

Merck Principles Governing Corporate and Political Action Committee Spending

1. Political spending shall reflect the company's interests and not those of its individual officers or directors.
2. No political contribution shall be given in anticipation of, in recognition of, or in return for any official act.
3. Contribution decisions will be made based upon the following principles: Improving patient access to health care, including to medicines and vaccines, and encouraging innovation, including by protecting intellectual property rights; through government support of basic research; and by supporting efficient and effective regulatory systems.
4. Merck will publicly disclose all of its expenditures of corporate and political action committee (PAC) funds on political activities including independent expenditures; in-kind contributions; electioneering communications on behalf of federal, state or local candidates; contributions in support or opposition to ballot initiatives; and to organizations representing elected officials of the major political parties (e.g. Democratic and Republican Governors Associations). The disclosure of expenditures will be made on the company's website on a semiannual basis.
5. Merck will not make political contributions to any candidate running for election to a State Supreme Court or any other judicial office.
6. Merck will annually disclose that portion of its membership dues for major trade associations that is used for political purposes. Major trade associations are defined as those with dues equal to or great than \$25,000. To the extent that it is practical, Merck will monitor the use of these association dues for political expenditures, where the underlying public policy areas being addressed relate to the pharmaceutical or biotechnology industries. We will encourage all trade associations to which we belong to publicly disclose their political activities.*
7. All corporate political and PAC contributions shall be approved by the Merck Political Contributions Committee. The Committee shall be chaired by the Executive Vice President and General Counsel and shall include senior leaders from a broad range of corporate divisions and functions. State and federal government relations staff shall not be members of the committee. Merck will disclose the title and area of responsibility of each of the members of the Contributions Committee.**
8. All corporate and PAC political contributions shall be approved by the Executive Vice President and General Counsel.**
9. A semiannual report on the company's political contributions, as well as on the company's payments to trade associations* and other tax-exempt organizations which may be used for lobbying and political activities, will be made to the Merck Board of Directors. The Board Committee on Public Policy and Social Responsibility shall periodically review the policies and practices of the corporate political contributions program.
10. Merck will utilize outside legal experts to provide periodic oversight of the company's political activities.**
11. Merck will not pressure or coerce employees to make political contributions or take any retaliatory action against employees who do not.
12. Employees will not be reimbursed either directly or indirectly for personal political contributions or expenses.
13. Merck policy prohibits the use of company time for the purpose of assisting in the campaign or a federal, state or local candidate in the United States, or of candidates in other countries.

Effective May 2011

** Because the U.S. tax law that requires the reporting of trade association dues used for lobbying expenditures does not apply outside the United States, trade associations that are not subject to this law do not provide breakouts to companies of lobbying expenditures from membership dues.*

*** Policies in this area differ in Canada and Australia based on laws and/or unique company policies in those countries. For example, regarding principles 7 and 8, Merck's General Counsel instead provides prior approval for the annual budget that covers all jurisdictions where corporate political contributions are allowed by law in these nations; individual contributions are approved by attorneys in Merck's Office of the General Counsel.*

