



Welcome to your CDP Water Security Questionnaire 2023

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Merck & Co., Inc. , Rahway, New Jersey, USA is a leading global biopharmaceutical company known as MSD outside of the United States and Canada. At Merck we are unified around our purpose: We use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we have brought hope to humanity through the development of important medicines and vaccines. We aspire to be the premier research-intensive biopharmaceutical company in the world – and today, we are at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. We foster a diverse and inclusive global workforce and operate responsibly every day to enable a safe, sustainable and healthy future for all people and communities.

Through innovative research, groundbreaking partnerships and smarter processes, we are working to advance our performance in four Environment, Social and Governance (ESG) priority areas: Access to Health, Environmental Sustainability, Employees, and Ethics & Values. With a focus on these priority areas across our entire organization, we are committed to leading the future of healthcare.

Our core values are driven by a desire to improve life, achieve scientific excellence, operate with the highest standards of integrity, expand access to our products and employ a diverse workforce that values collaboration.

Our company reported total sales of \$59.283 billion during 2022 with 69,000 employees worldwide as of December 31, 2022. Further information is available at www.merck.com.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

| | Start date | End date |
|----------------|-----------------|-------------------|
| Reporting year | January 1, 2022 | December 31, 2022 |

W0.3

(W0.3) Select the countries/areas in which you operate.

Algeria
Argentina
Australia
Austria
Belarus
Belgium
Bermuda
Bosnia & Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Croatia
Cyprus
Czechia
Denmark
Ecuador
Egypt
Estonia
Finland
France
Germany
Greece
Guatemala
Hong Kong SAR, China
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Japan
Jordan
Kazakhstan
Latvia
Lebanon
Lithuania
Luxembourg
Malaysia

Mexico
Morocco
Netherlands
New Zealand
Norway
Panama
Peru
Philippines
Poland
Portugal
Puerto Rico
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Serbia
Singapore
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Taiwan, China
Thailand
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

| Exclusion | Please explain |
|--|--|
| Limited Water Use Sites (to be referred to as Non-EDC sites in this report). | We have an established process to evaluate if we collect environmental data from a site based on resource use, impact criteria and water risk . For sites that do not meet our criteria for environmental data collection, water withdrawal and discharge is calculated utilizing standard factors. These limited water use sites are identified as non-environmental data collection sites (Non-EDC sites) and are excluded from all sections of the report except for their estimated withdrawals and discharges in section W1.2b, W1.2d and W1.2h. We have estimated that the amount of water used at these facilities is approximately 2% of our total global water use. |

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

| Indicate whether you are able to provide a unique identifier for your organization. | Provide your unique identifier |
|---|--------------------------------|
| Yes, a Ticker symbol | MRK |

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

| | Direct use importance rating | Indirect use importance rating | Please explain |
|---|------------------------------|--------------------------------|---|
| Sufficient amounts of good quality freshwater available for use | Vital | Important | Our manufacturing processes cannot operate without clean water. Thus, high-quality freshwater is a vital component in the manufacture of our pharmaceutical, biological, and animal health products. Surface and groundwater constituted about 63% of our water withdrawal in 2022 with the remaining 37% coming from third party water |

| | | | |
|--|-----------|-----------|--|
| | | | suppliers. If we do not have access to enough good quality freshwater, there will be additional costs to purify water to an appropriate level needed to manufacture our products. It is also an important component for our external manufacturing partners, as well as our overall supply chain. Our Company, and our supply chain, is expected to be even more dependent on good quality freshwater in the future as we shift to producing more biologics, which generally require more water than other types of pharmaceutical manufacturing processes. |
| Sufficient amounts of recycled, brackish and/or produced water available for use | Important | Important | Our sites employ a variety of technologies and techniques aimed at reducing our water footprint and improving operational performance. Closed-loop cooling systems, which reduce freshwater use, are employed at many of our facilities worldwide. Reverse osmosis (RO) “reject water” is reused for non-potable and non-process applications such as cooling-tower feed water. In all, about 1.0 million cubic meters of water was recovered, reused, or recycled at our facilities in 2022, which is equivalent to five percent of our total water use. Recycled (cooling) water is used as a primary means for heat removal for many of our manufacturing processes to reduce our water footprint and significantly reducing freshwater withdrawal. This strategy is also employed by our external manufacturing partners, as well as our overall supply chain. This dependency is expected to be about the same in our direct and indirect operations in the future. |

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

| | % of sites/facilities/operations | Frequency of measurement | Method of measurement | Please explain |
|-----------------------------------|----------------------------------|--|---|---|
| Water withdrawals – total volumes | 100% | Other, please specify Frequency of measurement varies site to site based on the operations of the site. | Withdrawal volumes are measured either through utility bills, meters or through | Our Company water standard requires sites to develop and maintain a site-wide water balance |

| | | | | |
|---------------------------------------|------|---|--|--|
| | | Examples of measurement frequency include continuous meters and monthly meter readings. | engineering estimates. | capturing inputs, outputs, and on-site consumption. This enables us to track progress against our water use targets. Water withdrawals are required to be entered quarterly by sites into an enterprise data collection and reporting software system as part of our internal Environmental Data Collection (EDC) process. The data is reviewed at the corporate level on a quarterly basis. |
| Water withdrawals – volumes by source | 100% | Other, please specify Frequency of volume measurement varies site to site based on the operations of the site. Examples of measurement frequency would include continuous meters and monthly meter readings. | Withdrawal volumes by source are measured either through utility bills, meters or through engineering estimates. | Our Company water standard requires sites to develop and maintain a site-wide water balance capturing inputs, outputs, and on-site consumption. This enables us to track progress against our water use targets. Water withdrawals are required to be entered quarterly |

| | | | | |
|---------------------------|------|--|--|--|
| | | | | <p>into an enterprise data collection and reporting software system as part of our internal Environmental Data Collection (EDC) process. This process differentiates withdrawals from surface water, groundwater, and third party water suppliers. The data is reviewed at the corporate level on a quarterly basis.</p> |
| Water withdrawals quality | 100% | <p>Other, please specify</p> <p>Frequency of measurement varies site to site based on the operations of the site. Examples of measurement frequency include daily and monthly.</p> | <p>Our Company facilities measure withdrawal quality where necessary in our operations. Any water used in our manufacturing or research processes is tested in accordance with the appropriate quality requirements. Any water used as potable water is tested in accordance with applicable potable water requirements.</p> | <p>Our Company's internal standard requires we maintain potable water supply in accordance with applicable regulatory requirements or World Health Organization (WHO) drinking water guidelines in the absence of local standards.</p> |

| | | | | |
|--|-------------|--|--|---|
| <p>Water discharges – total volumes</p> | <p>100%</p> | <p>Other, please specify</p> <p>Frequency of volume measurement varies site to site based on the operations of the site. Examples of measurement frequency include continuous meters and monthly meter readings.</p> | <p>Discharge volumes are measured either through utility bills, meters or through engineering estimates.</p> | <p>Our Company water standard requires sites to develop and maintain a site-wide water balance capturing inputs, outputs, and on-site consumption. Water discharges are required to be entered quarterly by sites into an enterprise data collection and reporting software system as part of our internal EDC process. The data is reviewed at the corporate level on a quarterly basis.</p> |
| <p>Water discharges – volumes by destination</p> | <p>100%</p> | <p>Other, please specify</p> <p>Frequency of measurement varies site to site based on the operations of the site. Examples of measurement frequency include continuous meters and monthly meter readings.</p> | <p>Discharge volumes are measured either through utility bills, meters or through engineering estimates.</p> | <p>Our Company water standard requires sites to develop and maintain a site-wide water balance capturing inputs, outputs, and on-site consumption. Water discharges are required to be entered quarterly by sites into an enterprise data collection and reporting</p> |

| | | | | |
|--|------|---|---|--|
| | | | | software system as part of our internal EDC process. This process differentiates discharges to fresh surface water, groundwater, brackish or sea water (reported as "salt or brackish surface water" in our annual ESG progress report), and third party treatment facilities. The data is reviewed at the corporate level on a quarterly basis. |
| Water discharges – volumes by treatment method | 100% | Other, please specify Frequency measurement varies site to site based on the operations of the site. Examples of measurement frequency include continuous meters and monthly meter readings. | Discharge volumes are measured either through utility bills, meters or through engineering estimates. | Our Company water standard requires sites to develop and maintain a site-wide water balance capturing inputs, outputs, and on-site consumption. Wastewater treatment methods for each site are required to be entered into an enterprise data collection and reporting software system as part of our |

