



OUR VALUES AND STANDARDS

THE BASIS OF OUR SUCCESS

ADDITIONAL ASSISTANCE

Resources for Our Employees

Supervisor or Manager

You should begin by consulting the person who best understands your area of responsibility: your supervisor.

Human Resources

For employee-related issues, such as concerns involving management and/or other employees, you should contact your site Human Resources representative.

Legal Department

The Legal Department can provide guidance with questions concerning laws and acceptable business practices. There are lawyers assigned to each business group.

Finance Director

For questions concerning financial issues, you may contact the Finance Director assigned to your business unit.

Global Compliance Organization

Our divisional, regional and country compliance officers can assist you with issues concerning our policies and business practices. Additionally, representatives of the Global Compliance Organization, including the Office of Ethics, Privacy Office and Global Safety and the Environment, are available to assist you.

Office of Ethics

There may be situations when you would prefer to discuss your questions or concerns about *Our Values and Standards* with someone outside your division/ location. The Office of Ethics is a corporate resource available to answer such questions or address concerns. You are encouraged to contact the Office, at any time, for any issue that relates to *Our Values and Standards*, or to discuss concerns about possible violations of our standards, laws or regulations. Any employee or third party who raises a business practices issue will be protected from retaliation. This protection also extends to anyone giving information in connection with an investigation.

TO CONTACT THE OFFICE OF ETHICS

- Direct Dial Telephone No.: 1 (908) 423-4478
- Toll-Free Telephone No.: 1 (800) 990-1146
- Confidential Fax No.: 1 (908) 735-1565
- E-mail: maureen.mcgirr@merck.com

The AdviceLine

The AdviceLine is a confidential outside line made available to you to discuss concerns and potential violations of *Our Values and Standards*. It is available 24 hours a day, seven days a week. Language translators are available to assist you.

TO CONTACT THE ADVICELINE

- Online access at <http://www.TheAdviceLine.com>
- Direct Dial Toll-Free Telephone: 1 (877) 319-0273
- Call collect by contacting your local telephone operator and requesting a connection to 1 (704) 323-4005

The Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors has created a process by which employees may raise complaints about accounting, internal controls or auditing matters to the Audit Committee, and for the confidential or anonymous submission of concerns regarding questionable accounting or auditing matters. If you wish to raise a question or concern to the Audit Committee, you may do so by contacting the Office of Ethics or the AdviceLine at the contact numbers above. Your concern will be forwarded to the Chairperson of the Audit Committee of the Board.

Dear Merck Colleagues,

It's been a little over a decade since Merck first introduced the *Our Values and Standards* booklet in 1999. These 12 years have been a time of astonishing change for our company, our industry and even our world. We have faced, and will continue to face, the challenges of new technology, new leadership, new organizational structures, new business models and new ways of doing business at every level of our company.



And yet, as I look through this booklet, I'm struck by the steadfastness of our fundamental values and standards, which continue to effectively guide our operations in this rapidly changing environment. Honesty, integrity and high standards of conduct remain the very foundation upon which we will build the new Merck.

This third edition of *Our Values and Standards* reiterates those enduring values and standards, and also updates them to address new challenges. For example, in this edition you'll find standards on the use of social media, as well as enhanced standards on privacy. I ask that you take the time to thoroughly review this edition of *Our Values and Standards*, and reflect on how each of us can further promote ethics and integrity in every way in which we serve patients.

Our mission is to discover, develop and provide innovative products and services that *save and improve* lives. No matter how we change and grow, the core of who we are, embodied in our values and standards, will remain constant. And those values and standards will always be the very basis of our success.

Sincerely,

A handwritten signature in black ink that reads "Kenneth C. Frazier". The signature is written in a cursive, flowing style.

Kenneth C. Frazier
Chairman, President and Chief Executive Officer

TABLE OF CONTENTS

Introduction	4
Resources	6
Our Customers	7
Product and Service Quality	7
Adverse Experiences or Product Quality Complaints	7
Honest Communication	7
Clinical Trials	8
Scientific and Academic Integrity	9
Post-Marketing Clinical Trials	9
Gifts and Hospitality	9
Giving Gifts	9
Receiving Gifts	10
Providing Meals and Other Hospitality	11
Invitations to Conferences/Symposia	11
Fair Competition	12
Gathering Competitive Information	12
Data Protection and Patient/Consumer Privacy	13
Our Employees	15
Our Work Environment	15
Employee Privacy	15
Fair Treatment	16
Health and Safety	16
Drug and Alcohol Abuse	16
Workplace Harassment	17
Workplace Violence	17
Sexual Harassment	17
Hiring Relatives and Friends	18
Our Shareholders	19
Conflicts of Interest	19
Use of Corporate Assets	20
Personal Use of Communication Tools	20
Use of Social Media	21
Protection of Company Information	22
Accuracy of Books/Records	23
Accuracy of Public Disclosures	23
Insider Trading	24
Our Suppliers	25
Selection of Suppliers	25
Treatment of Suppliers	25
Receiving Gifts	25
Accepting Meals and Other Hospitality	26
Our Communities and Society	27
Philanthropy and Community Investment	27
Human Rights	27
Public Communications	28
Environmental Stewardship	28
Operating Practices	29
Animal Welfare	29
Improper Payments	29
Use and Selection of Agents	30
Compliance With Laws, Rules and Regulations	30
U.S. Health Care Laws	30
Boycotts	31
Economic Sanctions and Other Import/Export Regulations	31
Political Activities	31
Raising Concerns	32
Investigation of Possible Misconduct	33
Anonymity and Confidentiality	33
Retaliation	34
Management Responsibilities for Creating a Safe-to-Speak-Up Culture	34
Guidelines for Raising Concerns	35
Guidelines for Receiving Concerns	35
Glossary	37

INTRODUCTION

PURPOSE

At Merck/MSD, our values and standards have always formed the basis of our success. They inspire trust and confidence on the part of the medical community, government officials, regulatory agencies, financial markets, our customers, consumers and patients—all of whom are essential to our success. Even more importantly, these values inspire the trust and confidence of our employees—creating a sense of pride and a desire in each of us to achieve great things at Merck/MSD. Yes, we care a lot about the results we achieve. But we care just as much about how we achieve them.

The past few years have brought great change to the way we conduct our business. However, no matter how we change and grow, the core of who we are will always remain the same—providing innovative, distinctive products and services that save and improve lives.

“We try never to forget that medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear. How can we bring the best of medicine to each and every person? We cannot rest until the way has been found with our help to bring our finest achievements to everyone.”

– George W. Merck

The above comment by George W. Merck in 1950 that “medicine is for the people” embodies our values and our aspirations. But sometimes it’s not clear what this means in our day-to-day activities and decision making as members of the Merck/MSD community. This booklet illustrates how our values are applied through standards of conduct with each of our key stakeholders: customers, employees, shareholders, suppliers and communities.

APPLICABILITY

This Code of Conduct and all relevant corporate policies apply to everyone who conducts business on behalf of Merck/MSD—including employees, executive officers (e.g., chief executive officer, chief financial officer, controller, etc.), members of the Board of Directors, agents, consultants, contract labor or others, when handling Company matters. Should exceptional employee situations warrant a waiver of the Company’s standards, the waiver must be handled by a manager with the appropriate authority. Executive officers or members of the Board of Directors may be granted waivers only by the Board of Directors or a Board Committee. Any such waiver must itself be legal and promptly disclosed to our shareholders.

ACCOUNTABILITY

Each of us is responsible for adhering to the values and standards set forth in this Code, for compliance with relevant Company policies and for raising questions if we are uncertain as to whether or not the standards are being met. Violations of the Code may result in a variety of corrective actions, and in some cases may result in disciplinary action up to and including termination of employment.

AVAILABILITY

We believe that all of our stakeholders are entitled to know about our business practices. The *Our Values and Standards* booklet is available to the public and can be accessed via our website at: www.Merck.com.

If you have questions or concerns, please refer to the Additional Assistance Page.

We believe that all of our stakeholders are entitled to know about our business practices.

The *Our Values and Standards* booklet is available to the public and can be accessed via our website at: www.Merck.com.

OUR VALUES AND STANDARDS

Our Customers

Our business is preserving and improving human life and animal health. All of our actions must be measured by our success in achieving this goal. Above all, we value our ability to serve patients and consumers who can benefit from the appropriate use of our products and services. We are dedicated to providing the highest level of professional excellence and health delivery systems. We strive to identify the most critical needs of health care professionals and consumers, and we devote our resources to meeting those needs.

Our Employees

Our ability to succeed depends on the integrity, knowledge, imagination, skill, diversity, flexibility and teamwork of our employees. To this end, we strive to create an environment of mutual respect, encouragement and teamwork—a working environment that rewards commitment and performance and seeks to be responsive to the needs of employees.

We seek to provide a workplace atmosphere that attracts highly talented people and helps them achieve their full potential. Each of us is responsible for creating a climate of trust and respect, and for promoting a productive work environment. These responsibilities are embodied in our Leadership Behaviors. See page 40.

Our Shareholders

We recognize that our ability to meet our goals depends on maintaining financial performance that encourages investment in leading-edge research and development. This in turn enables us to deliver effective products and innovative services. We strive to provide honest, accurate and timely information to our shareholders about our performance and to make clear disclosures in all public reports and communications.

Our Suppliers

We believe in developing mutually beneficial relationships with our suppliers. We recognize that they are important partners in our success, and we treat them with honesty, fairness and respect. We also expect that they will conduct business activities for or on behalf of the Company in accordance with business standards and values that align with our own.

