant progress over the last year. Dr. Dean Li, President of Merck Research Laboratories, will then speak to our ongoing efforts to further strengthen our broad and diverse pipeline of innovative science and to continue advancing our priority programs.

Also joining us today are other members of Merck’s executive team, including Jennifer Zachary, our Executive Vice President and General Counsel. Our Corporate Secretary, Kelly Grez, is also present and has informed me that we have a quorum. Gerry Flynn and Stephanie Manuel are also attending this meeting, representing PricewaterhouseCoopers LLP, the independent registered public accounting firm for Merck for 2024, subject to shareholder ratification at this meeting.
Please note that today’s agenda, the rules of conduct for the meeting, and Merck’s 2024 proxy statement and 2023 annual report on Form 10-K are available in the materials section of the virtual meeting website. In addition, pursuant to New Jersey law, a list of all shareholders of record entitled to vote at this meeting is available for shareholders to view.

For more than 130 years, Merck has been guided by the view that innovative medicines and vaccines change the world. In 2023, this vision continued to drive us as our team worked with rigor, urgency, and passion to develop and deliver significant scientific advancements. We continue to deliver on our longstanding legacy of scientific innovation and achievement.

Through the successful execution of our science-led strategy, we expanded and diversified our pipeline and delivered strong financial results. We made meaningful progress in developing and delivering transformative therapies and vaccines around the world, driving tangible value in the short term, while investing in new technologies and innovations and strengthening our pipeline for the long term, including through strategic business development.

We delivered strong top-line growth of 12%, excluding the impact of LAGEVRIO, our investigational oral antiviral COVID-19 medicine, and foreign exchange. Sales increased to $60.1 billion, and non-GAAP EPS was $1.51, including one-time charges totaling $6.21 per share for certain business development transactions.

We entered 2024 confident in our ability to maintain strong growth and will continue to leverage our expertise, capabilities, and scale to broaden and advance our pipeline and to capitalize on opportunities to provide life-changing medicines and vaccines to patients and customers worldwide.

Cutting-edge science is who we are at our core. Since we were together last year, we have achieved important milestones and generated significant momentum across our business.

In oncology, we continue to achieve significant regulatory and clinical milestones. In 2023, we received notable approvals for KEYTRUDA, including two for the treatment of certain types of early-stage, non-small-cell lung cancer. We now have nine US approvals in the earlier-stage setting across seven types of cancer.

And notably, KEYTRUDA has now shown an overall survival benefit in the earlier-stage setting in the indicated populations for four different types of cancer, non-small-cell lung cancer, renal cell carcinoma, cervical cancer, and most recently, triple-negative breast cancer. We’ve initiated several late-phase programs of novel candidates from our diverse oncology pipeline and now see potential commercial opportunity of over $20 billion by the mid-2030s.

Turning to the cardiometabolic disease area, we’re excited by the FDA’s recent approval of WINREVAIR, formerly referred to as sotatercept. We’re also working to bring this important medicine to patients outside the United States, including in the EU, where we expect regulatory action in the second half of 2024.

In addition, our investigational oral PCSK9 inhibitor, MK-0616, has advanced to Phase 3 studies following encouraging results in Phase 2b, which demonstrated a significant reduction in LDL-C in people with hypercholesterolemia.

In the cardiometabolic area, we’ve increased our assessment of the potential commercial opportunity to approximately $15 billion by the mid-2030s. This update reflects our increased confidence, supported by clinical data readouts for WINREVAIR and MK-0616, and also now includes MK-6024 for MASH, or Metabolic Dysfunction-Associated Steatohepatitis. The progress we’re making across our cardiometabolic program exemplifies Merck’s purpose and action. In vaccines and infectious diseases, worldwide demand continues to grow for GARDASIL and GARDASIL 9, our products for the prevention of certain HPV-related cancers and diseases, in both men and women. And we remain committed to helping reduce the global burden of certain HPV-related cancers.

Building on the success of the launches of VAXNEUVANCE, we look forward to the potential FDA approval in June for V116, our investigational 21-valent pneumococcal conjugate vaccine. If approved, V116 would be the first pneumococcal conjugate vaccine designed specifically to address serotypes responsible for the majority of invasive pneumococcal disease in adults and could become an important new preventative option.
In addition, we have increasing momentum in our HIV pipeline. And finally, our industry-leading animal health business continues to deliver solid performance across both livestock and companion animal products, as well as technology solutions.