| | | | | |
|---|------|---|--|--|
| | | | | internal EDC process. |
| Water discharge quality – by standard effluent parameters | 100% | Other, please specify Frequency of measurement varies site to site based on the operations of the site. Examples of measurement frequency include continuous meters and monthly samples. | Method of measurement may include but are not limited to continuous monitoring, composite or grab sampling, desktop characterization, or other analytical methods in accordance with permits and applicable regulatory and Company requirements. | Our Company water standard requires sites to characterize wastewaters discharged to ensure protection of the environment and compliance with regulatory requirements. Water discharge quality data is maintained at the operating sites. |
| Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances) | 100% | Other, please specify Frequency and method of measurement varies site to site based on the operations of the site. Examples of measurement frequency include annual sampling. | Method of measurement may include, periodic sampling, desktop characterization, or other analytical methods in accordance with permits and applicable regulatory and Company requirements. | Our Company water standard requires sites to characterize wastewaters discharged to ensure protection of the environment and compliance with regulatory requirements. In addition, we have established internal, compound-specific Environmental Quality Criteria (EQCs), which are used to confirm that wastewater discharged from our facilities |

| | | | | |
|---------------------------------------|-------|--|---|--|
| | | | | <p>does not contain levels of residual products that present a risk to human health or the environment. Our manufacturing and research facilities are required to use these EQCs, along with industry-accepted risk assessment methods, to establish procedures for managing and controlling active pharmaceutical ingredients (APIs) in their wastewater.</p> |
| Water discharge quality – temperature | 51-75 | <p>Other, please specify</p> <p>Frequency of measurement varies based on the operations at the site. Examples of measurement frequency include continuous meters or monthly measurement.</p> | <p>Methods may include but are not limited to continuous monitoring, periodic sampling or other analytical methods in accordance permits and, applicable regulatory and Company requirements.</p> | <p>Discharge temperature is only measured at a subset of sites where it is deemed critical to monitor or if required by permit or regulation.</p> |
| Water consumption – total volume | 100% | <p>Other, please specify</p> <p>Frequency of measurement varies site to site based on the operations</p> | <p>Quantities are either metered or determined through engineering estimates.</p> | <p>Our Company water standard requires sites to develop and maintain a site-wide water</p> |

| | | | | |
|-----------------------|------|--|--|---|
| | | of the site. Examples of measurement frequency include monthly meter readings. | | balance capturing inputs, outputs, and on-site consumption. Water consumption volume is required to be entered quarterly by sites into an enterprise data collection and reporting software system as part of our EDC process. The data is reviewed at the corporate level on a quarterly basis. |
| Water recycled/reused | 100% | Other, please specify Frequency of measurement varies site to site based on the operations of the site. | Quantities are either metered or determined through engineering estimates. | Our Company water standard requires sites to develop and maintain a site-wide water balance capturing inputs, outputs, and on-site consumption. Water recycled/reused is required to be entered quarterly by sites into an enterprise data collection and reporting software system as part of our EDC process. The data is reviewed at the |

| | | | | |
|---|------|--|---|---|
| | | | | corporate level on a quarterly basis. |
| The provision of fully-functioning, safely managed WASH services to all workers | 100% | Other, please specify Frequency of measurement varies site to site based on the operations of the site. | Our facilities measure potable water in accordance with permits and applicable regulatory requirements. | Our Company's facilities provide fully-functioning Water, Sanitation, and Hygiene (WASH) services to all workers as these services are deemed critical to the health and safety of our employees, the quality of our products, and the integrity of our operations. This includes ensuring the quality of drinking water for our employees as well as ensuring proper sanitation facilities are available and safe disposal of excreta. |

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

| | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Please explain |
|--|--------------------------|---|--|--------------------|-----------------------------|----------------|
| | | | | | | |

| Total withdrawals | 19,110 | About the same | Increase/decrease in business activity | About the same | Increase/decrease in business activity | <p>Water withdrawals are monitored by Company sites and required to be entered quarterly into an enterprise data collection and reporting software system as part of our internal Environmental Data Collection (EDC) process.</p> <p>In addition, water withdrawals are calculated annually for Non-EDC sites utilizing a standard calculation methodology .</p> <p>In 2022, the calculation methodology for Non-EDC sites was changed from utilizing headcount to</p> |
|-------------------|--------|----------------|--|----------------|--|---|
| | | | | | | |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | <p>square footage based on factors for water usage identified in the United States Energy and Information Administration (EIA) 2012 study – Commercial Building Energy Consumption Survey (CBECS). The impact due to this change in methodology is negligible.</p> <p>Annual withdrawals are calculated by summing the quarterly data for the Company as well as the calculated values for Non-EDC sites.</p> <p>While our intent is to decrease water use, water withdrawals remained</p> |
|--|--|--|--|--|--|--|

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | <p>about the same compared to the previous reporting year (2% reduction) and are forecasted to remain about the same over the next five years due to anticipated network changes.</p> <p>Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much lower/much higher" = > 20% change from the prior year |
|--|--|--|--|--|--|--|

| Total discharges | 15,191 | Lower | Change in accounting methodology | About the same | Change in accounting methodology | <p data-bbox="1238 264 1388 1742">Water discharges are monitored by Company sites and required to be entered quarterly into an enterprise data collection and reporting software system as part of our internal Environmental Data Collection (EDC) process. For Non-EDC sites, the assumption is made that withdrawal from these sites equals discharge since it is an estimated value and consumption is deemed negligible.</p> <p data-bbox="1238 1794 1388 2009">The volume of discharge compared to 2021 is lower (11% reduction) as</p> |
|------------------|--------|-------|----------------------------------|----------------|----------------------------------|---|
| | | | | | | |



| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | <p>rainwater is now excluded from discharge to improve the accuracy of our water balance. While our intent is to decrease water discharge, water discharge is forecasted to remain about the same over the next five years due to anticipated network changes.</p> <p>Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much |
|--|--|--|--|--|--|--|

| | | | | | | lower/much higher" = > 20% change from the prior year |
|-------------------|-------|----------------|--|----------------|--|--|
| Total consumption | 4,604 | About the same | Increase/decrease in business activity | About the same | Increase/decrease in business activity | Our reported water consumption includes the amount that is measured or calculated by engineering estimates at our sites. We do not estimate consumption at our Non-EDC sites as it is deemed to be negligible due to the nature of the site activities (mostly offices). Water consumption is variable based on manufacturing and research activities year to year. Consumption volumes are broken down into the following categories: |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | <p>-Evaporation (2342 megalitres)</p> <p>- Incorporation into product (61 megalitres)</p> <p>-Other (2201 megalitres)</p> <p>Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much lower/much higher" = > 20% change from the prior year |
|--|--|--|--|--|--|--|

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

| | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Identification tool | Please explain |
|-------|--|--|---|--|--------------------|--|---------------------|--|
| Row 1 | Yes | 11-25 | About the same | Increase/decrease in business activity | About the same | Increase/decrease in business activity | WRI Aqueduct | Our Company uses the World Resources Institute's (WRI's) Aqueduct water-risk-assessment tool to measure and map our water risks at our sites. Water withdrawn from areas rated by WRI Aqueduct Water Risk Atlas as being in areas of "High" or "Extremely High" Baseline Water stress are considered being from stressed areas. In 2022 the percent of |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|---|
| | | | | | | | | <p>water withdrawal s in areas of water stress that rated as "extremely high" or high" was 10%. The change from the previous reporting year was negligible. The global footprint of our sites in areas of water stress, did not change year over year and it is not anticipated to change in the next five years. Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = |
|--|--|--|--|--|--|--|--|---|

| | | | | | | | | |
|--|--|--|--|--|--|--|--|---|
| | | | | | | | | between 11-20% change from the prior • "Much lower/much higher" = > 20% change from the prior year |
|--|--|--|--|--|--|--|--|---|