Our Communities and Society

Being a good corporate citizen means that we comply with all applicable laws, rules and regulations. Also, we serve our society, from the local communities in which we operate to the national and international levels, by supporting a number of programs, including those that improve health and promote environmental sustainability. All of our activities are guided by our corporate responsibility principle of “Helping the World Be Well.”

RESOURCES

No guidelines, no matter how detailed, can possibly anticipate all of the challenges we may face on the job. That is why there are additional resources we can use when we have questions about business conduct.

This booklet serves as a guide to our standards, including frequently asked questions, and is not intended to be an exhaustive description of the Company's policies and standards. Throughout this booklet you will find responses to real questions that employees have raised. Supplementary information on a number of issues may be found by referring to the relevant corporate policies. These policies may be accessed via the Intranet (<http://policy.Merck.com>).

If your questions are not fully addressed by these resources, your next step should be to discuss your questions with your manager. Other resources are also available—including specialists in Legal, Finance, Corporate Audit, Human Resources, Global Compliance, the Office of Ethics and the AdviceLine. (For more information on contacting and using these resources, please see the Additional Assistance Page.) You can use any of these resources when you need clarification of policies, assistance in dealing with “gray areas” or when you are concerned about possible violations of our standards, laws or regulations.

DECISION TEST

The Decision Test is a set of criteria you can use to help determine the appropriate course of action.

Simply ask yourself:

- Is the action legal?
- Does it comply with the letter of our standards and policies?
- Does it comply with the spirit of our standards and policies?
- How would it look in the newspaper? Would it appear to be improper or make you feel embarrassed?

If you are unsure about what to do, contact your manager and the resources listed in the Additional Assistance Page for guidance.



When seeking answers to questions about business conduct, take advantage of Company resources cited in this book.

Q Many of the topics don't seem to apply to me. Why should I be concerned with this booklet?

A As a company-wide document, some sections and topics may be more relevant to certain functions or departments than to others. However, it may be helpful to be aware of how business is conducted in different areas of the Company.

Q Why do we have one standards booklet? Why don't we have regional booklets that address issues that are more relevant to particular locations?

A Our values and standards are universal. We strive to do business by embracing the same high ethical standards wherever we operate. At the same time we recognize that the actual application of these standards as well as laws and regulations may vary by location. The Company has provided resources to help address the specific issues within a particular region. In addition to company-wide resources like the Global Compliance Organization, the Office of Ethics and the AdviceLine, you can also turn to your manager, human resources representative, divisional lawyer, your regional finance director and divisional, regional and country compliance officers.

Q I am a manager and one of my employees has brought a business ethics issue to my attention. I am unsure how to handle the situation. What resource can I use?

A In most cases, the best initial resource to consult is your own manager. In addition, the Office of Ethics is available to provide you with guidance on handling any business ethics issue, and can assist you in finding a solution to your particular concern or issue.

OUR CUSTOMERS

PRODUCT AND SERVICE QUALITY

We are committed to meeting or exceeding customer and regulatory requirements regarding the research, development, manufacturing, packaging, testing, supplying and marketing of our products. Quality means consistently satisfying requirements and expectations by delivering products and services of the highest value in a timely manner. Our customers include patients, consumers, health care professionals, health care organizations, government agencies, wholesalers and distributors.

Quality improvement in all areas of our business, from product research in our laboratories to patient use of our products and services, is imperative in providing innovative products and services that improve the quality of life. The achievement of our quality goals and objectives depends on our ability to listen to and respect customer needs in every business activity.

Q We are behind schedule and under a great deal of pressure. May we modify a few manufacturing steps to speed up production?

A Probably not. While we strive to streamline manufacturing processes to make them as efficient as possible, we must always go through proper channels to receive approval to modify existing manufacturing procedures. Some steps may be required by government regulatory agencies. Others may be required to meet our own quality standards. It is possible that while the steps seem unnecessary, they could serve a critical quality function. If you have further questions—or to make suggestions as to how a process might be improved—consult with your manager or the head of Quality Operations at your site before taking any action.

Adverse Experiences or Product Quality Complaints

We all have a role to play to help Merck/MSD deliver on its commitment to improve human health. One of our most important responsibilities is to inform the Company of any adverse experiences (AE) or product quality complaints (PQC). We are all required to report any AE or PQC that may be associated with the use of our products, including prescriptions, over-the-counter (OTC) medicines and animal health products.



We strive to provide high-quality products, services and information.

Q While attending a party, one of the guests mentioned to me a side effect of one of our drugs. Does this really need to be reported to the Company?

A Yes, you must report the incident immediately. In the interest of patient safety, we need to be aware of all claims of adverse experiences. Contact a member of the Designated Points of Contact (DPOC) team with the information no later than 24 hours after learning about the experience. Members of the DPOC team can be located at <http://ghh.merck.com/gma/dpoc.html>. You can also contact your manager or the Office of Ethics, who will direct you to the right resource.

HONEST COMMUNICATION

Lives depend not only on the quality of our products and services, but also on the quality of the information we provide to the medical community and general public. Information furnished to our customers about our products and services, including availability and delivery, must be useful, accurate, supported by scientific evidence where relevant and presented honestly, fairly and by proper means. This means that promotional communications regarding prescription drugs, biologics and vaccines include a description of uses or dosage recommendations and must also include (unless otherwise required by law or regulation) a summary of side effects, precautions, warnings and contraindications, as well as effectiveness for the described indicated uses.

We do not communicate publicly with the intent of promoting products for use before the product is approved for such use. This does not, however, restrict a full and proper exchange of scientific information concerning a product, including dissemination of research findings in scientific and other communications media.

OUR CUSTOMERS

Q I am a sales representative for one of our pharmaceutical products, and I know that I'm not supposed to encourage or promote the product in a way that is inconsistent with product labeling. But, if a physician starts asking questions about such use, may I refer him to studies and to other doctors who are also prescribing such use?

A Generally, our sales representatives must not provide directly to physicians information that is inconsistent with that contained in the product label. You should advise the physician that Merck/MSD does not recommend use of the product for purposes other than those specified in the product label. However, if the physician desires additional information on this topic, you can refer his request to our Medical Services Department. This Department is authorized, under certain limited circumstances, to provide such information directly to physicians.

Q How should we handle requests for samples that seem inappropriate, e.g., JANUVIA® requested by an orthopedist?

A If you have a reason to believe that the physician's use of samples is inappropriate under Company policy, you are encouraged to clarify the reason for the physician's request. If you determine that the request is inappropriate, e.g., the samples will not be used by the physician with his or her patients to evaluate the product in actual practice, you may not provide the samples. Inappropriate use of pharmaceutical samples violates Company policy and may be illegal. You should clarify the Company's sample policy for the physician and communicate the physician's request to your manager for further investigation.

Q I am working with a customer organization that has its own code of conduct. In some instances their code requests that I—as their supplier—adhere to their standards. Which code do I need to follow?



Merck/MSD takes great care to protect the health and safety of clinical trial participants. These two girls were in studies for SINGULAIR®, Merck/MSD's treatment for asthma in patients as young as 12 months and seasonal allergic rhinitis in patients as young as 2 years.

A As an employee of Merck/MSD you have to follow our standards in all business situations. As a pharmaceutical company, we have an extremely comprehensive code with very high standards. However, occasionally there may be situations where customer requirements are more stringent, such as a complete ban of any gifts or even modest entertainment. In those cases, you should follow our customers' standards in addition to ours.

CLINICAL TRIALS

Clinical trials determine the safety and efficacy of our products in people who volunteer to participate in our studies. It is, therefore, crucial that we conduct these trials with the utmost regard for the health and safety of participants while furthering the interests of science and society. Detailed standards and guidelines are available concerning clinical trials and product protocols.

Q I'm in sales and marketing and a physician has asked us if he can use our samples to conduct a small clinical trial with a group of patients. Is this acceptable?

A No. Samples are not used for clinical trials. Detailed standards and guidelines are available concerning clinical trials and protocols. While the Company typically does provide product to study sites in accordance with the clinical trial protocol in Company-sponsored trials, this product is generally supplied via the Company group managing the study (e.g., MRL) and not via the sales and marketing area. You may contact the Medical Department or your regional or country compliance officer for additional information.

Scientific and Academic Integrity

We understand and respect the role of independent scientific and academic research and debate to medical, scientific and human progress. Accordingly, in all research endeavors that are sponsored by Merck/MSD, we will refrain from attempting to influence inappropriately the results and conclusions of such research. Clinical research shall be conducted under the direction of qualified medical and scientific personnel and according to high standards of medical and clinical ethics.

Close collaboration and interaction with the medical and scientific community is essential to our mission—to improve human health by providing society with novel and effective medicines, including vaccines. All such interactions should be guided by the following principle:

All activities involving the medical and scientific community that are sponsored or supported by Merck/MSD, including its subsidiaries, should be consistent with industry codes, have a well-articulated business purpose and should be implemented in accordance with the highest standards of ethics and integrity, having the utmost regard for patient health and safety.

Post-Marketing Clinical Trials

Post-marketing clinical trials help us learn more about the safety and efficacy of our products. They provide important information to practicing physicians, third-party payers and key decision makers to foster appropriate use of our products.

Q A physician has advised me that a competitor is providing him with a payment for each prescription he writes for their products. Is it acceptable for me to do so?

A No, this is not an acceptable practice. However, what may be happening is that the doctor is participating in a bona fide post-marketing clinical study. In that case, it may be appropriate to compensate the physician for his additional workload while participating in the study, but this is unrelated to the prescriptions that the physician writes.

Q I believe I might be able to convince a key physician customer to switch from a competitor's product to prescribing one of our products if I encourage him to conduct an "observational study" to gain experience with our product. Is this an acceptable practice?