Looking ahead in 2024, we're well-positioned across all of our key growth drivers, and our strategic priorities remain unchanged. We are focused on delivering innovative solutions that advance the prevention and treatment of diseases and on creating value for all of our stakeholders, including you, our shareholders.

Business development remains a priority for Merck and a key part of our science-led business strategy. We continue to act decisively when science and value align. In 2023, we deployed over $18 billion in business development and announced more than 75 significant agreements, building on our proven track record of identifying and accessing the best science to enhance our pipeline and drive long-term growth.

In 2023, we expanded our presence in immunology and hematology through acquisitions of Prometheus Biosciences and Imago BioSciences, respectively. We have subsequently progressed lead candidates from each company into Phase 3 trials.

In addition, we continue to apply our business development strategy to further strengthen our leadership in oncology. Last October, we announced a wide-ranging collaboration with Daiichi Sankyo for three potential first-in-class antibody drug conjugates, or ADCs, and now have an industry-leading pipeline of ADC candidates, with the potential to develop meaningful new options for patients with certain types of cancer.

And in March, we completed our acquisition of Harpoon Therapeutics, further augmenting our oncology pipeline with a novel portfolio of T-cell engagers. This includes lead candidate MK-6070 for certain types of small cell lung cancer and neuroendocrine tumors.

Also, we recently announced an agreement to acquire the aqua business of Elanco Animal Health and expect this acquisition to establish Merck Animal Health as a leader in the aqua segment upon closing.

As we bring forward life-changing innovation and pursue breakthroughs for patients, we're committed to doing so responsibly. Sustainable value creation is core to how we do business as we work to expand global health access, advance innovative science, and ultimately provide products and technologies that save and improve patients' lives worldwide.

After surpassing our goal to enable 100 million more people to access our innovative portfolio of medicines and vaccines, we've increased our ambition and expanded our original target to enable access for 350 million more people by 2025. To realize this goal, we've implemented several access strategies, one of which focuses on collaboration with financial institutions and payers, helping them expand funding options that assist patients in managing out-of-pocket medical costs due to critical illness.

Enhancing diversity in our employee population improves our understanding of our customers, promotes the inclusion of diverse populations in our clinical trials, and encourages the innovation that drives our business. Diversity and inclusion among our employees is a business imperative, and our success is built on a culture that embraces employees’ different perspectives and values their contributions.

In the past year, we've also made progress toward our climate goals, building on Merck's long history of environmental stewardship. As part of this work, we committed to the Science-Based Targets Initiative to set a net-zero target for greenhouse gas emissions across our global operations covering Scopes 1, 2, and 3. We are dedicated to operating responsibly and believe we have a unique opportunity to make a positive impact through our research, medicines, and vaccines, as well as through our enduring commitment to sustainable innovation and value creation.

Our strong momentum continues in 2024, thanks to our colleagues' passion for expanding global health access and their commitment to scientific excellence and strong commercial and operational execution. We're prioritizing expansion of our long legacy of patient-centered, science-led innovation and working to address unmet medical needs across the globe. I continue to be inspired by our team's dedication every day to carry out Merck's purpose of delivering innovations that advance the prevention and treatment of diseases.
Looking forward, we expect continued progress in our promising late-stage programs across cardiometabolic, HIV, immunology, neuroscience, oncology, vaccines, and animal health, as well as across a robust set of early-stage programs. We are committed to pursuing our science-led business development strategy and to making disciplined investments in innovation that will drive long-term value for patients and shareholders alike.

I'll now turn the podium over to Dr. Dean Li to talk more about our efforts in Merck’s research laboratories. Dean?

Dean Li - Merck & Co Inc - Executive Vice President, President - Merck Research Laboratories

Good morning, everyone. It is a pleasure to be here once again for the annual meeting of shareholders. Today, I will provide an overview of notable events regarding our progress in expanding and diversifying our pipeline, including the strong momentum we've built across early and late-phase programs spanning multiple indications, starting with oncology.