W1.2h

(W1.2h) Provide total water withdrawal data by source.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Please explain |
|--|-----------|--------------------------|---|--|--|
| Fresh surface water, including rainwater, water from wetlands, rivers, and lakes | Relevant | 2,022 | Lower | Increase/decrease in business activity | Our Company measures and monitors all fresh surface water we use at our sites. We exclude rainwater collected (1,393 megaliters) from our total withdrawal. Water withdrawal is variable based on manufacturing and research activities year to year. The water withdrawn from fresh surface water in 2022 is much lower compared to 2021 (21% reduction) because of |

| | | | | | |
|---------------------------------|--------------|--------|----------------|--|---|
| | | | | | <p>decreases in business activity at one of our higher water use sites withdrawing from a fresh surface water body. This volume will continue to decrease over the next few years. Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much lower/much higher" = >20% change from the prior year |
| Brackish surface water/Seawater | Not relevant | | | | Our Company does not utilize brackish surface water/seawater and do not expect to in the future. |
| Groundwater – renewable | Relevant | 10,093 | About the same | Increase/decrease in business activity | Our Company measures and monitors all renewable groundwater we use at our sites. The amount of water withdrawn from renewable groundwater sources is about |

| | | | | | |
|-----------------------------|--------------|-------|----------------|----------------------------------|--|
| | | | | | <p>the same as 2021 (4% increase). Water withdrawal is variable based on manufacturing and research activities year to year. Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much lower/much higher" = > 20% change from the prior year |
| Groundwater – non-renewable | Not relevant | | | | Our Company does not utilize non-renewable groundwater and does not expect to in the future. |
| Produced/Entrained water | Not relevant | | | | Our Company does not utilize produced/entrained water and does not expect to in the future. |
| Third party sources | Relevant | 6,994 | About the same | Change in accounting methodology | Our Company measures and monitors all third-party water used at our sites. This value in 2022 was 6,643 megaliters. |

| | | | | |
|--|--|--|--|---|
| | | | | <p>The remainder (351 megaliters) includes the estimated amount of water withdrawn from our Non-EDC sites, calculated based on water use per square foot and applying standard assumptions for water use. Water withdrawal varies based on manufacturing and research activities year to year.</p> <p>The amount of water withdrawn from third party sources compared to 2021 is about the same (2% reduction). For the most part the decrease at some sites was counterbalanced by increased use at others.</p> <p>Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year |
|--|--|--|--|---|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | <ul style="list-style-type: none"> • "Much lower/much higher" = > 20% change from the prior year |
|--|--|--|--|--|--|

W1.2i

(W1.2i) Provide total water discharge data by destination.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Please explain |
|---------------------|-----------|--------------------------|---|--|--|
| Fresh surface water | Relevant | 9,003 | Lower | Change in accounting methodology | Our Company measures and monitors discharges to fresh surface water. Water discharge is variable based on manufacturing and research activities year to year. The volume of discharge to fresh surface water compared to 2021 is lower (18% reduction) as rainwater is now excluded from discharge at the sites where it is measured. This exclusion was implemented to improve the accuracy of our water balance. |

| | | | | | |
|---------------------------------|----------|-----|---------------------------------------|--|--|
| | | | | | <p>Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much lower/much higher" = > 20% change from the prior year |
| Brackish surface water/seawater | Relevant | 144 | This is our first year of measurement | | <p>The volume of water discharged to brackish surface water is very insignificant. Our Company made changes to our data collection process to include this discharge destination in 2022.</p> |
| Groundwater | Relevant | 3 | This is our first year of measurement | | <p>The volume of water discharged to groundwater water is very insignificant. Our Company made changes to our data collection processes to include this discharge</p> |

| | | | | | destination in 2022. |
|--------------------------|----------|-------|----------------|--|---|
| Third-party destinations | Relevant | 6,041 | About the same | Increase/decrease in business activity | <p>Our Company measures and monitors all of our sites' discharges to third party destinations. This value was 5,690 megaliters in 2022. The remainder (351 megaliters) includes the estimated amount of water withdrawn from our Non-EDC sites. The assumption is made that withdrawal from these sites equals discharge since it is an estimated value and consumption is deemed negligible. Water discharge is variable based on manufacturing and research activities year to year. Our thresholds for year over year comparison are as follows:</p> <ul style="list-style-type: none"> • "About the same" = < 10% |

| | | | | | |
|--|--|--|--|--|---|
| | | | | | change from the prior year • "Lower/higher" = between 11-20% change from the prior year • "Much lower/much higher" = > 20% change from the prior year |
|--|--|--|--|--|---|

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

| | Relevance of treatment level to discharge | Volume (megaliters/year) | Comparison of treated volume with previous reporting year | Primary reason for comparison with previous reporting year | % of your sites/facilities/operations this volume applies to | Please explain |
|--------------------|---|--------------------------|---|--|--|---|
| Tertiary treatment | Relevant | 3,537 | This is our first year of measurement | | 1-10 | Several Company sites utilize tertiary treatment prior to discharge to surface water. The level of treatment performed is consistent with site permits and our procedures for managing and |

| | | | | | | |
|---------------------|----------|-----|---------------------------------------|--|------|--|
| | | | | | | <p>controlling active pharmaceutical ingredients (APIs) in wastewater.</p> <p>An example of a tertiary treatment process utilized is nutrient removal after secondary treatment.</p> <p>Non-EDC sites are excluded from this section. The total volume reported in W1.2j equals 14,840 megaliters. With the addition of the Non-EDC site discharge (351 megaliters) the total is 15,191 which is consistent with the total discharge reported in W.1b.</p> |
| Secondary treatment | Relevant | 308 | This is our first year of measurement | | 1-10 | Several Company sites utilize secondary |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | <p>treatment prior to discharge to surface water or groundwater (via infiltration). The level of treatment performed is consistent with site permits and our procedures for managing and controlling active pharmaceutical ingredients (APIs) in wastewater.</p> <p>An example of a secondary treatment process utilized is a conventional activated sludge process.</p> <p>Non-EDC sites are excluded from this section. The total volume reported in W1.2j equals 14,840</p> |
|--|--|--|--|--|--|--|

| | | | | | | |
|--|--------------|-------|---------------------------------------|--|------|---|
| | | | | | | <p>megaliters. With the addition of the Non-EDC site discharge (351 megaliters) the total is 15,191 which is consistent with the total discharge reported in W.1b.</p> |
| Primary treatment only | Not relevant | | | | | <p>None of our Company sites employ primary treatment only and we do not expect to in the future.</p> |
| Discharge to the natural environment without treatment | Relevant | 5,304 | This is our first year of measurement | | 1-10 | <p>Certain discharges by nature; for example, non-contact cooling water, do not require primary, secondary, or tertiary treatment prior to discharge.</p> <p>Consistent with applicable permits and regulatory requirements these</p> |

| | | | | | | |
|--|----------|-------|---------------------------------------|--|-------|---|
| | | | | | | <p>uncontaminated waters are discharged to the natural environment without treatment.</p> <p>Non-EDC sites are excluded from this section. The total volume reported in W1.2j equals 14,840 megaliters. With the addition of the Non-EDC site discharge (351 megaliters) the total is 15,191 which is consistent with the total discharge reported in W.1b.</p> |
| Discharge to a third party without treatment | Relevant | 4,661 | This is our first year of measurement | | 71-80 | Where on-site treatment is not provided, wastewater is discharged to third parties that have the technology and capacity to treat our |

| | | | | | | |
|-------|----------|-------|---------------------------|--|-------|---|
| | | | | | | <p>wastewater.</p> <p>The level of treatment performed is consistent with site permits and our procedures for managing and controlling active pharmaceutical ingredients (APIs) in wastewater.</p> <p>Non-EDC sites are excluded from this section. The total volume reported in 1.2j equals 14,840 megaliters. With the addition of the Non-EDC site discharge (351 megaliters) the total is 15,191 which is consistent with the total discharge reported in W.1b.</p> |
| Other | Relevant | 1,030 | This is our first year of | | 21-30 | A subset of our sites |

| | | | | | | |
|--|--|--|-------------|--|--|--|
| | | | measurement | | | <p>segregates wastewater streams and/or provide specialized treatment for wastewater streams containing active pharmaceutical ingredients - such as at source advanced oxidation - that do not meet the definition of primary treatment, secondary treatment, or tertiary treatment.</p> <p>The level of treatment performed is consistent with site permits and our procedures for managing and controlling active pharmaceutical ingredients (APIs) in wastewater.</p> |
|--|--|--|-------------|--|--|--|

| | | | | | | |
|--|--|--|--|--|--|---|
| | | | | | | <p>Non-EDC sites are excluded from this section. The total volume reported in W1.2j equals 14,840 megaliters. With the addition of the Non-EDC site discharge (351 megaliters) the total is 15,191 which is consistent with the total discharge reported in W.1b.</p> |
|--|--|--|--|--|--|---|

W1.2k

(W1.2k) Provide details of your organization’s emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

| | Emissions to water in the reporting year (metric tonnes) | Category(ies) of substances included | Please explain |
|-------|--|--------------------------------------|---|
| Row 1 | | | <p>Our Company water standard requires sites to characterize wastewaters discharged to ensure protection of the environment and compliance with regulatory requirements. In addition, we use information from our risk assessments to establish or update our internal, compound-specific Environmental Quality Criteria (EQCs), which are used to confirm that wastewater discharged from our facilities does not contain levels of residual products that present a risk to human health or the environment. Our manufacturing facilities are required to use these EQCs, along with industry-accepted risk assessment methods, to establish procedures for managing and controlling active</p> |

| | | | |
|--|--|--|---|
| | | | pharmaceutical ingredients (APIs) in their wastewater. We do not aggregate emissions at the company level at this time. |
|--|--|--|---|