A No. Observational programs involving our products may not be used for the purpose of inducing physicians to switch patients to our products, or maintaining patients on prescriptions of our products. Similarly, observational programs may not be used if they would create the appearance of doing so. Observational programs may be used only to obtain data that will help Merck/MSD and physicians improve patient care through direct observation of product use in a clinical setting. There must be a contract with the physician and written protocols that identify the need for the data and that detail how program results will be used.

GIFTS AND HOSPITALITY

Giving Gifts

We believe in competing on the merits of our products and services and wish to avoid even the appearance of improper conduct with our customers. The giving of gifts whether in cash or non-cash, including services, to customers raises serious questions about conflicts of interest or the appearance of conflicts of interest. Therefore, the giving of gifts is prohibited unless it complies with the specific exceptions described below. We recognize that in certain cultures there may be an occasion when gift-giving is customary and expected. Decisions about these situations must be carefully weighed, and prior written approval must be obtained from your manager before proceeding.

To Physician Customers:

Because we wish to safeguard the public's confidence in physicians to make decisions solely on the basis of patient health, we do not provide gifts or other incentives to our physician customers. As part of informing physicians about our products, we may provide occasional educational and practice-related items, as long as they are of nominal value and medically relevant, e.g., medical textbooks and other items that serve a genuine educational function, and permitted within the country. Additionally, promotional

OUR CUSTOMERS



We may accept meals or modest social entertainment, provided that it meets Merck/MSD criteria.

items of nominal value may also be permissible (e.g., pens, note pads, calendars, etc.), provided that they are related to a physician's practice. Remember that some localities have more restrictive policies based on local laws or industry codes regarding gifts to physicians. Please consult your local/regional lawyer for additional guidance.

To Other Customers:

In addition to physicians, we also interact with other important customers, including wholesalers, distributors and retailers. With respect to these customers, only business-related items of nominal value are permissible. Gift-giving to these customers must comply with local laws, Company policies and relevant industry codes. For additional assistance and guidance, please consult with your local legal representative and/or your local compliance officer.

Q I have been invited to the wedding of an important customer. In my culture, it is expected that guests will bring cash gifts to the wedding. What should I do? Are non-cash gifts acceptable?

A Cash and non-cash gifts are prohibited. You should consult with your manager if you believe an exception to our Company policy is warranted.

Q The chief cardiologist at a major hospital has requested a donation of equipment for the hospital's new cardiac-care unit. Would such a donation be a violation of our business standards?

A It may be appropriate and desirable for the Company to make a contribution to improve the quality of local health care facilities. However, you must ensure that the proper process for your locations is followed. Please contact your compliance officer for guidance.

Q One of my customers is a very close friend and we regularly exchange valuable gifts during the gift-giving season. Is it all right for me to continue this practice?

A The Company does not discourage friendships with business partners, but does require discretion and good judgment in such situations. In some situations, the gift may be appropriate if the gift is "personal," is not paid for by Merck/MSD and the exchange of gifts would not be perceived as a conflict of interest. You must disclose the relationship to your manager. Your manager will assess the situation and determine how to manage any potential conflict of interest in a manner consistent with the conflict of interest policy. It may become necessary to assign the customer to another Company employee.

Government Officials or Employees: Gifts, Meals, Hospitality or Other Benefits

In most countries it is prohibited to provide payments or anything of value to obtain or retain business. Please be aware that in most cases, physician customers of the Company are considered government officials. For this reason, providing gifts, meals, hospitality, honoraria for participation in congresses or symposia, or similar benefits to government officials requires additional evaluation to ensure that no inappropriate payment or benefit is being provided. In addition, the Company wishes to avoid even the appearance of impropriety. Laws concerning appropriate gifts and hospitality with respect to these groups are complex and can vary from country to country—and even within a country (e.g., local versus national laws). Therefore, consult with your local and regional compliance officer before providing a gift, invitation, hospitality or other benefits of any kind to a government employee.

Receiving Gifts

The receipt of gifts may be more common in the context of supplier relationships. Therefore, detailed guidelines on receiving gifts can be found in the section OUR SUPPLIERS on page 25.

Providing Meals and Other Hospitality

We may provide occasional meals or hospitality, provided that it is:

- In the course of a bona fide business relationship;
- An accompaniment to an educational or business event/function;
- Legal;
- Consistent with applicable industry codes;
- Consistent with Company policies and procedures;
- Not likely to be perceived as an attempt to improperly influence business decisions; and
- Not embarrassing to the Company if it were to receive public scrutiny.

Q It is customary in my country to take a physician to a restaurant to discuss our products. Is this acceptable under the policy?

A The preferred location for discussing our products is in the physician's office or in a hospital or other clinical setting. In certain instances, it may be appropriate to have a product discussion outside of such settings. If you feel that such a discussion is warranted, you must first obtain the prior approval of your manager, and such approval should specify the special circumstances that exist so that appropriate control and oversight procedures can be employed.

INVITATIONS TO CONFERENCES/SYMPOSIA

We are committed to conducting and participating in educational programs that share medical and scientific information. We recognize the importance of ensuring that these activities are undertaken in an appropriate and professional manner, with the ultimate goal of improving patient care. However, our standards do not necessarily take into account all local legal requirements. Where more restrictive local laws exist, those take precedence.

Our purpose in supporting scientific/educational meetings is to improve patient care. Accordingly, the meeting agenda must be appropriate for participants and support the meeting's scientific purpose. The location should be selected on the basis of participant travel convenience, cost and appropriateness for the type of meeting and audience. Sponsorship decisions must comply with local laws, local/regional Company

policies and guidance documents, and industry codes; we must also consider whether or not any of the participants are government employees or officials, which in general will require further advice and guidance.

We do not fund travel for spouses or companions of attendees.

Q We are funding the travel expenses of an important opinion leader who is speaking at a Company-sponsored conference. She would like to bring her spouse, at her own expense. Is this permitted?

A A spouse or companion may travel to a conference provided that it is not at the Company's expense. This means that any travel, lodging, meals and costs associated with the spouse's presence are not borne by the Company. However, it is inconsistent with the purposes of these events to allow spouses or companions to attend sessions or meetings where official business is discussed.

Can we honor a physician's request to issue two economy-class tickets in place of one business-class ticket to attend a conference?

No, this may not be done. An invitation is extended to the physician, and the Company will only cover expenses directly associated with the invitee's attendance.

Can we pay the travel expenses for a physician involved in the approval process for new drugs to attend a meeting?

The laws and regulations governing such activities are complex and will vary depending on a variety of factors, including:

- Is the physician a government employee?
- Is the physician a decision maker in the regulatory approval process?
- Is a Merck/MSD product registration pending or anticipated?
- Is there a perception of inappropriate influence?

OUR CUSTOMERS

Q An evaluation of the engagement must be conducted consistent with our established procedures to determine whether the Company may pay the travel expenses. For further guidance please consult with your local or regional compliance officer.

From time to time, physicians whom we invite to symposia do not show up or do not participate as fully in the events as they are expected to. How should I handle these situations?

A Upon inviting a physician to a symposium, you should discuss our expectations regarding participation in particular events. If a physician's attendance becomes a problem, you should first discuss the event's value with the physician to ensure that he or she realizes what they are missing by not fully attending the event. Remember, however, that we cannot control the participation of physicians at such events. If the physician's attendance continues to be a problem, you should discuss the matter with your manager to determine whether the physician should be invited to future events.

FAIR COMPETITION

We believe that customers and society as a whole benefit from fair, free and open markets. Therefore, we compete on the merits of our products and services and do not make agreements with competitors to "fix" prices or to otherwise restrain trade. Our principles of fair competition require that:

- We do not share or exchange price or bid information with competitors. This includes pricing policies, discounts, promotions, royalties, warranties and terms and conditions of sale. If a competitor volunteers such information, whether in a trade association meeting or in a physician's waiting room, we should terminate the conversation immediately and bring the situation to the attention of the Legal Department. While the exchange may be intended innocently, it could create the appearance of price-fixing or bid-rigging.
- We compete aggressively in every market for every customer. We make no agreements—nor general understandings—with competitors concerning customers, distributors or territories.



We compete fairly and honestly, relying on the merits of our products and services.

- We do not mischaracterize or distort the products or services of a competitor.

Our standards of fair competition are also a matter of law in virtually every country in which we operate, and there are additional legal requirements with which we must comply. Every manager must ensure that employees involved in marketing, sales and purchasing are aware of the letter and spirit of our standards and the applicable competition laws.

Q I am attending a trade association meeting and several members are discussing pricing strategy. What should I do?

A If issues such as pricing strategy are discussed among competitors, there is the possibility that price-fixing or collusion could occur or be perceived to have occurred. Many countries prohibit the discussion of pricing among competitors for this reason. If you find yourself in this situation, you must excuse yourself from the meeting immediately. Promptly advise the Legal Department of what you have observed.

Gathering Competitive Information

We compete fairly and honestly. We do not gather market information through misrepresentation, theft or invasion of privacy or coercion.

In general, you can obtain information about competitors from such acceptable sources as customers, consultants and even competitors themselves under appropriate circumstances. For example, you can gather information on competitors (i) from the news and other public resources, such as financial statements filed with the relevant regulatory bodies, (ii) by examining our competitors' products and publicly available marketing materials, (iii) from competitors' customers (unless they are prohibited

from disclosing the competitor's information), or (iv) from competitors' displays at conferences and trade shows.