As a reminder, our oncology strategy is based on three strategic pillars, immuno-oncology, precision molecular targeting, and tissue targeting. In immuno-oncology, even as we approach the 10-year anniversary of the first US approval for KEYTRUDA, we continue to evaluate its potential to transform cancer care and address the needs of more patients. In 2023, we made important progress in the development of KEYTRUDA for the treatment of earlier-stage cancers where there is greater potential for improved outcomes.

As Rob noted, we have now received nine FDA approvals for KEYTRUDA based on trials conducted in earlier-stage disease. Building on the success of KEYTRUDA, we are continuing to augment and diversify our oncology pipeline with candidates derived from both our own internal programs as well as those secured through strategic business development transactions, some of which have already been mentioned.

For example, continuing on the theme of immuno-oncology, in collaboration with Moderna, we are conducting multiple Phase 3 clinical trials evaluating V940, a novel individualized neoantigen therapy in combination with KEYTRUDA for the treatment of certain patients with melanoma and patients with non-small cell lung cancer, both following surgery.

In precision medicine, since our last annual meeting of shareholders, we advanced three candidates into Phase 3 study, [obevoselstat] for certain patients with prostate cancer, bomedemstat in specific hematology indications, and more recently, MK-1084 and oral KRAS-G12C inhibitor being evaluated in combination with KEYTRUDA for the treatment of certain patients with melanoma and patients with non-small cell lung cancer, both following surgery.

2023 was an important year of progress as we significantly expanded our pipeline of tissue-targeting candidates through collaborations with Kelun-Biotech and Daiichi Sankyo. We are now well-positioned with an industry-leading portfolio of ADC candidates. In fact, next month, the FDA is due to provide a decision regarding Patritumab deruxtecan, an investigational ADC derived from our collaboration with Daiichi Sankyo for certain patients with non-small cell lung cancer.

Beyond oncology, we are advancing diverse late-phase candidates spanning cardiometabolic disease, HIV, and immunology. In cardiometabolic disease, the FDA’s approval of our first-in-class active in signaling inhibitor, WINREVAIR, for the treatment of adults with pulmonary arterial hypertension, or PAH, to increase exercise capacity, improve WHO functional class, and reduce the risk of clinical worsening events represented an important milestone.

We believe WINREVAIR added to background therapy has the potential to provide a new standard of care for these patients. Further studies are ongoing in additional indications. We continue to evaluate WINREVAIR in a broad clinical development program, which includes Phase 3 trials in PAH populations.

Also, in the cardiometabolic space, we are conducting several Phase 3 trials for MK-0616, a novel oral PCSK9 inhibitor, under investigation for the treatment of patients with high cholesterol. MK-0616 represents the furthest along in a series of candidates developed in our laboratories called macrocyclic peptides. These molecules offer the potential for remarkable target specificity with the possibility of oral bioavailability.

As our pipeline matures, I anticipate more candidates based on this exciting technology platform to advance into later phases of clinical development. In HIV, our pipeline continues to advance. In March, presentations at the Conference on Retroviruses and Opportunistic Infections reinforced
progress in our strategy to develop less frequent dosing regimens for managing and treating HIV. We believe these programs have the potential to help address adherence, stigma, and other challenges faced by some individuals taking daily antiretroviral pills.

Finally, in immunology, we are proceeding with speed and rigor to advance a Phase 3 program for tulisokibart. In 2023, we initiated trials in certain people living with ulcerative colitis and plan to start a similar trial in patients with Crohn’s disease later this year. We remain committed to expanding upon our proud legacy of developing vaccines that provide meaningful public health benefits.

The latest global cancer statistics provide further indication of the potential benefit of improved human papillomavirus-related cancer screening and vaccination strategies. Earlier this year, we announced plans to initiate clinical development of a new investigational multivalent HPV vaccine designed to provide broader protection against certain cancers and diseases caused by additional HPV types.

We also plan to evaluate whether or not a single dose of GARDASIL 9 provides comparable long-term protection to the approved three-dose regimen in males and females ages 16 to 26. Later this year, we anticipate a readout for clesrovimab, our monoclonal antibody for passive immunization for the prevention of lower respiratory tract disease caused by RSV in infants. RSV infection is a common cause of hospitalization in children under a year of age.