W1.3

(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.

| | Revenue | Total water withdrawal volume (megaliters) | Total water withdrawal efficiency | Anticipated forward trend |
|-------|----------------|--|-----------------------------------|---------------------------|
| Row 1 | 59,283,000,000 | 19,110 | 3,102,197.8021978 | About the same. |

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

| | Products contain hazardous substances |
|-------|---------------------------------------|
| Row 1 | Yes |

W1.4a

(W1.4a) What percentage of your company’s revenue is associated with products containing substances classified as hazardous by a regulatory authority?

| Regulatory classification of hazardous substances | % of revenue associated with products containing substances in this list | Please explain |
|---|--|--|
| Other, please specify See explanation. | Don't know | <p>The way the first question is worded, "as classified by regulatory authority, " is broader than the information provided in the guidance. It would be helpful to better define the wording from the original question for future questionnaires.</p> <p>Our Company's main source for the classification is the Globally Harmonized System (GHS) related legislation, and the Company complies with all other applicable legislation, including the other items listed here. Additionally, as stated in our Pharmaceuticals in the Environment Policy, our Company conducts environmental risk assessments of our products from the development phase through product launch to understand and manage potential product impacts from both manufacturing and patient use. We conduct these</p> |

| | | |
|--|--|---|
| | | assessments in accordance with applicable stringent global regulations, including the regulatory review processes of the U.S. Food and Drug Administration and the European Medicines Agency. Product environmental safety profiles are reassessed during periodic renewals of product filings and risk mitigation actions are implemented when needed. |
|--|--|---|

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

| | Engagement |
|--|------------|
| Suppliers | Yes |
| Other value chain partners (e.g., customers) | Yes |

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Supplier impacts on water quality

Number of suppliers identified as having a substantive impact

78

% of total suppliers identified as having a substantive impact

1-25

Please explain

External manufacturers of active pharmaceutical ingredients (APIs) and finished products are screened for environmental health and safety (EHS) compliance, and quality, supply and technical competence requirements. The EHS screening and on-site assessment is led by our Global Supplier Management Group (GSMG) and Global Safety and the Environment (GSE).

Based on the screening results and activities undertaken by the supplier, certain external manufacturers are subject to a more detailed on-site assessments conducted by a multidisciplinary team, which may include our Quality, GSE, Global Technical Operations and GSMG representatives. Higher-risk external manufacturers are subject to more frequent on-site assessments. We expect that observations made during the EHS assessment process will be remediated by our external manufacturers, and we monitor and track corrective and preventative actions (CAPAs) through completion.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization’s purchasing process?

| Suppliers have to meet specific water-related requirements | |
|--|--|
| Row 1 | Yes, water-related requirements are included in our supplier contracts |

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization’s purchasing process, and the compliance measures in place.

Water-related requirement

Reducing total water withdrawal volumes

% of suppliers with a substantive impact required to comply with this water-related requirement

76-99

% of suppliers with a substantive impact in compliance with this water-related requirement

Unknown

Mechanisms for monitoring compliance with this water-related requirement

No mechanism for monitoring compliance

Response to supplier non-compliance with this water-related requirement

No response

Comment

Our Company's Business Partner Code of Conduct, along with our company’s Supplier Performance Expectations, are communicated to existing and potential third-party suppliers and are included in requests for information, proposals and quotes as well as in our purchase-order terms and conditions. We select suppliers that share our commitment to our values and principles, as defined in our Business Partner Code of Conduct and Supplier Expectations Letter. These expectations are included in requests for information, proposals and quotes, as well as in our purchase order terms and conditions. Our Global Sourcing & Procurement and Supplier Management team is responsible for maintaining the standards by which suppliers are identified, qualified and managed. Throughout the supplier life cycle, our company establishes expectations, assesses risk, supports supplier development and manages performance.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services
 Educate suppliers about water stewardship and collaboration

% of suppliers by number

76-99

% of suppliers with a substantive impact

Unknown

Rationale for your engagement

We have many types of water-related supplier engagement activity.

We work with the Pharmaceutical Supply Chain Initiative P(SCI) to provide environmental training, tools and resources to our suppliers on PSCI's platform and in webinars. These initiatives ensure a consistent message and approach with our suppliers across the industry. Two of PSCI's Supplier Conferences 2022 contained session on Supplier Water Quality & Pharmaceuticals and Water Security. In addition to the live sessions, PSCI also made available tools, primers, and session recordings.

Additionally, environmental sustainability is a component of our Integrated Facility Management (IFM) performance scorecard. Each third-party facility management provider has dedicated resources to support our environmental sustainability goals. Working with the Company Sustainability SMEs, the IFM partners must develop a pipeline of projects and initiatives and identify opportunities at sites where these can be implemented to contribute to the environmental sustainability corporate goals. Quarterly governance meetings are held and the IFM partners holds weekly or biweekly meeting with our Global Workplace and Enterprise Services (GWES) Energy and Sustainability Center of Excellence (CoE) to discuss progress on projects / initiatives, review challenges and request any required support to continue moving forward.

Impact of the engagement and measures of success

PSCI events help suppliers reduce their water use and evaluate their water-related risks. While we currently do not have a way to measure the impacts of this engagement, we are evaluating tools that will allow us to measure our suppliers' performance.

The IFM Water Reduction performance indicator creates accountability and recognition for our IFM partners to support the reduction in water usage for sites where this opportunity exists and can be measured. They work with the sites and Company Sustainability SMEs to identify sites to target for water usage reduction (either based on

usage or sites in a high-water risk area). The target % reduction must be reviewed and agreed by the Site Facilities Lead and aligned with the Company Sustainability SMEs. It is understood that if the IFM partner achieves 100% of the target % then they have met the 'Meet' performance criteria and they achieve 60% of the weighting. If above 100% of the reduction target is achieved, then they have reached 'Exceed' performance and will achieve 65% to 125% of weighting (refer to scoring) and by doing so may warrant an increase in the Site management fee.

Comment

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Other, please specify
 Communities in which we operate and customers therein, collective action organizations, our employees

Type of engagement

Innovation & collaboration

Details of engagement

Encourage stakeholders to work collaboratively with other users in their river basins toward sustainable water management

Rationale for your engagement

Our company endorses the UN CEO Water Mandate, a public commitment to adopt and implement a comprehensive approach to water management, and we have aligned our water program with its principles. CEO Water Mandate endorsers have a responsibility to make water resource management a priority and to work with governments, UN agencies, NGOs, local communities and other interested parties to address global water challenges. We continue to work to identify partnerships that will help us advance our water stewardship priorities in the areas in which we operate.

In 2022, through The Nature Conservancy (TNC), in collaboration with private, community-based landowners such as affordable housing providers, schools, and social service institutions, along with the Philadelphia Water Department, we supported the implementation of green stormwater infrastructure projects in the Delaware River watershed. The project aims to reduce stormwater runoff and improve water quality to help make the Delaware River and its tributaries more swimmable, fishable and drinkable for millions of residents in the region (our West Point, Pennsylvania facility is located within the Delaware River watershed demonstrating our commitment to collective action in the catchments where our manufacturing sites operate. As a result of COVID-related delays, the project is taking place in 2023.

These projects support the goals of SDG 15, striving to “protect, restore and promote sustainable use of terrestrial ecosystems.”

Impact of the engagement and measures of success

Green stormwater infrastructure presents an attractive and effective water quality solution using tangible, on-the-ground, nature-based projects—rain gardens, permeable pavements, green roofs, pocket parks, planters, and other water-slowng, natural solutions—to keep stormwater runoff out of sewer systems, rivers, and streams while adding safe, beautiful, green spaces to communities.

The contribution will support the design and implementation of projects across multiple blocks in the city that will filter stormwater pollution, restore urban habitat, create new green spaces, and provide many other layered benefits to residents.

In 2021, through TNC, we supported a watershed conservation project in Montes Claros, Minas Gerais, Brazil with a \$100,000 contribution to the Belo Horizonte Water fund, led by the Agencia Peixe Vivo. As a result of COVID-related delays, the project was completed in 2022.