- You should not encourage Merck/MSD employees who previously worked for our customers or competitors to breach a contract or non-disclosure obligation with respect to a competitor's nonpublic information. Since it is difficult to know exactly what non-disclosure obligations may have been agreed to, we strongly discourage the practice of asking Merck/MSD employees who previously worked for a competitor to provide information about their former employer.
- You should not permit Merck/MSD employees, such as subordinates or marketing consultants, to misrepresent themselves or their work in gathering competitive information. The Merck/MSD relationship should be disclosed if it is reasonable to assume that the source would not be likely to share such information, had he or she known of the Merck/MSD relationship.
- You should not receive pricing or other sensitive information directly from a competitor.

Local laws may differ in their definition of what constitutes public and confidential information, so ensure your conduct also complies with local requirements. Additionally, rules regarding information-gathering relative to government bids are often more stringent. Please contact your manager or the Legal Department for more information.

Q We have just hired an employee from a competitor. How much information is he allowed to volunteer about his former employer?

A We must not allow the employee to volunteer, nor should we ask for, any proprietary or confidential information about his former employer. Ask yourself if you would be comfortable if a former Merck/MSD employee shared such information with a competitor. Additionally, there are legal implications relating to the disclosure of confidential information of other companies. For further clarification, consult your manager or the Legal Department.

Q A long-time customer, who is also a friend, recently told me about the release date of a competitor's newest drug, which is not yet public information. Can I communicate this information to others in my district? What if I knew the information was obtained by the physician from a consultants' meeting?

A If you know, or it is apparent from the circumstances, that the information being volunteered by the customer has been provided to them on a confidential basis, such as during a consultants' meeting, you should discontinue discussion of the subject with the customer. You may not communicate the information to others in your district, but should bring the conversation to the attention of your manager, who will discuss it with the Legal Department, as necessary. If it is public information, there is no problem in discussing it openly in a manner consistent with all applicable policy regarding product discussions.

DATA PROTECTION AND PATIENT/CONSUMER PRIVACY

We believe in the importance of respecting the privacy of all of those with whom we do business. This is particularly true with customers, patients and clinical trial participants. There are times when legitimate research and business activity may require the review of a patient's medical record or the collection of personal information. Our commitment to privacy is centered on several operating principles, including but not limited to:

- **Necessity** – We must identify the business purpose served by using or collecting personal information, and to the extent possible, use non-identifiable information.
- **Notice and Choice** – We must give proper notice to individuals prior to collecting personal information about them. Additionally, generally we must offer individuals the right to object or to "opt out" of the use of their personal information.
- **Data Integrity** – Personal information must be kept accurate, complete and current as stipulated in agreements and notices.

OUR CUSTOMERS

- **Security and Transfer** – We must take reasonable steps to protect personal information from loss, misuse, unauthorized access, disclosure or alteration. Additionally, transfer of data across country borders requires additional safeguards and scrutiny.

Protecting the privacy of personal information is also a matter of law in almost every country in which we operate. We must comply with all legal requirements, in addition to our own Company standards. For further information, contact the Privacy Office.

Q What exactly is considered Personal Information?

A While the exact definition of Personal Information can vary from country to country, generally it is information that directly identifies an individual or could be used to identify an individual. Some examples include name and initials, date of birth, images, biometric information, contact information, health-related information, genetic information and personal characteristics. However, this is not an exhaustive list and more detailed information can be found in the Corporate policies.

Q I need to demonstrate the effectiveness of my sales efforts involving the largest regional hospital. The hospital's in-house pharmacist has offered to share copies of prescription records containing patient personal information with me. Is it acceptable for me to access these records?

A While the laws governing protection of patient personal information by pharmacists vary from country to country, many countries have laws that require patients to explicitly consent to disclosure of personal information about them by their pharmacists. In countries where no laws exist, our privacy principles of Necessity, Notice and Choice apply. These principles require that we only collect or receive the minimum personal information we need for legitimate business purposes, that the person about whom we are collecting the information has been informed by the pharmacist of the intended disclosure and of how we plan to use the information, and that person has not objected. Consult with representatives of Legal or the Privacy Office to ensure that access to the data complies with local law and our policies.

Q I am planning a symposium and would like to invite customers from multiple countries. I need access to information about customers based in a different country in order to send out the invitations. Are there any special precautions necessary when information is transferred across country borders?

A Many countries have privacy and data protection laws that apply when you transfer or access personal information about individuals, regardless of whether they are customers, consumers, patients, employees or otherwise affiliated with Merck/MSD. In some cases, even transferring names of individuals from country to country may require special authorization or attention. Consult with the representative of the Privacy Office for the country from which you wish to transfer information before taking any action.

OUR EMPLOYEES

OUR WORK ENVIRONMENT

We seek to provide a work environment that will attract and retain highly talented people and help them achieve their full potential. Each of us is responsible for creating a climate of trust and respect, and for promoting a productive work environment. These responsibilities are described in our Leadership Behaviors (see page 40), which serve as the foundation for all our human resources policies, practices and processes. The Leadership Behaviors spell out specific behaviors that are expected of us.

We encourage open communication by being receptive to the ideas and concerns of others, and we offer and receive feedback constructively.

Employee Privacy

We respect the privacy and dignity of our fellow employees and safeguard the confidentiality of employee records. The Company collects and retains personal information needed to support functions such as benefits, compensation and payroll, as well as for other purposes as required by law and in accordance with the privacy notices we provide to employees. We will protect private employee personal information and use it only for legitimate business purposes, in accordance with all relevant laws. This commitment to protecting employee privacy extends beyond the period of employment, and includes information about former employees.

Q My brother is a financial advisor and would like to offer financial services to Company employees at my location. He has asked me to give him names and contact information for employees at my location. Can I provide this information to him?

A Contact information of employees is personal information and is protected by our policies in all locations in which our employees work and by law in many countries. Our employee privacy notices do not permit disclosure of employee information to our family and friends for personal or professional reasons. Any disclosure of employee personal information must be done in accordance with our policies, our employee privacy notices and applicable laws. We follow the privacy principle of Necessity in carrying out these obligations.



We strive to maintain a harassment-free environment, where all employees are respected.

The privacy of employee communications, including e-mail and Intranet/Internet usage, is subject to the Company's appropriate business and operating needs, as well as local laws. We have the responsibility to monitor Company-owned technology used for e-mail, Internet and other communications and to investigate inappropriate use in accordance with local laws. We follow the privacy principle of Necessity in carrying out these obligations.

Q Does the Company actively monitor Internet access or our e-mail? If so, under what circumstances?

A The Company accesses its communications systems for a variety of business reasons. For example, Company operations and network staff may access e-mail in the course of normal system maintenance, network administration or problem resolution. In addition, management may authorize the monitoring of e-mail usage to investigate inappropriate use or theft of Company intellectual property or for other business purposes in accordance with local laws. Depending upon the circumstances, this may involve the reading or disclosure of e-mail messages. Similarly, as part of standard computer systems administration, where allowed by law the Company maintains logs of Internet usage activity, which authorized personnel may use to investigate performance concerns, security incidents (e.g., network/system intrusions, inappropriate use or virus attacks) or for other business purposes.

OUR EMPLOYEES

Q We traditionally post employee birthdays on the office bulletin board. Is this okay?

A By posting employee birthdays, you are divulging personal information that some employees may not want known. Before adding an employee's private information to the list, you should obtain their permission.

FAIR TREATMENT

To meet our long-term growth and efficiency requirements, we must build an organization that responds quickly to change and one in which all employees can achieve their full potential. Differences in backgrounds, experiences, perspectives and talents are a fundamental strength of our global Company. We treat each individual fairly, and recruit, select, train, promote and pay based on merit, experience and other work-related criteria. For further information, contact your Human Resources representative or the Corporate Human Resources Diversity Department.

Fair treatment also means that we respect the rights of our colleagues to constructively voice dissent or to disagree. And likewise, it means that sometimes we have to be willing to accept situations when decision makers do not adopt our positions. We must remember that open communications, including the willingness to "agree to disagree," are vital both to a positive work environment and to our ultimate business success.

Q Is it acceptable to stipulate gender and age for an open position?

A There is no business justification for advertising positions based on gender or age. Treating people fairly by hiring based solely on job-related criteria is not only the right thing to do, it's smart business.

Q Can the Office of Ethics provide advice on how to handle difficult situations with colleagues?

A The Office of Ethics can provide advice in a confidential environment and can recommend language to handle difficult situations with colleagues. If you feel comfortable doing so, you may also discuss the situation with your manager or with the Human Resources Department.

HEALTH AND SAFETY

We conduct our operations with the highest regard for the safety and health of employees and the protection of the general public. Each of us is responsible for complying with safety rules and regulations and for taking the necessary precautions to protect our colleagues and ourselves. We must report all accidents and work-related injuries and take action to correct unsafe practices or conditions, with a goal of continuously improving our performance. Global Safety and the Environment can answer specific questions about our safety standards; or you can check the website at <http://org.Merck.com/MRK/gse/abogse/Pages/default.aspx>.

Q Is it really necessary to report a minor accident or injury? I don't want to jeopardize our plant's safety record.

A Yes. To maintain safety performance excellence and to strive for an accident-free environment, you must report all accidents, no matter how minor, and work-related injuries to eliminate unsafe practices and conditions. Reporting even minor work-related injuries, minor accidents and "near-misses" is important, as it helps us to identify hazards and take corrective action before serious injuries can occur.

Q Our plant has safety guidelines that require the removal of all jewelry. How will the Company respond if an employee declines to remove a piece of jewelry for religious reasons?

A The Company wishes to make reasonable accommodations for employee religious beliefs. It is possible that an alternative may be found (e.g., if the item can be secured, this may be permissible). However, if there is no satisfactory alternative, then safety concerns must take precedence. If you have additional questions about what is acceptable, you should consult your manager or the additional resources referenced in this booklet.