In June, we expect to hear from the FDA regarding V116, which, if approved, would be the first pneumococcal conjugate vaccine specifically designed for adults and covers the serotypes responsible for about 83% of invasive pneumococcal disease cases in adults ages 65 and older. In addition to advancing our diversified pipeline of candidates, we are harnessing important advances in biology, chemistry, and technology that have the potential to reshape the landscape of discovery.

We are also strategically integrating data sciences and applying new artificial intelligence and machine learning technologies designed to unlock innovative solutions that span the drug discovery, development, and regulatory continuum. With a strong focus on scientific excellence, continuous improvement, and strategic integration of new technologies, I am excited for how we are shaping the future of healthcare and delivering on our purpose to save and improve lives. I look forward to providing further updates.

Let me close by saying how grateful I am to my colleagues in Merck Research Laboratories for their ongoing commitment and hard work. Thank you.

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thank you, Dean. And now, continuing with the business portion of the meeting, I will ask Kelly Grez, the Secretary of the Meeting, to report on our quorum and other matters. Ms. Grez?

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Mr. Chairman, proxies have been received totaling 2,129,666,000 votes, or 84% 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 11, 2024, to all shareholders of record as of April 1, 2024.

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thank you, Kelly. In accordance with the resolution of the Board, dated March 26, 2024, Michael J. Barbera and Jason P. Graham, representatives of First Coast Results, Inc., were appointed as inspectors of election for this meeting and have executed the required oath of office. The proposal will be presented in the order they are outlined in the 2024 proxy statement. We have three management proposals and three 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 have 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 question-and-answer period at that time.

Now, the first item of business is the election of directors. The Board nominees for terms expiring in 2025 are Mr. Robert M. Davis, Chairman, Chief Executive Officer, and President of Merck; Mr. Douglas M. Baker, Jr.; Ms. Mary Ellen Coe; Ms. Pamela J. Craig; Mr. Thomas H. Glocer; Dr. Risa J. Lavizzo-Mourey; Dr. Stephen L. Mayo; Dr. Paul B. Rothman; Ms. Patricia F. Russo; Dr. Christine E. Seidman; Mr. Inge G. Thulin; and Ms. Kathy J. Warden. 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 non-binding 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 company’s independent registered public accounting firm for 2024 as set forth in the 2024 proxy statement. The Board of Directors recommends a vote for this proposal.

We now come to the shareholder proposals. Each shareholder will be given three minutes to present their proposal. Shareholders should restrict their comments to the proposal before the meeting.

The first shareholder proposal is from Kenneth Steiner with [John Chevedden] as his proxy and concerns a shareholder right to act by written consent. If Mr. Chevedden is on the line, I would now ask the operator to unmute his line to allow him to present this proposal.

John Chevedden

Hello, this is John Chevedden, Proposal 4, shareholder right to act by written consent. Shareholders request that the Board of Directors take such steps as may be necessary to permit written consent by the shareholders entitled to cast the minimum number of votes that would be necessary to authorize an action at a meeting at which all shareholders entitled to vote thereon were present and voting. This includes shareholder ability to initiate any appropriate topic for written consent. This proposal topic won 42% support at the 2020 Merck annual meeting. And the 2020 proposal could have received a higher vote if it pointed out that a Merck director can only be removed for cause, which is another way to say that it’s almost impossible for shareholders to remove a Merck director, which makes the right to act by written consent to replace the director all the more valuable to shareholders.

The 42% support was all the more important because it takes much more shareholder conviction to vote for a shareholder proposal than to simply go along with the Board's recommendation. Taking action by written consent in place of a meeting is a means shareholders can use to raise important matters outside the normal annual meeting cycle like the election of a new director. For instance, three Merck directors each received more than 100 million against votes repeatedly since 2020. The shareholder ability to replace a director by written consent could give Merck directors more of an incentive to improve their performance.

Ms. Patricia Russo received 228 million against votes in 2021, 250 million against votes in 2022, and 258 million against votes in 2023. Ms. Russo’s 2023 against votes were up to 50 times the against votes received by a number of other Merck directors. Ms. Russo also repeatedly received the most against votes at General Motors, where she is also a director.

Mr. Thomas Glocer, lead director, with 137 million against votes, violates the most important attribute of a lead director, independence. As director tenure goes up, director independence goes down. Mr. Glocer has 17 years director tenure at Merck. It is disappointing that Mr. Robert Davis, a relatively new Merck Chairman and CEO, received 157 million against votes.