This project promotes governance strengthening of local partners to enable the restoration of native forest, implement soil conservation techniques, make improvements to dirt roads and conserve existing forests in the Juramento River watershed. The Juramento River is a source of potable water for the City of Montes Claros, directly impacting water security at our manufacturing operations in Montes Claros. Project improvements include:

- Increasing rainwater infiltration
- Creating a more stable outflow of water over the course of the year
- Reducing erosion and sedimentation

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Educate and work with stakeholders on understanding and measuring exposure to water-related risks

Rationale for your engagement

We participate in efforts to address water-discharge-related impacts with various organizations, including the European Federation of Pharmaceutical Industries and Associations (EFPIA). The EFPIA, Medicines for Europe and the Association of the European Self-Medication Industry (AESGP) have worked together to develop the Eco-Pharmaco-Stewardship (EPS) initiative. The EPS initiative considers the environmental impacts of a medicine throughout its entire life cycle, and addresses the roles and responsibilities of all parties in managing those impacts. This includes public services, the pharmaceutical industry, environmental experts, doctors, pharmacists and patients.

As a member of the AMR Industry Alliance (AMR IA) and signatory to the Industry Roadmap for Progress on Combating Antimicrobial Resistance, we support a common standard for safely manufacturing antibiotics. The standard includes best practices for minimizing discharges as well as development of Predicted No-Effect Concentrations (PNECs) to support environmental risk assessments, which are designed to reduce the selection pressure from antibiotic residues in water and protect ecological species. Additionally, we participate in the AMR IA survey for our own manufacturing sites and our supplier facilities, in order to assess progress against the Framework and meeting the PNECs.

Impact of the engagement and measures of success

We carefully monitor scientific research on the issue of PIE, particularly studies that evaluate the potential effects pharmaceutical products may have on the aquatic environment and human health. We support the use of science-based environmental risk assessments, and we will continue to collaborate with regulatory, academic, health care and research organizations to identify additional data needs on the transport, fate, and effects of PIE. We are a partner with the Innovative Medicines Initiative on PIE (PREMIER), and have committed to providing data for analysis and conducting new studies to fill any identified data gaps.

We support other efforts to offer medicine disposal programs to residents of local communities and believes that these programs, at a minimum, should:

1. Educate the public on appropriate and responsible storage and disposal of medicines.
2. Comply with all applicable laws and regulations.
3. Minimize the risk of medicine diversion.
4. Be designed to scientifically evaluate economic and environmental impact of the program and effect on the incidence of medicine abuse/misuse.
5. Contain appropriate liability protections for those individuals involved in the implementation of the program, including healthcare providers and manufacturers.
6. Be financially supported by stakeholders in proportion to the respective impact on the quantity of medicine processed by the program and/or their benefit from participation in the program.

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Share information about your products and relevant certification schemes

Rationale for your engagement

Within selected markets and for certain products our customers, including government bodies and healthcare providers, utilize a tendering process for the supply of drugs, medicines and other pharmaceutical products. Our customers provide us, as an interested supplier, with evaluation criteria and contract terms, which can include environmental topics, and associated information requests.

As part of the tendering process, we have provided information in relation to water, such as environmental management systems, wastewater emission management, and Active Pharmaceutical Ingredients (APIs) in process water.

Impact of the engagement and measures of success

Our customers are integrating more environmental evaluation criteria within their tendering process. Successfully meeting the needs and expectation of our customers through the tendering process allows us to maintain and/or increase supply of our products and ensures we can continue to save and improve lives around the world.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

| | Water-related regulatory violations | Fines, enforcement orders, and/or other penalties | Comment |
|-------|-------------------------------------|---|--|
| Row 1 | Yes | | None of our water related violations had associated fines, enforcement orders, or penalties. |

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

| | Identification and classification of potential water pollutants | How potential water pollutants are identified and classified |
|-------|---|---|
| Row 1 | Yes, we identify and classify our potential water pollutants | Our Company's internal standard includes a Wastewater Stream Characterization process. Process wastewater streams are required to be characterized and evaluated prior to discharge to the process sewer to ensure that |

| | | |
|--|--|--|
| | | <p>discharges do not result in environmental or regulatory impacts. If the evaluation indicates that impacts are anticipated, alternative management methods are to be identified for the wastewater stream.</p> <p>To understand and limit the environmental and/or regulatory impacts of spills or releases from site operations to the environment our internal standard requires the development of a site-specific Spill Control and Response Plan.</p> <p>We conduct extensive testing of our products to identify and understand any potential safety, health and environmental hazards. This testing is used to establish internal, compound-specific Environmental Quality Criteria (EQCs) for active pharmaceutical ingredients for protection of waterbodies.</p> |
|--|--|--|

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Other synthetic organic compounds

Description of water pollutant and potential impacts

We conduct environmental risk assessments on our products (small molecules, biologics and vaccines) from the development phase through product launch, to understand and manage product impacts both from manufacturing and patient use. We assess products in a manner consistent with the most stringent applicable global regulations, including the regulatory review processes of the U.S. Food and Drug Administration and the European Medicines Agency. Product environmental safety profiles are reassessed during periodic renewals of product filings, and risk-mitigation actions are implemented when needed.

We use information from our risk assessments to establish or update our internal, compound-specific Environmental Quality Criteria (EQCs) which are used to confirm that wastewater discharged from our facilities does not contain levels of residual products that present a risk to human health or the environment. Our manufacturing facilities are required to use these EQCs, along with industry-accepted risk assessment methods, to establish procedures for managing and controlling active pharmaceutical ingredients (APIs) in their wastewater.

We also provide wastewater discharge criteria to suppliers that manufacture pharmaceutical compounds for us and have initiated detailed assessments of our

suppliers to better understand and address potential impacts.

Value chain stage

Direct operations
Supply chain
Product use phase

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Beyond compliance with regulatory requirements
Implementation of integrated solid waste management systems
Industrial and chemical accidents prevention, preparedness, and response
Requirement for suppliers to comply with regulatory requirements
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

The actions and procedures to minimize adverse impacts in our operations and supply chain are integrated into our EHS Management System using standards, guidelines and tools and include specific expectations for sites and operating organizations.

We also provide wastewater discharge criteria to suppliers that manufacture pharmaceutical compounds for us and have initiated detailed assessments of our suppliers to better understand and address potential impacts.

Water pollutant category

Pathogens

Description of water pollutant and potential impacts

Our biological safety program aims to protect our employees, customers and communities by identifying, assessing and controlling biosafety and biosecurity risks. The biological safety program is designed to control biological exposure and support the research, development, and manufacturing of vaccines and medicines for communicable and noncommunicable diseases.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Beyond compliance with regulatory requirements
Implementation of integrated solid waste management systems
Industrial and chemical accidents prevention, preparedness, and response

Please explain

The actions and procedures to minimize adverse impacts in our operations and supply chain are integrated into our EHS Management System using standards, guidelines and tools and include specific expectations for sites and operating organizations.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market
International methodologies and standards

Tools and methods used

WRI Aqueduct
Other, please specify
Materiality Assessment

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Impact on human health
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered



- Customers
- Employees
- Investors
- Local communities
- NGOs
- Regulators
- Suppliers
- Water utilities at a local level

Comment

Our direct operations coverage is full for all sites for WRI Aqueduct assessment and for which EQC is required, when evaluating water risk as a standalone issue.

Our enterprise risk management and materiality assessment look at the Company's risks holistically.

Supplier coverage is partial. Considering the thousands of suppliers we have, we prioritize engagement in accordance with the company strategy, and mid-term and long-term targets. Regarding environmental sustainability in terms of water security, we consider the quality impacts from manufacturing effluents to be a primary criterion for engagement and risk prioritization. We provide waste water discharge criteria to suppliers that manufacture pharmaceutical compounds for us and have initiated detailed assessments of our suppliers to better understand and address potential impacts. Water discharge and use are also included in our supplier questionnaires.

To help manage and address potential areas of risk associated with third-party business relationships, we have an established Third-Party Risk Management program and committee chaired by the senior vice president for Global Procurement. The committee establishes, implements and monitors environmentally sustainable, socially responsible and ethical sourcing practices to ensure that performance is aligned with our purpose. In 2022, cross-functional leaders sponsored an enterprise-wide program to streamline our third-party due-diligence process, leveraging one IT platform to launch assessments, and to review and mitigate risks from Compliance, Global Safety and the Environment, Information Technology Risk Management & Security, Pharmacovigilance and Global Security.