Drug and Alcohol Abuse

Use of illegal drugs, alcohol abuse and the misuse of legal drugs create serious health and safety risks in the workplace. The possession, sale or use of illegal drugs or being under the influence of such drugs, on Company time or property, or at Company-sponsored

events, is prohibited. Similarly, impairment from alcohol when conducting Company business or at Company-sponsored events is also prohibited.

It is important that cases of drug and alcohol abuse be brought to management's attention immediately. For information on resources at your location that deal with substance abuse, please see the Additional Assistance Page.

WORKPLACE HARASSMENT

We strive to maintain an environment free of harassment, where all employees are respected. In many cases, workplace harassment is a form of discrimination that is generally defined as any verbal or physical conduct that occurs because of a certain individual's characteristic such as race, gender, age or religious belief. Workplace harassment is generally defined as any action that inappropriately or unreasonably creates an intimidating, hostile or offensive work environment.

Q Is it acceptable to display political posters in one's own personal work area? What about religious symbols and imagery?

A Employees should not use the workplace to demonstrate their personal support for a particular political issue, party or candidate. Other employees may find this type of conduct inappropriate, because political material is often associated with controversial issues that may be perceived by others as offensive or intimidating. Regarding personal displays of religious symbols and imagery, we respect employees' desire to express religious beliefs. However, we should also bear in mind that excessive personal displays and religious-oriented displays at Company functions or on Company premises may be perceived as intimidating or hostile to colleagues who have different beliefs.

Workplace Violence

We strive to maintain a work environment that respects the dignity, safety and security of all employees, is conducive to good job performance and is free from all types of workplace violence. We will not tolerate violence, threats, threatening and malicious behavior, intimidation or any form of workplace violence from any source. Generally, we define workplace violence to include intimidating or harassing conduct that has the effect of engendering fear in

the recipient and creates an unreasonably hostile or intimidating work environment for the recipient.

Sexual Harassment

Sexual harassment is a form of workplace harassment that affects the dignity of men and women at work. Sexual harassment includes, but is not limited to, demanding sexual considerations in exchange for job benefits, threatening or taking adverse employment actions if sexual favors are not granted, or unwelcome physical contact.

If you feel you have been harassed, inform the offender that the action is unwelcome. If you are not comfortable with a direct approach or if it fails to correct the problem, discuss the matter with your supervisor or with Human Resources, or refer to the resources listed on the Additional Assistance Page.

Q Is it permissible to date a subordinate if it is a consensual relationship?

A There is an inherent conflict of interest in managing someone with whom you have a romantic relationship. Even if you think you are acting impartially, your objectivity may be compromised although you may not notice it. Regardless of your actual actions, your relationship will likely be perceived to inappropriately influence your judgment. Such relationships may damage morale and disrupt workplace productivity. Therefore, it is unacceptable to begin or maintain a romantic relationship with one of your direct or indirect reports—someone in your reporting chain whose performance reviews, compensation and promotions you may influence. You must immediately disclose the relationship to Human Resources. Dating a colleague where there is no direct or indirect reporting relationship is acceptable. If you find yourself in a reporting relationship after a romantic relationship has begun or ended, you should disclose this relationship to Human Resources.

OUR EMPLOYEES

Q Occasionally physician-customers behave in a sexually provocative manner toward me during sales visits, behavior that I think borders on sexual harassment. My job depends on maintaining good relations with these physicians, but I'm uncomfortable with their behavior. What should I do?

A No employee should tolerate sexual harassment or any other form of workplace harassment. If you are comfortable talking to the customer about the behavior, calmly express your discomfort with their actions. If the behavior persists, or you are uncomfortable confronting the physician, you should discuss this concern with your manager, Human Resources or any of the other resources listed on the Additional Assistance Page.

HIRING RELATIVES AND FRIENDS

We seek to hire employees who can contribute to the Company's success. We will hire relatives and friends of current employees and we encourage their referral. However, we will not show favoritism to candidates who are family members or friends of our employees. We will hire each candidate based on his or her qualifications for the open position. Senior managers should be especially aware that their referral of family members or friends may be perceived as exercising undue influence on the hiring process and should take appropriate steps to avoid the appearance of "sponsoring" a friend or relative as a candidate, and to avoid interfering with the hiring process.

To ensure objectivity and prevent conflicts of interest, family members may not have direct or indirect reporting relationships to other family members. In rare instances where unique circumstances may warrant an exception to this policy, prior approval must be obtained from your divisional vice president.



We are responsible for making decisions based solely on Merck/MSD's best interests, without regard to personal concerns.

Q Will the Company sometimes take a less appealing candidate as part of a "package" to get a very desirable candidate?

A The Company's policy is to hire applicants who are qualified for the job in question. In rare instances, such as when a husband and wife both apply for positions with the Company, we have considered both applications in concert. The Company does this because we recognize that hiring one spouse without the other could be particularly problematic if, for example, relocation is required. Yet, if either spouse fails to meet the criteria for his/her position, we would not extend a job offer to that individual.

OUR SHAREHOLDERS

CONFLICTS OF INTEREST

We have a responsibility to our shareholders to make decisions strictly on the basis of the Company's best interests, without regard to personal concerns. A potential conflict of interest arises when we become involved, directly or indirectly, in outside activities that could impair, or be perceived to impair, our business judgment. We must avoid situations in which our loyalty is, or appears to be, divided. Examples of actual or potential conflicts of interest include:

- Having a personal financial interest in a supplier, customer, competitor or distributor;
- Having a close family member (e.g., spouse, domestic partner, parent, parent-in-law or step-parent, sibling, sibling-in-law or step-sibling, child-in-law or stepchild or the parent, sibling or child of a domestic partner), or anyone you treat like a family member (e.g., fiancé), work for a supplier, customer, competitor or distributor;
- Receiving any form of compensation from a supplier, customer, competitor or distributor;
- Having a personal interest or potential for gain in any Company transactions;
- Serving on an Advisory Board and/or Board of Directors of an association or company that is in a similar market/industry as Merck/MSD;
- Having a close family member work at an agency that approves our drugs;
- Hiring an employee/consultant due to their family relationship with government decision makers; and
- Having outside (paid or non-paid) employment with an organization that competes with our Company.

The key to addressing conflicts of interest is full disclosure. Often, just disclosing the potential conflict to the Company is the only action required. If you believe you may have a potential conflict of interest, you must discuss the situation with your manager. Certain employees, including directors, officers, executives and other designated employees, must file annual conflict of interest certifications describing any actual or potential conflicts of interest. Company loans to employees are particularly sensitive and are subject to specific scrutiny. Company loans to executive officers or members of the Board of Directors are prohibited unless they were already in existence on July 30, 2002.

Q I own a few shares of stock in British Telecom. Since BT provides phone services to the Company, must I report this as a conflict of interest?

A An investment representing less than 1 percent of outstanding shares of a publicly owned company, such as British Telecom, would not be considered a potential conflict of interest under our policy.

Q Are there any guidelines to help us avoid potential conflicts of interest with physician-customers who are also personal friends?

A Since there is a potential conflict of interest—or the appearance of a conflict—to have a personal friendship with a customer with whom you conduct business, you must disclose these personal relationships to your manager. Your manager will review the situation and determine what steps, if any, should be taken to manage the potential conflict. You should also consider the following questions to determine whether your relationship with a customer could present a conflict of interest:

- Is this a personal friendship or a friendly professional relationship?
- Do you socialize with the physician-customer? On weekends? On holidays?
- Would your personal loyalty override or appear to compromise your ability to make decisions that are in the Company's best interests?
- Do you discuss business in non-work settings?
- Are you disclosing information to the customer that the Company would consider confidential or proprietary?
- Does your relationship compromise—or appear to compromise—the objectivity of the customer's decision making (in the case of a physician, the physician's prescribing habits)?

OUR SHAREHOLDERS

It is important to use good judgment in managing your personal relationships with customers. If you are unsure how to proceed, it is always prudent to discuss the situation with your manager.

USE OF CORPORATE ASSETS

Our shareholders have a right to expect that the Company's assets are properly maintained and used in an economical and efficient manner. As a general rule, we should not use Company equipment or resources (excluding communication tools—see below) for personal use. However, there may be times when personal use of corporate resources is acceptable. If you have questions about such situations, discuss them with your manager.

Q With the support of the Company, I am working on an advanced chemistry degree. May I use Company laboratory equipment over the weekend to further my studies?

A No. Due to health, safety and other risks, personal use of Company laboratory equipment is not permitted. For additional guidance, please consult your local compliance officer.

PERSONAL USE OF COMMUNICATION TOOLS

The Company encourages us to make efficient and effective use of communication tools such as e-mail, the Intranet and Internet, voicemail, telephones, photocopiers and fax machines to accomplish business objectives. These tools also allow us to efficiently accomplish personal activities, and such use is generally permitted provided there is no undue cost to the Company or adverse effect on productivity or the work environment. Usage also must conform to all other existing standards and policies regarding communication tools. General guidelines for the various communication tools include:

Telephones: Use common sense and good judgment when using Company telephones for personal business. A quick call home is acceptable—lengthy overseas calls are not acceptable.

Faxes and Photocopiers: Personal use is acceptable provided it is infrequent and insubstantial. For example, photocopying your tax return is acceptable—copying 200 announcements for your sports club is not acceptable.



We treat our suppliers and subcontractors fairly and honor our commitments.

Internet and E-mail: Our personal use should not interfere with work productivity and not exceed a nominal cost to the Company. Again, use common sense and good judgment. Internet shopping during your lunch hour is acceptable—spending the afternoon “surfing the web” is not acceptable.