Please vote yes to the Shareholder Right to Act by Written Consent Proposal 4.
Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thank you, Mr. Chevedden. The Board has carefully considered this shareholder proposal and recommends you vote against it because adopting the proposal would not enhance shareholder value and is not in the best interest of the company and all of its shareholders. The company’s shareholders can take action in a multitude of ways, including without limitation, by calling and acting at a special meeting and by submitting shareholder proposals for consideration at an annual meeting of shareholders. Adopting written consent could disenfranchise many shareholders, is less transparent and democratic than an action at a shareholder meeting, and could create confusion and disruption for shareholders and for the company.

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 92 of the company’s 2024 proxy statement. The Board of Directors recommends a vote against this proposal.

The next shareholder proposal is from the National Legal and Policy Center and concerns a government censorship transparency report. 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.

Paul Chesser - National Legal and Policy Center

Good morning, I’m Paul Chesser of the National Legal and Policy Center. Congressman Jim Jordan, Chairman of the House Judiciary Committee, has got some goods on Merck. Last July, Chairman Jordan notified Robert Davis, Chairman and CEO of Merck, that his committee had documents in its possession that showed in late 2020 that Merck was among the major pharmaceutical company invitees for a meeting with executive branch agencies, social media companies, and Stanford University. The purpose of this meeting was to strategize how to shut down speech on the internet that didn’t follow the government-driven and pharma-driven narratives on COVID.

Just a few months before this meeting took place, Merck announced in a press release about how proud it was of its so-called responsibility to be a, quote, force for good in the world, end quote. The company said in that press release that, quote, we are calling on social media companies to do as much as they can to stop hate speech, racism, and discrimination and to create social media platforms that encourage sharing of accurate information, end quote.

So there you go. Out of the mouthpiece of this arrogant company, which likes to throw its weight around as a so-called force for good, is its clear commitment to shut down the speech of law-abiding, respectable Americans who may disagree with Merck’s agenda.

Mr. Davis, I certainly hope that you complied with Chairman Jordan’s request for further documents related to this organized scheme, because Merck’s response in opposition to our proposal does not instill confidence that you did.

Our proposal asks for a transparency report that outlines Merck’s policy in response to requests from government to help censor Americans. The proposal also asks Merck to disclose the specific request it has received from the government to aid censorship. And rather than actually be transparent, Merck states that it, quote, already provides significant disclosure regarding its ongoing efforts to increase transparency, end quote.

This is an absolute, total falsehood. But then again, the public has come to expect nothing but propaganda from big pharma. Its trust and reputation is in tatters just like big media’s, academia’s, and government’s. Merck’s proxy response is an insult and feebly attempts to distract investors from the censorship issue. The company tries to claim it is transparent by pointing to its already required financial disclosures and to irrelevant things like its carbon disclosure project. How are those pertinent to Merck’s participation in willful and unconstitutional government censorship that puts the company at legal risk?

Come clean, Mr. Davis, and come clean, Merck Board. Please vote for Proposal 5.
Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thank you, Mr. Chesser. The Board has carefully considered this shareholder proposal and recommends you vote against it. The company's disclosures provide sufficient insight into its approach to handling the types of requests contemplated by this shareholder proposal that may be received by the company, if any.

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 94 of the company's 2024 proxy statement. The Board of Directors recommends a vote against this proposal.

The last shareholder proposal is from the Bahnsen Family Trust, dated July 14, 2003, and concerns a report on respecting workforce civil liberties. If David Bahnsen or a representative for the Bahnsen Family Trust is on the line, I would now ask the operator to unmute their line to allow them to present this proposal.

David Bahnsen - The Bahnsen Family Trust dated July 14, 2003

Thank you very much. My name is David Bahnsen. I am not a political activist. I'm a professional financial advisor and wealth manager. My clients and I are quite concerned about religious and political bias in corporate America. My resolution focused specifically on the treatment of employees.

According to the leading religious liberty group, the Alliance Defending Freedom, the gold standard for diversity in the workplace calls for explicit protection against discrimination based on religious or political viewpoint. Merck does not offer that protection to its employees.