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

| | Rationale for approach to risk assessment | Explanation of contextual issues considered | Explanation of stakeholders considered | Decision-making process for risk response |
|-------|---|---|--|---|
| Row 1 | Enterprise Risk Management: | Water quality at a basin/catchment level, | Impact to customers is a core | Contextual and stakeholder issues |

| | | | |
|---|---|--|--|
| <p>(1) Our Company uses an Enterprise Risk Management (ERM) process whereby risks are identified by the facilities, corporate functions, and business operations. The risks are assessed both quantitatively and qualitatively. Prioritization is based on potential impact and likelihood of occurrence.</p> <p>(2) Based on our ERM and company materiality assessment water-related issues are not considered high priority.</p> <p>Water Risk as a Stand Alone Issue: Risk assessment procedures are employed for baseline water stress and water quality related risks.</p> <p>(1) Water stress is evaluated annually with the World Resource Institute's (WRI) Aqueduct Water Risk Atlas tool.</p> <p>(2) Water quality - Where applicable, each global site assesses the potential risk from operations using industry accepted risk assessment methods,</p> | <p>Impact on human health, and Status of ecosystems and habitats: Wastewater discharges from our manufacturing facilities are required to meet all applicable requirements and sites must exercise an appropriate level of care globally, even if not required by local regulation. This includes implementation of an internal Environmental Quality Criteria (EQC) program that evaluates potential human health and environmental impacts to waterbodies where we discharge wastewater. These standards are based on criteria established in accordance with stringent regulatory review.</p> <p>Water availability: Our water-use targets and water-risk-management methodology guide the use of water in the areas that we operate.</p> <p>Water regulatory frameworks: Continued compliance with these regulations is monitored through our internal audit program as well as self-assessment by site management.</p> <p>· Access to fully-</p> | <p>consideration as water risk is indirectly captured via patient access to medicines and our ability to reliably supply them for both ourselves, and our key suppliers.</p> <p>Employees are considered in our risk assessment process via employee health and safety. Our employees live in the areas in which we operate therefore attention to water risk is warranted to ensure a healthy workforce.</p> <p>Regulators: In addition to complying with all applicable country, regional, state, provincial and local safety, and environmental laws, we strive for environmental, health and safety (EHS) performance that is among the best in the pharmaceutical industry.</p> <p>Investor expectations are rising regarding how companies manage their approach to limited natural resources, like water. Goals are set to manage our</p> | <p>drive the desired outcomes for our risk decision making.</p> <p>Water stress: Sites identified as "extremely high or "high" risk by WRI for water stress are further assessed utilizing a catchment-specific approach to confirm that the catchments are experiencing high water stress. Sites that are known to experience water risk, regardless of the WRI assessment, are included as high-risk sites. Water conservation plans, which include site specific water use reduction opportunities, are put in place at high-risk sites that use more than 100,000m3 of water per year. Sites below this threshold will continue to be monitored for operational risk and conservation plans will be put in place as needed.</p> <p>Water quality: Each facility assesses the potential EQC risk from operations using industry accepted risk assessment methods, minimizes impacts</p> |
|---|---|--|--|

| | | | |
|--|---|--|--|
| <p>minimizes impacts from process wastewater discharges, and establishes procedures for managing and controlling the discharge of active pharmaceutical ingredients (APIs). The specific steps of this evaluation are included in our internal standard.</p> | <p>functioning, safely managed WASH services is crucial to the manufacture of high-quality pharmaceuticals and to ensure the health of our employees and their local community. Our internal standard requires we maintain potable water supply in accordance with applicable regulatory requirements or World Health Organization (WHO) drinking water guidelines in the absence of local standards.</p> <p>Having enough good, high-quality water is critical to the manufacture of pharmaceuticals and often needs to be purified further to meet product quality standards.</p> | <p>use and risk and our water policy is updated as expectations change.</p> <p>Our Company is currently using tools from NGOs, such as the WRI Aqueduct Water Risk Atlas, to assess and prioritize risk. Through our UNCEO Water Mandate commitment, annually we identify partnerships with NGOs addressing water stewardship priorities in the areas in which we operate.</p> <p>We evaluate water supply and wastewater treatment capacity and capability of local municipalities and service providers servicing our sites as part of facility risk assessment.</p> | <p>from process wastewater discharges, and establishes procedures for managing and controlling the discharge of APIs. Risk minimization measures at Company production facilities may include API treatment technologies when deemed necessary.</p> <p>Supplier: When supplier assessments and audits identify deficiencies or opportunities for improvement, corrective and preventative actions (CAPAs) are implemented and monitored and tracked through completion. The external manufacturers are periodically reassessed using a risk-based approach; higher-risk external manufacturers are subject to more frequent on-site assessments.</p> |
|--|---|--|--|

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

The Company summarizes risks that could have a material adverse effect on the Company's business, financial condition, results of operations or prospects in Item 1A Risk Factors of its Form 10-K. For more information see <http://www.merck.com/investors/>

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

| | Primary reason | Please explain |
|-------|--|---|
| Row 1 | Risks exist, but no substantive impact anticipated | <p>Although our Company is exposed to water risks in its direct operations, we do not believe they have the potential to have a substantive financial/strategic impact on our business because we have set ambitious water sustainability targets and have an effective global risk management process in place.</p> <p>We assess water risk throughout our network as a standard business practice. Performing this assessment ensures that we can adapt our strategy to changing stressors in each catchment. It enables us to better prioritize facilities and catchments for water stewardship activities and lays the foundation for potential future water targets in priority locations.</p> <p>In 2022, the results from the WRI Aqueduct Water Risk Atlas risk assessment process identified that we have two sites in areas of high risk, both of which have water conservation plans in place.</p> <p>In our 2023 Environmental, Social and Governance (ESG) materiality assessment, water related issues were not identified as the most critical for our Company to address.</p> |

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

| | Primary reason | Please explain |
|--|----------------|----------------|
|--|----------------|----------------|

| | | |
|--------------|---|---|
| <p>Row 1</p> | <p>Risks exist, but no substantive impact anticipated</p> | <p>To help manage and address potential areas of risk associated with third-party business relationships, we have an established Third-Party Risk Management program and committee chaired by the senior vice president for Global Procurement. The committee establishes, implements and monitors environmentally sustainable, socially responsible and ethical sourcing practices to ensure that performance is aligned with our purpose. In 2022, cross-functional leaders sponsored an enterprise-wide program to streamline our third-party due-diligence process, leveraging one IT platform to launch assessments, and to review and mitigate risks from Compliance, Global Safety and the Environment, Information Technology Risk Management & Security, Pharmacovigilance and Global Security.</p> <p>Our Business Partner Code of Conduct expects that suppliers conserve natural resources and engage in activities aimed at reducing water usage. We also ask that they have systems in place to quantify the amount of water used. This, along with our Company’s Supplier Performance Expectations, are communicated to existing and potential third-party suppliers and are included in requests for information, proposals, and quotes as well as in our purchase-order terms and conditions. We select suppliers that share our commitment to our values and principles.</p> <p>Our Business Partner Code of Conduct references the Pharmaceutical Supply Chain Initiative (PSCI) Principles for Responsible Supply Chain Management (the Principles). PSCI is a group of more than 50 pharmaceutical and health care companies which promotes sustainable sourcing and better business conditions across the industry, and the Principles set the standard for human rights, ethics, labor, health and safety, environment and related management systems. We are an active member of PSCI. The member companies share a vision of better social, health, safety and environmental outcomes in the communities where we buy.</p> <p>Our Global Sourcing & Procurement and Supplier Management team is responsible for maintaining the standards by which suppliers are identified, qualified and managed. Supplier selection and management follow a robust sourcing management process, in which environmental sustainability, economic inclusion and supplier diversity principles are integrated throughout each stage. Throughout the supplier life cycle, our company establishes expectations, assesses risk, supports supplier development and manages performance.</p> |
|--------------|---|---|

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

In general our sites employ a variety of technologies and techniques aimed at reducing our water footprint and improving operational performance. Our water-use-reduction initiatives include:

- Consideration of water use in process design
- Cooling-system optimization
- Prompt repairs and maintenance of steam-distribution systems and traps
- Recovery and reuse of steam condensate and “reject water”
- Process-water purification system optimization
- Avoiding the use of water in mechanical seals, such as those in pumps

As an example, an innovative project identified in a high risk site's water conservation plan was completed in 2022 to reduce water consumption from cooling towers. The project involved utilizing air conditioning condensate as make-up water for cooling towers to reduce third-party water usage. To mitigate the potential for corrosion and bacterial growth, a new water chemistry control skid was installed to ensure there was no impact to the cooling water chemistry. With the completion of this project, the site surpassed its water reduction target for 2022, and is currently projected to meet the site's 2025 goal as well. This project was recognized internally for its innovation and collaboration.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

33,200

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Our Sustainability Capital Fund is used exclusively for environmental sustainability projects that bring long-term value to the Company, focusing on carbon footprint, water use and solid waste reduction at our sites around the world and allocates up to \$12 million per year.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Proceeds for the 2022 Sustainability Bond were allocated to our Brinny, Ireland, manufacturing site. From 2019-2021, the wastewater treatment plant (WWTP) at our Brinny site was improved to handle new waste streams resulting from the existing infrastructure reaching its end of life. In addition to addressing these environmental risks, the project had environmental and innovative benefits. A recycled water system to reuse final effluent for rinsing cycles was introduced resulting in an average reduction of 25% of daily water withdrawal. Dynamic pH monitoring now enables precise adjustments to chemical dosing, reducing chemical use.