Please note that the following are some examples of inappropriate use of the Internet and E-mail Systems and are strictly forbidden at all times:

- Disclosing confidential or proprietary information.
- Downloading or transmitting pornographic, sexist or racially or ethnically insensitive material.
- Posting your opinions or views with regard to the Company or the Company's business in Internet newsgroups, chat rooms, blogs, etc., unless you are specifically authorized by the Company to do so.
- Conducting private commercial business on the Internet or E-mail Systems.

Your particular division or location may have adopted more restrictive guidelines concerning personal use of communication tools. In such cases, the more restrictive standard applies. In all cases, personal use of communication tools is subject to the discretion of your manager. For more information, contact your local Information Systems professional, the Information Services Help Desk or your human resources representative.

Q May I load my own personal software onto my Company computer or Smartphone?

A Generally, this is not an acceptable practice. To reduce the likelihood of introducing code capable of destroying data, only software provided by the Company may be used on Company computers. Exceptions require prior approval from your manager and Information Technology; however, it should be noted that IT cannot dedicate its resources to support your use of personal software.

Q Occasionally, some of my colleagues visit Internet chat rooms while at work. Is this appropriate?

A Unless specifically authorized as part of your job responsibilities, it is inappropriate to visit Internet chat rooms using Company computers. If you wish to chat on the Internet, you should do so using your own personal computer on your own time.

Q Would it be acceptable for me to do Internet banking on a Company computer?

A Yes. Employees can use the Internet for appropriate personal tasks after hours, as well as during business hours as long as the activity is infrequent and insubstantial and does not interfere with an employees' job performance. However, if this activity involves installing any additional software on your computer, you would need to obtain approval from your manager and Information Technology before proceeding.

Q If the Company has sanctioned and/or paid for an employee's online study coursework, what guidelines apply for his/her Internet use?

A The Company recognizes that greater latitude with regard to Internet use may be appropriate and warranted under certain circumstances. You should discuss your specific situation with your manager.

USE OF SOCIAL MEDIA

The importance of social media in the conduct of our business is growing substantially, and we wish to maximize the opportunities represented by this new form of communication, while minimizing the risks and challenges they also represent. Social media include blogs, social networks (e.g., Twitter, Facebook, LinkedIn), wikis and YouTube, to mention just a few examples.

While we respect the rights of our employees to engage in personal online activities, you are still responsible for any damage or harm to our business or reputation that results from your online activities, whether they occur during or outside business hours. Use discretion and common sense about possible consequences, and be aware of the following:

- Patients, customers, consumers, competitors and fellow employees may have access to what you consider to be "personal" posts. Additionally, readers may be aware of your affiliation with Merck/MSD, even if you do not mention it. So please use caution and common sense, even when discussing Company issues on what you believe to be a "personal" basis. Remember, too, that you should never discuss issues that involve the Company's confidential information.
- Be open and honest about your affiliation with Merck/MSD when it is relevant to the issue. Disclose your Merck/MSD employment status, and make it explicitly clear that your ideas or opinions are personal and may not represent the position of Merck/MSD on the issue.
- Remember that our values and standards apply to our online activities, including our responsibilities, such as: protecting Company proprietary or confidential information; respecting employee, patient and business partner privacy; promoting an open and positive work environment; and refraining from harassment of any kind.

Increasingly, some of us are being asked to engage in online activities on behalf of Merck/MSD. In such cases, please abide by the following:

OUR SHAREHOLDERS

- Ensure that you have the explicit appropriate Senior Level Management approval to engage in social media on behalf of the Company. Follow all prescribed approval processes for the release of information.
- Be honest and transparent about who you are and about your role and responsibilities at the Company.
- Adhere to all Company policies and procedures, as well as to local laws.

Finally, all of us have the opportunity to help safeguard the Company when engaging in social media. If you find comments about Merck/MSD or our products that may be important (either positive or negative), forward them to the Designated Points of Contact (DPOC) team no later than 24 hours after learning about the experience. This is especially important in the area of possible adverse events. Any credible reports of side effects should be forwarded to Global Safety for review and possible action. Refer to <http://ghh.merck.com/gma/dpoc.html> to find your DPOC team member.

Q We had a candidate in our department who was being interviewed for an open position. I am not involved in the decision process, but since the person will be working closely with me, I did an online search on her to learn more about her. I discovered that she seems to be a member of an unusual religious group. While I normally don't have issues with different religious groups, this group seemed to have some rather strange views. Should I inform my manager or HR?

A There are some factors that may not play any role in our personnel decisions, and these factors include religion. The hiring manager and HR may not consider any of those factors in their decision, and there is no need for you to forward what you found out about the candidate. Instead, focus on the relevant experience of the individual, and keep an open mind about her and her performance if she is hired. Should you later become involved in any decision with respect to the candidate, you may not allow your knowledge about the person's religious affiliation to influence your judgment.

Q I was using my home computer and came across a blog where sensitive Merck/MSD information was being divulged. What should I do?

A Such disclosure of confidential Company information is strictly forbidden, as it seriously harms the Company in trying to achieve its business objectives. Discuss your observation with your manager. You may also call the AdviceLine or contact the Office of Ethics, advising them of your observations.

Q I maintain a personal blog in which I discuss a number of issues—and occasionally I comment on health care-related issues in my country. But I consider these personal opinions and they are unrelated to my job at the Company. When should I indicate my affiliation with Merck/MSD?

A Ask yourself the following question: if you do not disclose your affiliation and the reader of your blog later finds out about your position at the Company, would they wonder if your initial comment was biased? Or might they think that you were hiding your affiliation? In such situations, you should either reconsider making the post or disclose your affiliation. If you are unsure, err on the side of caution and disclose your position.

PROTECTION OF COMPANY INFORMATION

Information is an important Company asset that must be protected. The loss of confidential information can be extremely damaging to our competitive position. Examples of confidential information include, but are not limited to, pricing, formulations, research results, manufacturing methods, financial data and marketing and sales strategies and plans.

We do not disclose any confidential Company information without a valid business purpose and proper authorization by management. Each of us is responsible for protecting the confidentiality of Company information.

General guidelines for protecting confidential Company information include:

- Not discussing sensitive Company business in public;
- Using password protection on computer files (and not sharing your password with other employees);
- Securing sensitive information in locked files and cabinets;
- Securing sensitive information on laptop computers while traveling;
- Exercising caution when using speakerphones and cellular phones;
- And finally: when you are in doubt about the confidential nature of information, treat it as confidential.

Even after we leave the employment of the Company, we are obligated to maintain the confidentiality of Company information and return all documents and files (including electronically stored information).

Q I overheard Merck/MSD employees discussing Company business on an airplane. What, if anything, should I do?

A If you believe the information that is being discussed is sensitive or confidential, advise the parties that they can be overheard. Every employee has a responsibility to ensure that confidential and proprietary information is not disclosed in public.

Q As a researcher, I see a conflict between the Company's desire to protect its confidential and proprietary information and the open exchange of knowledge in the scientific community. What are my responsibilities?

A The Company respects and shares researchers' desire to share scientific knowledge. To this end, we actively encourage the publication of scientific findings. However, since funding for our research comes only from product sales, it is essential that we have the opportunity to protect our discoveries through the patent process before making them known to the public and to competing pharmaceutical firms. As a researcher, before you consider

releasing any scientific result or information that is based on work conducted at Merck/MSD, you are required to first seek the approval of your divisional vice president, or have the information reviewed by the Office of Scientific and Technical Information Clearance (OSTIC) process for approval.

ACCURACY OF BOOKS/RECORDS

We make decisions based on information recorded at every level of the Company. Incomplete or inaccurate information may lead to poor decisions and negative consequences; for example:

- Improper recording of revenues and expenses leads to misrepresentation of the Company's financial position, and is illegal
- Incomplete or inaccurate manufacturing documents could jeopardize the supply of a product and violate regulations

We must record all information honestly and accurately. This includes, but is not limited to, expenses, revenues, research test results, production and quality data and any other corporate information. All financial transactions and payments must be authorized and recorded. Strict compliance with corporate accounting methods is required, as is cooperation with internal and external auditors. Contact your divisional controller or corporate audit group client director with any questions concerning the proper recording of financial transactions.

Accuracy of Public Disclosures

We have a responsibility to ensure that we provide the investing public with information that reflects the true value of our operations. Therefore, all of our public disclosures that are filed with government agencies or communicated to the public must be full, fair, accurate, timely and understandable. This obligation applies to all employees, including all financial executives, with any responsibility for preparing such reports, including drafting, reviewing and signing or certifying the information they contain. We must communicate openly about our operations, without compromising proprietary and confidential information.

OUR SHAREHOLDERS

If you have concerns about any aspect of our financial disclosures, you should discuss them with your manager, the Finance organization, the Legal Department, the Office of Ethics or the AdviceLine. Any employee who is contacted by another employee who is raising questions or concerns about questionable accounting or auditing matters must immediately report those concerns to the Office of Ethics.

Q It is December and there is money left in our annual budget. Is it acceptable to prepay for next year's activities using this year's budget?

A No. Activities and payments must be matched to the same period. If an event occurs this year, then payment should be recorded as taking place this year. If an activity is set for next year, then the payment must be charged to the next year's budget and accounts.

Q I am concerned that Company employees may be inclined to release only study data that puts our research in the best light. What should I do?

A You are right to be concerned. This may be a serious issue and should be reported to your manager or the Legal Department immediately. Selective release of data may adversely affect the Company's reputation for quality research and may violate government regulations.

Q A sales order came in and will be confirmed two days after the books are closed. Is it acceptable to include unconfirmed sales in an earlier period?

A No. The sale has not officially taken place until it is confirmed and the goods have been shipped. It is a misrepresentation to include unconfirmed sales in an earlier period.

Q Can I delay processing sales orders until the next period to help us attain our income targets in that period?