Merck also excludes organizations such as churches and synagogues with an exclusively religious purpose from the Employee Charitable Matching Program. However, very controversial pro-abortion organizations do receive corporate support. According to the Religious Freedom and Business Foundation, it is best practice for companies to offer employee resource groups based on their specific faith, such as Christianity, Judaism, or Islam.

Google does this, and so does Intel, American Express, American Airlines, but Merck does not. A company that fully embraces religious equality, diversity, and freedom would offer explicit protection for religious viewpoints and should not discriminate against nonprofits based on religious versus secular purpose. It would make room for affinity groups, not just based on ethnicity and sexuality, but also for religious beliefs. And surely there is room in our lineup of employee resource groups for the huge portion of the population who adhere to Christianity.

If a company gets an A from the left-of-center human rights campaign and an F from the conservative corporate bias report, the company is taking sides. It's that simple. This is contrary to our interest as shareholders. It's time to up our game and embrace best practices when it comes to viewpoint diversity and religious liberty protection, to make those protections explicit in corporate policy, and to end discrimination in corporate matching grants and offer the same right to form an affinity group to Christians as we do based on culture war affinity groups. It's good for employees, which makes it good for us shareholders, like me and my clients. I now defer the rest of my time. Thank you very much.

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Mr. Bahnsen, thank you. The Board has carefully considered this shareholder proposal and recommends you vote against it. Our company's policies, practices, and procedures demonstrate that diverse viewpoints are respected and encouraged and are an essential part of advancing our business. In light of our demonstrated commitment to developing and maintaining a diverse and inclusive workforce, the Board believes that adopting this shareholder proposal is unnecessary and not in the best interest of the company or its shareholders.

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 96 of the company's 2024 proxy statement. The Board of Directors recommends a vote against this proposal.

This completes the proposals. I now declare the polls officially closed.
Now, we turn to the general question-and-answer portion of our meeting. We received a number of questions in advance of the meeting, and we’ll try to cover as many of them as we can. If we don’t cover your question during the meeting and you provided your contact information when submitting your question, we will follow up with a response. I’ll now invite Dean back up to join me at this time.

Kelly, what is our first question?

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Thanks, Rob. Our first question is from [Harry Alshuler], and it’s for you. Have you considered a smaller number of directors on the Board?

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thanks for your question, Harry. Reviewing the Board’s composition is a critical part of how we ensure effective oversight. And as a Board, we need to ensure we are enabled to address not only the company’s current needs but also anticipated future needs as the opportunities and the challenges that the company is facing are always evolving. This work is led by our independent governance committee. We believe we’ve put together a Board that is broadly talented with diverse experiences and perspectives.

And also, I'd like to point out, we've achieved gender parity. We have a varied set of skills and experiences in areas that are all critical to overseeing the company’s strategy. Just some of these would be scientific, medical, financial, CEO leadership, public policy and regulation, talent management, operations, and global strategy.

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Thanks, Rob. Our next question comes from two shareholders. And they've asked about the company's DE&I practices and whether the company has plans to abolish them. Rob, can you speak to that?

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Yes. Thanks, Kelly. And I appreciate the question. We've always believed in the business value of having diverse perspectives at Merck. And I touched upon this in my earlier comments. The best path to value creation is through talent, and a variety of backgrounds and ideas drive the innovation that's at the heart of our company. We remain committed to actively cultivating a talented, diverse, and inclusive workforce that best represents and therefore best serve our customers, health care providers, and patients.

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Thanks a lot, Rob. We have a question here that's related to product and supply. Dean, I'm going to pose this one to you. Thomas Jackson wants to understand the status of the ongoing shortage of bladder cancer medicine, TICE BCG.

Dean Li - Merck & Co Inc - Executive Vice President, President - Merck Research Laboratories

Thank you for the question, Thomas. First, let me briefly review the history of TICE BCG in the market. Prior to 2012, other manufacturers supplied the US market with TICE BCG, with Merck providing 30% to 40% of overall US supply. As other manufacturers exited the US market in 2012, we
became the sole supplier to the US and increased production of TICE BCG to the full extent of our manufacturing capacity. These efforts enabled us to double supply of TICE BCG in the country.

However, because of its highly complex and specialized manufacturing and quality control testing processes, existing Merck facilities cannot be readily and quickly retrofitted to produce increased supply.