See Merck's website for more information on the 2022 Sustainability Bond Allocation Report

<https://www.merck.com/investor-relations/#ESG>

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

29,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

\$29 Million of the bond was allocated for sustainable and wastewater management projects in 2022.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

| | Scope | Content | Please explain |
|-------|--------------|---|---|
| Row 1 | Company-wide | Description of the scope (including value chain stages) covered by the policy Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to prevent, minimize, and control pollution Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to reduce water withdrawal and/or consumption volumes in supply chain Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace | The scope of our policy is companywide as water is critical for the discovery and production of our medicines and vaccines. We also recognize that water is critical to the health of people, the planet and our business. Water is at the core of sustainable development and is critical for socio-economic development, healthy ecosystems and human survival. It is vital for reducing the global burden of disease and improving the health, welfare and productivity of populations. The United Nations (UN) has declared access to safe drinking water and sanitation as a basic human right that is essential for population health. We are committed to achieving sustainable water management within our operations and our supply chain, and through our core business, partnerships, advocacy and employees, reducing the impact of water-borne illness globally as part of our overall efforts to improve global health. Additionally, in recognition of the critical importance of water to our business and the global community, we have endorsed the UN CEO Water Mandate, a public commitment to adopt and implement a comprehensive approach to water management and have aligned our water program with its principles. We have also recognized “Clean Water and Sanitation” as one of the eight UN Sustainable Development Goals (SDGs) that we have prioritized as being closely aligned to our mission. We have developed water use targets and water risk |

| | | | |
|--|--|--|---|
| | | <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities</p> <p>Commitment to stakeholder education and capacity building on water security</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitments beyond regulatory compliance</p> <p>Reference to company water-related targets</p> <p>Acknowledgement of the human right to water and sanitation</p> | <p>management goals to guide the use of water in our operations and supply chain.</p> <p>In addition to the rationale above, our approach and public commitments related to water use and risk in direct operations and expectations for suppliers are detailed in our policy. Additionally, our approach on water quality is included, with a separate policy in place specific to Pharmaceuticals in the Environment. Lastly it identifies where our public disclosures surrounding these policies is located and highlights our collaboration with external partners and collective action commitments through the UNCEO Water Mandate. We recognize that access to WASH services is crucial to the manufacture of high-quality pharmaceuticals, in our facilities and in those of our suppliers as stated in the rationale above.</p> |
|--|--|--|---|

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

| Position of individual or committee | Responsibilities for water-related issues |
|-------------------------------------|--|
| Board-level committee | Recognizing the interconnected relationship between climate and water-related matters, water use, and risk are part of our overall environmental sustainability strategy. The Governance Committee assists the Board in its oversight of the company's ESG matters and strategy related thereto, including reviewing the company's environmental sustainability practices. |

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

| Frequency that water-related issues are a scheduled agenda item | Governance mechanisms into which water-related issues are integrated | Please explain |
|---|--|----------------|
| | | |

| | | | |
|-------|---------------------------------------|--|---|
| Row 1 | Sporadic - as important matters arise | Other, please specify The full Board and Governance Committee consider water-related matters in their review of overall strategy and risk management. | The Board provides oversight with respect to Environmental, Social and Governance (“ESG”) matters, and strategy related thereto. The Governance Committee assists the Board in its oversight of these matters and strategy related thereto. As part of that, the Governance Committee reviews the Company's environmental sustainability practices, its supply chain manufacturing strategy and governance, as well as third party sourcing programs. The VP of Safety and the Environment reports to the Governance Committee at least annually. |
|-------|---------------------------------------|--|---|

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

| | Board member(s) have competence on water-related issues | Criteria used to assess competence of board member(s) on water-related issues |
|-------|---|---|
| Row 1 | Yes | The Board is dedicated to the effective oversight of the Company's business and key risks the Company faces and is deliberate in ensuring the Board has the right mix of perspectives, skills, and expertise to address the Company's current and anticipated needs as opportunities and challenges facing the Company evolve. The Governance Committee is responsible for screening and nominating director candidates to be considered for election by the Board. In its regular discussions regarding Board composition – and especially in conjunction with the annual Board and committee evaluations — the Governance Committee works with the Board to determine the appropriate mix of professional experience, expertise, educational background and other qualifications that are particularly desirable in light of our current and future business strategies. One of the Company's priority ESG topics is Environmental Sustainability. A number of our Board members have experience managing or serving as Board members of companies with focused priorities on water-related issues. |

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).



Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify
 Executive Vice-President and General Counsel as member of the Environmental, Health, & Safety Council

Water-related responsibilities of this position

Assessing water-related risks and opportunities
 Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

As important matters arise

Please explain

The EHS Council is composed of senior-level executives (including the Executive Vice-President and General Counsel) representing all business units. It is responsible for overall EHS governance, leadership, and driving enterprise wide EHS management and performance excellence. The EHS Council meets on a quarterly basis with additional communication as needed.

The Council’s responsibilities include:

- Establishing EHS strategy, policy and business risk mitigation controls
- Ensuring cross-divisional engagement in the design and implementation of EHS business processes
- Sponsoring and implementing a sustainability strategy
- Monitoring the EHS performance of the Company and establish continuous improvement targets
- Enhancing visibility and transparency of EHS risks, processes and issues

Outcomes from the meetings are reported to company’s Board of Directors and Executive Committee regarding progress on goals, objectives and metrics, as well as other material issues.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

| | Provide incentives for management of water-related issues | Comment |
|-------|--|---------|
| Row 1 | No, and we do not plan to introduce them in the next two years | |

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

We are members of numerous U.S.-based industry and trade groups. We work with these groups because they represent the pharmaceutical industry and business community in debates led by governments and other stakeholders, and because they help the industry reach consensus on policy issues.

When our trade associations actively lobby on our core business issues, we seek to align their positions with our own. There are times, however, when we may not share the views of our peers or associations—both on issues that are central to our business and on those that, while important, are not directly material to our purpose. With representatives on the boards and committees of industry groups and trade associations, we can voice questions or concerns we may have about policy or related activities. We may even recuse ourselves from related trade association or industry group activities when appropriate.

In 2022 in Europe, Antimicrobial Resistance (AMR) was one of many top issues we focused our advocacy on.

While we do not have a specific process to ensure that all of our direct and indirect activities seeking to influence policy are consistent with our water policy/water commitments, we are active in the AMR Industry Alliance (AMRIA) and European Federation of Pharmaceutical Industries and Associations (EFPIA), who are focused on pharmaceuticals in the environment and other water-related issues and whose activities are consistent with our public policy statements in these areas.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are water-related issues integrated? | Long-term time horizon (years) | Please explain |
|--|--------------------------------------|--------------------------------|----------------|
| | | | |

| | | | |
|--|---|-------------|---|
| <p>Long-term business objectives</p> | <p>Yes, water-related issues are integrated</p> | <p>5-10</p> | <p>Water related issues are integrated into our long-term strategic business objectives as follows:</p> <p>Targets- In 2017 we announced a 2025 target to reduce or maintain water use at 2015 levels. Quarterly review of water use metrics is performed to evaluate progress of this goal achievement.</p> <p>Mapping Water Risk - Because access to water is critical to our operations, our standard practice is to map the risk for sites that operate in areas under water stress and develop management plans for those sites. We also understand that water risk can be magnified by climate change, making the understanding of our future risk exposure even more critical.</p> <p>Green and Sustainable Science- Through our efforts in Green & Sustainable Science within our research laboratories, we are designing new product manufacturing processes that use less water and raw materials. Single-use equipment has begun to be implemented in some of our operations, which can greatly reduce the amount of water required for cleaning.</p> <p>Capital Planning- Water infrastructure is continuously evaluated for upgrades and water conservation opportunities.</p> <p>Internal Standards- Our internal Sustainable Design Standard addresses growing expectations to minimize the environmental footprint of our expanding network and to align with our corporate environmental goals including water conservation.</p> <p>Commitments- Lastly, we have endorsed the UN CEO Water Mandate, and we have aligned our water program with its principles.</p> |
| <p>Strategy for achieving long-term objectives</p> | <p>Yes, water-related issues are integrated</p> | <p>5-10</p> | <p>Water related issues are integrated into our long-term strategic objective achievement as follows:</p> <p>Targets- Each manufacturing site is required to develop a 5-year</p> |