A No. Sales orders received must be processed in accordance with standard operating procedures for the transaction. It is inappropriate to manipulate sales orders for processing during the next financial period.

INSIDER TRADING

Our Company strives to preserve fair and open markets for the buying and selling of the Company's securities. We may not buy or sell Merck/MSD securities on the basis of nonpublic, material information. Material ("inside") information is any information that a reasonable investor would consider important in making investment decisions. Examples may include knowledge about acquisitions, divestitures, new products or processes, and financial information such as corporate earnings. These same restrictions apply to nonpublic material information about other companies that we learn through our capacity as employees.

We are also prohibited from disclosing nonpublic material information to others—both inside and outside the Company—without a legitimate business reason and proper management authorization.

If we have inside information, we must refrain from trading in the affected securities until the beginning of the second full trading day after public disclosure of the information. If you are in doubt as to whether the purchase or sale of securities would violate our insider trading standards, please consult with the Legal Department.

OUR SUPPLIERS

SELECTION OF SUPPLIERS

We select goods and services that best contribute to the long-term well-being of the Company. We choose our suppliers based on price, quality, delivery, service, diversity, reputation, environmental and business practices. We also expect our suppliers to support the core labor standards set out by the International Labor Organization prohibitions against child and forced labor.

Q I suspect that one of our suppliers is using child labor. What should I do?

A Discuss your observations with your manager. You may also contact the AdviceLine or, if you prefer, you may contact the Office of Ethics, advising them of your observations.

Q Due to a recent promotion, I am now assigned to purchase office equipment. How should I evaluate suppliers?

A In addition to the factors mentioned above, there may be a global supply agreement in place that includes a “preferred supplier” in your region. For further information, you should seek assistance from your local procurement representative or finance director.

TREATMENT OF SUPPLIERS

We treat our suppliers and subcontractors with fairness and integrity. We respect the terms and conditions of agreements with suppliers and we honor our commitments. We strive to pay on time and are careful to protect the confidential and proprietary information of our suppliers.

To ensure that all suppliers are given an opportunity to compete for our business, we obtain competitive bids where it is feasible to do so.

Q Is it acceptable to copy Company-owned software to my home computer if it would only be used for Company business?

A Generally, this is not acceptable. We must respect the intellectual property of others (in this cases, our suppliers of software) and the terms of software-licensing agreements, which may limit the number of machines on which the software may be installed. To determine whether it would be acceptable for your particular software, consult Information Services.

Q Can I solicit our suppliers and consultants for donations to causes that the Company supports? What about causes I personally support?

A It may be appropriate for the Company to solicit donations from suppliers and consultants. However, the decision to make such a solicitation would be one that senior management needs to make. Individual solicitations from Company suppliers raise conflict of interest concerns. A supplier may feel that a contribution is required in order to better position themselves for future business with the Company. It would not be appropriate for you to solicit the Company's suppliers and consultants for a cause that you, personally, support. Using the Company's vendor list for any other purpose than a business purpose would violate our standards and policies.

RECEIVING GIFTS¹

As a common business courtesy, we may receive occasional gifts, provided that:

- The gift is of nominal value (e.g., pens, note pads, calendars, etc.);
- Doing so is legal; and
- The gift is neither intended nor likely to be perceived by others to improperly influence our business decisions.

¹Guidelines on Giving Gifts can be found in the section OUR CUSTOMERS on page 9.

OUR SUPPLIERS

Occasionally, there may be times when refusing a gift would be impractical or embarrassing. In those rare instances where the gift is of substantial value, accept the gift on behalf of the Company, report it to your manager and turn the gift over to your local/regional finance director, who will handle its disposition.

Q In my region, it is both typical and expected for suppliers to provide their clients with fairly expensive gifts. Because of this custom, it is difficult to discourage our suppliers from providing us with these gifts.

A If suppliers offer expensive gifts regularly, you should politely advise these suppliers that Company standards do not permit our employees to accept these gifts. Department managers should look for opportunities to notify suppliers of these standards before problems arise (e.g., prior to a holiday gift-giving period). You may wish to contact all suppliers to explain the Company's standards and send a copy of the *Our Values and Standards* booklet. If you have questions or concerns, you should consult your manager or the Office of Ethics.

Q I recently attended a business conference at the Company's expense, where my name was automatically entered into a raffle, along with all other attendees' names. I won a trip to the Caribbean. Can I keep the prize?

A Employees may be able to keep prizes from raffles, provided that:

- A supplier or customer is not a sponsor of the raffle (i.e., it is sponsored by a professional or trade association); and
- The employee is not placed under any obligation for having entered or won the raffle (e.g., an obligation to use a specific company's services, to provide the sponsoring company with the employee's business attention).

You should speak with your manager, who will help you decide what would be the best course of action in this instance.



We choose our suppliers based on price, quality, delivery, service and reputation, taking Merck's best interests into consideration.

Accepting Meals and Other Hospitality

Our standards for accepting meals and hospitality are the same as for providing them (see page 11):

We may accept occasional meals or hospitality, provided that it is:

- In the course of a bona fide business relationship;
- An accompaniment to an educational or business event/function;
- Legal;
- Consistent with applicable industry codes;
- Consistent with Company policies and procedures;
- Not likely to be perceived as an attempt to improperly influence business decisions; and
- Not embarrassing to the Company if it were to receive public scrutiny.

Q A potential supplier has invited me to attend a professional sporting event with him. May I attend?

A If the sporting event is appropriate and not excessive, and the supplier will be attending with you and thus available to discuss business, then it may be acceptable to attend. It is important, however, that accepting an invitation is neither intended nor likely to be perceived as an attempt to improperly influence a business decision. As an example,

- Occasional unsolicited tickets to regular season sporting events would be acceptable;
- Playoffs, quarterfinals and semifinals require more scrutiny; and
- Tickets to finals or championship events (e.g., the World Cup, Olympics and Wimbledon) would be considered excessive.

OUR COMMUNITIES AND SOCIETY

PHILANTHROPY AND COMMUNITY INVESTMENT

We believe that an essential component of our corporate responsibility is to provide support to charitable or philanthropic organizations that benefit society, from the local plant community to the international level. The Company makes cash contributions both directly and through The Merck Company Foundation, and donates products and other in-kind services to qualified organizations and programs that address the needs of society and support our overall business mission to enhance health.

The philanthropic outreach of our Company is guided by three strategic priorities: improving access and building capacity for quality health care; strengthening science education and educational opportunities to help close the achievement gap; and supporting the critical needs of Merck's communities. When appropriate, we provide assistance in response to major disasters and medical emergencies.

For more information, contact the Office of Corporate Philanthropy at Whitehouse Station.

Human Rights

We believe in the fundamental dignity of every human being and in respecting individual rights. We are committed to respecting human rights as recognized by the principles of the United Nations Global Compact and as defined in the United Nations Universal Declaration of Human Rights and its subsequent changes, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the OECD Guidelines for Multinational Enterprises and the core labor standards set out by the International Labor Organization, both within our workplace and more broadly within our sphere of influence. We have policies and management systems in place to ensure that we do so.

In all of our operations:

- We condemn the use of forced labor and exploitative child labor and expect our suppliers to respect this principle as well;
- We respect employees' lawful freedom of association;

- We compensate our employees to ensure that basic needs are met and provide our employees with the opportunity to improve their skills and capabilities;
- We do not discriminate at any level of the organization on the basis of race, gender, age, religious beliefs or any other legally protected characteristic; and
- We provide a safe and healthy work environment.

These standards demand respect for all individuals and consideration of the interests of all of those affected by and involved in our business. We also create work environments where free discussion can take root that respects the opinions of all employees, as well as reward creativity and innovation. For more information about the Company's policy on human rights, please contact the Office of Ethics.

Corporate Responsibility

As a global health care leader, Merck/MSD continuously ensures our corporate responsibility is embedded within the Company's business strategy and appropriately evolves as our business does. This approach helps deliver on our goal to create shared value that supports both the needs of society and our business.

At the core of our strategy is Merck/MSD's corporate responsibility value proposition: "Helping the world be well." The following four areas make up our prioritized strategy to enhance global well-being by: 1) improving access to health, 2) demonstrating through our actions an ethical and transparent approach, 3) operating in an environmentally sustainable fashion, and 4) starting at home with the well-being of our own employees.

Acting ethically and transparently applies across all areas of our business; improving access to health is our largest area of focus given our core business of discovering and developing medicines and vaccines.

For more information, contact the Office of Corporate Responsibility.

OUR COMMUNITIES AND SOCIETY

PUBLIC COMMUNICATIONS

All communications with the news media are potentially important and reflect upon the Company's image and business. It is vital that communications from the Company are consistent and that all regulatory and legal obligations be fulfilled. All communications must be accurate, responsible and in keeping with the Company's medical and legal policies. Media or public requests for information should be referred to and coordinated with Global Communications.

Q I will make a presentation at a conference where press coverage is likely. How should I respond if I'm approached by the media following my presentation?

A Journalists often approach scientists and executives who make presentations at professional forums. When press coverage is likely to result, Global Communications should be advised in advance and questions and answers should be prepared. But you should feel free to clarify for the reporter anything that was formally presented at the meeting. Questions that go beyond what was formally presented should be referred to Global Communications. Copies of slides should not be given out without prior clearance from the Merck/MSD Research Laboratories and Global Communications, because this could jeopardize the scientific publication process.