In addition, global demand for the product continues to exceed available capacity. We understand the medical need for this product, and construction is well underway on a new facility for manufacturing TICE BCG. This facility will triple our current manufacturing capacity, and once finished, we expect it to meet anticipated demand for the foreseeable future.

Barring unforeseen circumstances, the new facility is on track for completion by late 2025 to late 2026. Until the new facility is complete, we will continue to use a system to proportionally allocate TICE BCG, OncoTICE, to minimize disruption to patient care as much as possible.

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Our next question is from Gary Mueller, and it's about Merck stock. Gary's question is, do you anticipate a stock split soon? Rob, can you answer this one?

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Yeah, I'd be happy to take this one. And thank you for your question, Gary. At the current time, we don't believe conditions warrant a stock split. Stock splits have typically been used to boost a stock's liquidity by increasing the number of shares outstanding and reducing the stock price, making stock more appealing to certain investors.

Currently, we believe there's an appropriate volume of liquidity of Merck in the market and don't believe the per-share price of our stock is a limitation for the majority of investors. I'd also note that many investors are also now able to purchase fractional shares through retail trading platforms. That all said, we do periodically evaluate such decisions as appropriate, and we'll reconsider those into the future.

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Thanks, Rob. So we have a question from Rusty Carr, and his question is, do you donate to election deniers? Rob?

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thanks, Kelly, and thanks for the question, Rusty. It's important to understand that we believe it's important as a company and for the patients we serve to engage in the political process to inform policymakers and candidates about the issues that are important to our purpose of saving and improving lives.

It's important to note that as a corporation, Merck cannot make donations to federal campaigns. Any such contributions are made through our employee finance political action committee. While the governing Board of the PAC doesn't always agree with every position or opinion held by the recipients of those political contributions, we believe it's critical to engage with a range of stakeholders, including those who may not share our perspectives.
Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Thanks a lot, Rob. Our final question is from Barbara Hutcherson, and she's asking about conflicts of interest for Board members, particularly in the context of serving on other Boards. Rob, would you please speak to how the board manages director service on other Boards, as well as potential conflicts?

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Yeah, thanks for the question, Barbara. To begin, it's important to note that our Board policies include an expectation that no director will work for any competitive business during their service with the company or for some time after that service ends. In addition, we have a couple of formal processes we use to ensure we're able to fulfill our obligations as directors of Merck.

One is our annual evaluation process that includes feedback on our own contributions, as well as those of our federal directors. Another is that if a director wants to join a new Board, they need to let me as the chairman know. I then reach out to the governance committee so we can make sure we're comfortable that the director can still fulfill their obligations to Merck if they take on the additional Board responsibility.

As noted in our policies, our belief as a Board is that directors should not serve on more than four other public Boards absent a determination by our Board that the director's ability to perform their obligations to Merck are not impaired.

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Thanks very much. This now concludes the question-and-answer section of the meeting. I'll turn it back over to you, Rob.

Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

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

Kelly Grez - Merck & Co Inc - Corporate Secretary & AVP, Legal

Mr. Chairman, the Inspector of Election has presented his preliminary report. He has determined that each of the 12 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 non-binding advisory vote the 2023 compensation of our named executive officers. The proposal received an affirmative vote of 93.5% of the total votes cast.

The Inspector has also determined that the shareholder proposal regarding a shareholder right to act by written consent has received an affirmative vote of 34.7% of the total votes cast. The shareholder proposal regarding a government censorship transparency report has received an affirmative vote of 1.42% of the total votes cast. And the shareholder proposal regarding a report on respecting workforce civil liberties has received an affirmative vote of 2.02% of the total votes cast.

A majority of the votes cast was required for each of the proposals to be approved. The final results will be available this 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 four business days of this meeting. Thank you.
Robert Davis - Merck & Co Inc - Chairman of the Board, President, Chief Executive Officer

Thank you, Kelly. The business of this meeting has now been completed. On behalf of our Board of Directors, our executive team, and my dedicated colleagues around the world, thank you for attending Merck’s 2024 annual meeting of shareholders. We appreciate your interest and your investment in our business, and we’re proud of our legacy and we’re energized and excited about the road ahead as we continue to deliver for patients and all of our stakeholders. I wish you all a great rest of your day. Thank you.