| | | | |
|--------------------|--|-------|--|
| | | | <p>roadmap. The annual key performance indicators are determined each year based on the progress towards our 2025 goal.</p> <p>Mapping Water Risk- Each year the water risk for the sites is evaluated utilizing the WRI Aqueduct tool.</p> <p>Capital Planning- Water infrastructure is continuously reviewed for required upgrades and opportunities for water conservation.</p> <p>Green and Sustainable Science- Our integrated green and sustainable science strategy involves several stages and aims to provide innovative solutions rather than incremental improvements to historical practices. We see transformative science/engineering and innovation as critical enablers to developing sustainable, low-cost manufacturing processes that provide both environmental and economic benefits over the life cycle of our products. We aim to develop the most efficient and sustainable processes at product launch, with the goal of minimizing material and water use and waste from our commercial manufacturing. Our Company utilizes an innovative “green-by-design” development strategy to progress from an initial early clinical supply route to a fully optimized and sustainable commercial manufacturing process.</p> <p>Internal Standards- Building by our design standard.</p> <p>Commitments- Maintaining water related commitments.</p> |
| Financial planning | Yes, water-related issues are integrated | 11-15 | <p>Management does not believe that expenditures related to our environmental sustainability initiatives should have a material adverse effect on our financial condition, results of operations, liquidity or capital resources for any year.</p> <p>Water related issues are integrated into our long-term strategic financial planning as follows:</p> <p>Targets-</p> |

| | | |
|--|--|---|
| | | <p>Financial planning is incorporated into the development of manufacturing site 5-year roadmaps.</p> <p>Sustainability Capital Fund-</p> <ol style="list-style-type: none"> 1. Used exclusively for environmental sustainability projects that bring long-term value to the Company 2. Focused on carbon footprint, water use and solid waste reduction at our sites globally 3. Up to \$12 million allocated per year <p>\$1 Billion Sustainability Bond-</p> <p>Issued in December 2021 as part of an \$8 billion underwritten bond offering. Our Company is utilizing the net proceeds from the sustainability bond offering to support projects and partnerships. Through June 30, 2022 (the most recent reporting period for the bond), \$760 million of the net proceeds have been allocated towards social and green projects in alignment with our sustainability financing framework. \$29 Million was allocated for sustainable water and wastewater management projects in 2022.</p> <p>Green and Sustainable Science-</p> <p>Green and sustainable science will continue to be a part of our innovative research and development (R&D).</p> <p>Internal Standards-</p> <p>Reflecting sustainability and avoided impacts in project budgets.</p> |
|--|--|---|

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

53

Anticipated forward trend for CAPEX (+/- % change)

-2

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

Our Company has recently initiated several substantial capital projects to upgrade water infrastructure in addition to the previously reported capital fund associated with water infrastructure. The capital expenditure for water infrastructure increased from 2021. The investment in 2023 is anticipated to be about the same. Our Company continues to invest in water related infrastructure at our operating sites and have expenditures forecasted.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

| | Use of scenario analysis | Comment |
|-------|--|---|
| Row 1 | No, but we anticipate doing so within the next two years | While we understand the potential risks to our Company, there is limited data around the potential financial implications of these risks. In 2022 we continued performing a Task Force on Climate-related Financial Disclosures (TCFD) gap analysis. This included a high-level TCFD-aligned qualitative physical and transitional climate risk and opportunity scenario assessment to examine which parts of our business are at highest risk due to climate change, and the associated costs. |

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We consider the cost and water savings in our site water efficiency projects, evaluating them against a set financial threshold while also looking beyond financial return on investment. Local costs for water are utilized for the different water projects to estimate the payback period.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

| | Products and/or services classified as low water impact | Primary reason for not classifying any of your current products and/or services as low water impact | Please explain |
|-------|--|---|---|
| Row 1 | No, and we do not plan to address this within the next two years | Important but not an immediate business priority | Our Company has processes in place to minimize water impacts. At this time, we have not classified any products or services specifically as low-water impact. |

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

| | Target set in this category | Please explain |
|--|---|--|
| Water pollution | No, and we do not plan to within the next two years | Currently, we are focused on achievement of our 2025 water target. In 2022 there were no discussions regarding future water targets. |
| Water withdrawals | Yes | |
| Water, Sanitation, and Hygiene (WASH) services | No, and we do not plan to within the next two years | Currently, we are focused on achievement of our 2025 water target. In 2022 there were no discussions regarding future water targets. |
| Other | | |

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals



Target coverage

Company-wide (direct operations only)

Quantitative metric

Year target was set

2016

Base year

2015

Base year figure

23,002

Target year

2025

Target year figure

Reporting year figure

19,110

% of target achieved relative to base year

Target status in reporting year

Achieved

Please explain

We have achieved an 17% reduction of water withdrawals in 2022 versus the baseline year of 2015, therefore we are 100% on target.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

| Disclosure module | Data verified | Verification standard | Please explain |
|-------------------|---------------|-----------------------|----------------|
|-------------------|---------------|-----------------------|----------------|

| | | | |
|------------------|---|-----------|--|
| W1 Current state | Total withdrawals, Total discharges, Withdrawals from third party sources, Total pumped water withdrawals | ISAE 3000 | ERM CVS provided limited assurance of select 2022 greenhouse gas and water data included in this report and submitted to CDP. To view the ERM CVS limited assurance statement for our environmental data, please visit the ESG Resources page of our corporate website. The limited assurance engagement was performed in accordance with the International Standard on Assurance Engagements ISAE 3000. |
|------------------|---|-----------|--|

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

| | Plastics mapping | Please explain |
|-------|--|---|
| Row 1 | Not mapped – and we do not plan to within the next two years | <p>We recognize that some of our products are currently dependent on the use of plastics. We are actively working to enhance our ability to report on packaging materials in general.</p> <p>We are working on reducing our packaging impacts through Scope 3 greenhouse gas emission reduction projects. However, plastic-related issues currently are not an identified priority on the Company's current materiality assessment.</p> |

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

| | Impact assessment | Please explain |
|-------|--|---|
| Row 1 | Not assessed – and we do not plan to within the next two years | <p>We are moving away from plastic in one of our product lines. As part of this decision, we have performed lifecycle assessments for specific products to assess the potential environmental and human health impacts of that change.</p> <p>However, plastic-related issues currently are not an identified priority on the Company's current materiality assessment.</p> |

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

| | Risk exposure | Please explain |
|-------|--|---|
| Row 1 | Not assessed – and we do not plan to within the next two years | <p>We understand that there are risks associated with the use of plastics in our packaging. For example, we are actively tracking new legislation around the use/recycling of plastics in our packaging.</p> <p>However, plastic-related issues currently are not an identified priority on the Company's current materiality assessment.</p> |

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

| | Targets in place | Please explain |
|-------|--|--|
| Row 1 | No – and we do not plan to within the next two years | We currently do not have plastic-related targets. Plastic-related issues currently are not an identified priority on the Company's current materiality assessment. |

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

| | Activity applies | Comment |
|--|------------------|---|
| Production of plastic polymers | No | |
| Production of durable plastic components | No | |
| Production / commercialization of durable plastic goods (including mixed materials) | No | |
| Production / commercialization of plastic packaging | No | |
| Production of goods packaged in plastics | Yes | We do perform an assessment of our new product packaging that looks to reduce all aspects of packaging impacts including the use of plastic related products. |
| Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services) | No | |

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

| | Total weight of plastic packaging sold / used during the reporting year (Metric tonnes) | Raw material content percentages available to report | Please explain |
|------------------------|---|--|---|
| Plastic packaging used | | | We are working on the ability to report this kind of information. |

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

| | Percentages available to report for circularity potential | Please explain |
|------------------------|---|----------------|
| Plastic packaging used | | |

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

| | Job title | Corresponding job category |
|-------|---|----------------------------|
| Row 1 | Vice President, Global Safety and the Environment | EHS manager |

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

| | Annual revenue |
|-------|----------------|
| Row 1 | 59,283,000,000 |

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No, CDP supply chain members do not buy goods or services from facilities listed in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

| | Are you able to provide geolocation data for your facilities? | Comment |
|-------|---|---------|
| Row 1 | No, this is confidential data | |

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

CVS Health

Category of project

Other

Type of project

Other, please specify
None at this time.

Motivation

N/A

Estimated timeframe for achieving project

Other, please specify
N/A

Details of project

N/A

Projected outcome

N/A

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name

N/A

Water intensity value

Numerator: Water aspect

Other, please specify

N/A

Denominator

N/A

Comment

N/A

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Yes, CDP may share our Main User contact details with the Pacific Institute

Please confirm below

I have read and accept the applicable Terms