The Merck Company Foundation

The Merck Company Foundation is a U.S.-based, private, charitable foundation. Established in 1957 by the Company, the Foundation is funded entirely by the Company and is our chief source of funding support to qualified non-profit, charitable organizations. The mission of the Foundation is to support organizations and innovative programs that: improve access and build capacity for quality health care; strengthen science education and educational opportunities to help close the achievement gap; and support the critical needs of Merck communities. The Office of Corporate Philanthropy has responsibility for all grants funded by The Merck Company Foundation, as well as other corporate charitable contributions. It also includes the Merck Institute for Science Education and the Merck Childhood Asthma Network.

ENVIRONMENTAL STEWARDSHIP

Our responsibility to protect the environment is among our highest priorities. We comply with the letter and spirit of all environmental laws and regulations and respect the environment in every country where we operate. We provide consumers with information to help them handle our products in an environmentally responsible way. Global Safety and the Environment can answer specific questions about Merck/MSD's environmental standards; or you can check the website at <http://org.Merck.com/MRK/gse/abogse/Pages/default.aspx>.

Q The laws in my country do not prohibit dumping waste on-site. Can I dispose of Company waste in this way?

A No. The disposal method must be in accordance with our own environmental standards, and specific practices vary, depending on the type of waste. We have developed "best practice" global environmental standards for all of its facilities. In some cases, these standards require actions that exceed what laws in individual countries would allow.

Q I am a site services manager and have responsibility for buying replacements for everything from light bulbs to equipment. Does our goal of continuous improvement mean that I should always select the most environmentally beneficial option?

A If the cost of the most environmentally beneficial option is grossly disproportionate to the environmental benefit, it may not be appropriate. Generally, where the cost differential between options is not significant and a real environmental benefit will result, the more environmentally beneficial option should be selected. It is also important that the costs and benefits should be evaluated over the entire lifetime of the item from production through use and final disposal, and not just be based on the initial purchase. Consult your Procurement representative and Global Safety and the Environment to help determine the most appropriate purchases.

Environment, Health and Safety

Our Corporate Environmental, Health and Safety (EHS) team is guided by one simple principle,

We demonstrate respect and care for the health and well-being of people and the environment in everything that we do.

This principle is anchored by our three core beliefs:

- Everyone has the right to a safe and healthy working environment;
- We earn the right to operate by being effective stewards of the environment; and
- All EHS incidents are preventable.

Each of us plays a critical role in achieving these commitments. By continuously striving for excellence, we protect, enhance and create business value for our organization.

OPERATING PRACTICES

We work hard to establish best practice benchmarks in all of our operations. To achieve this, we are committed to meeting or exceeding industry standards, such as Good Clinical Practices, Good Laboratory Practices and Good Manufacturing Practices.

ANIMAL WELFARE

We are committed to conducting all animal research in an ethical and responsible manner. Our standards on animal welfare include the following:

- We thoroughly evaluate all planned animal studies to minimize the use of research animals by seeking alternatives wherever feasible.
- We abide by generally accepted standards of animal care. This means we avoid or minimize the distress or discomfort to animals, minimize the number of animals to obtain valid results and only use them if their use is relevant for the study of human or animal health or for the advancement of scientific knowledge.
- While animals are in our care, we attend to their well-being and treat them humanely.

All employees who are involved in the design and conduct of studies involving animals must be properly qualified. They must follow all Company standards as well as all applicable laws and regulations.

IMPROPER PAYMENTS

To promote good government and fair, impartial administration of laws, we may not promise, offer or make payment in money or anything of value to any government official or political party with the intent to obtain or maintain business, or any unfair competitive advantage, or to improperly influence government decisions.

Our standards do not necessarily take into account all local legal requirements. Where more restrictive local laws exist, those take precedence. Seek the advice of the Legal Department if there is any uncertainty about the propriety or legality of an action. For additional information, refer to the Gifts and Hospitality section on page 9.

OUR COMMUNITIES AND SOCIETY

Q I was told I have to pay a “gratuity” to a minor official to clear our vaccine products through customs. These vaccines are perishable, and will spoil if they are not cleared within the next few days. What should I do?

A The Company does not provide gratuities to officials to ensure execution of official duties. Seek the advice of your manager or the Legal Department to determine if there are legally acceptable alternatives to secure the release of the vaccines.

Use and Selection of Agents

We will engage only reputable, qualified individuals or firms as consultants, agents, representatives or distributors under compensation arrangements that are reasonable in relation to the services performed.

Integrity of performance is a Merck/MSD standard for employees and agents alike wherever we do business, and ignorance of that standard is never an acceptable excuse for improper behavior, nor is it acceptable for improper behavior to be rationalized as being in the Company’s best interest. No act of impropriety advances the interests of the Company.

Q How does the Company ensure that its agents comply with our standards?

A The employee recommending use of an agent must conduct sufficient due diligence research to ensure that the agent meets our requirements. At a minimum, this should include checking with other parties and multinational companies for whom the agent has worked in the past. This information should be reflected in the approval memorandum submitted to management. In addition, once an external agent has been selected, it is important to monitor that agent’s activities and expenditures, to ensure they are reasonable and in compliance with Company policies as well as local and international law.



Protecting the environment in every country where we operate is among our highest priorities.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Being a good corporate citizen means that we are committed to complying with applicable laws, rules and regulations governing all aspects of business, including research, development, manufacturing, marketing, sales and distribution of human drugs (including drug samples), animal care products and consumer health care products. We cooperate with all applicable regulatory agencies and comply with all regulatory requirements wherever we do business. The Company frequently adopts industry codes or standards that relate to our business. It is important that you are familiar with such codes and comply with them where they apply (such as the PhRMA Code or the EFPIA Code).

U.S. Health Care Laws

Both the United States federal government and many state governments in the United States have enacted laws to prevent, detect and punish health care fraud and abuse. These laws include the Federal Civil False Claims Act, the Federal Program Fraud Civil Remedies Act and similar state laws. Under these laws, false or fraudulent claims submitted to the government for payment or reimbursement of health care expenses are subject to the payment of damages and punishable by substantial fines and penalties. The federal False Claims Act and some state False Claims Acts also include provisions under which individual citizens with evidence of fraud against the government may file “whistleblower” suits on the government’s behalf to recover the lost funds. If a whistleblower suit is successful, the person who filed it may receive a portion of whatever money the government recovers. These laws also prohibit retaliation against persons who file whistleblower suits.

Boycotts

As a U.S.-based company, all of our operations, including foreign subsidiaries, must comply with U.S. anti-boycott laws, which in general prohibit refusing to do business with another country, company or person. These laws primarily refer to the Arab boycott of Israel. However, from time to time, other boycott issues may arise. A variety of activities are prohibited under anti-boycott laws, including:

- Furnishing information about Merck/MSD's or any person's past, present or prospective relationship with boycotted countries or blacklisted companies; and
- Paying, honoring or confirming letters of credit containing boycott provisions.

The laws also require that certain requests for boycott information be reported to the U.S. Government. Because anti-boycott legislation is complex, all such requests should be directed immediately to the Legal Department.

Economic Sanctions and Other Import/Export Regulations

We may not export or sell drugs or products without proper approvals by the Merck/MSD Research Laboratories and the Clinical and Regulatory Development Review Committee. In addition, the drugs or products must meet the legal requirements of the producing country and the countries to which the drugs would be exported, as well as U.S. legal requirements. Further, we may not import from or export to countries against which there is a U.S. embargo (e.g., Sudan or Cuba). We may not import from or export to certain individuals or organizations with which contact is prohibited by U.S. government agencies.

Q How can we justify not sending medicine to people in need who live in places that are out of political favor with the United States?

A In return for the right to operate in the United States, we are obligated to comply with all applicable United States laws that apply to our operations—whether or not we agree with such laws. Please note that some U.S. laws, such as those pertaining to export controls, do apply to our operations outside of the U.S. In some situations, approvals may be obtained from the relevant U.S. government agencies for supplying medicines to restricted countries and entities.



We comply with applicable laws and regulations governing all aspects of our business, including manufacturing, marketing and research.

Q In the country where I operate, it is illegal to comply with the U.S. trade embargo regulations with certain countries. How do I handle this situation?

A Transnational compliance with embargo regulations is a complex issue that varies from country to country. All such concerns must be directed to the Legal Department.

Political Activities

Good corporate citizenship requires that we do not unfairly or illegally influence the political process in the communities in which we operate. Due to the complexity and diversity of laws and regulations governing corporate political activities, political contributions and other related activities may only be undertaken with the prior approval of the General Counsel.

As private citizens, we may participate in the political process, including contributing to candidates or parties of our choice. However, we may not use Company time, property or resources for our personal political activities.

RAISING CONCERNS

We hire employees with sound character and judgment, whom we trust will act responsibly. However, there may be times when we need to raise concerns about behavior that we believe violates the Company's values and standards. If you observe such behavior, you have an obligation to discuss it with the appropriate parties. Doing so will provide the Company with the opportunity to address the concern and to correct the problem. The reporting process is flexible, allowing you to raise concerns through a variety of channels. In many situations your manager is the best first resource. For additional resources, please refer to the Additional Assistance Page.

Q What is the difference between the Ombudsman Program, the Office of Ethics and the AdviceLine? How do I know which resource I should use?

A Your primary source of guidance is your supervisor or your manager. However, in those instances when you may wish to speak with someone outside your division or location, the Company provides alternative resources such as the Office of Ethics, the AdviceLine and the Ombudsman Program.

- The Office of Ethics provides services to our employees worldwide with ethical questions or concerns. The Office of Ethics is responsible for *both* the Ombudsman Program *and* the AdviceLine.
- The AdviceLine is available to employees around the world 24 hours a day, seven days a week, staffed by an outside organization. Employees can remain anonymous when they contact the AdviceLine either by telephone or Internet. When an employee contacts the AdviceLine by telephone, the operator will not directly provide advice to the employee, but rather will relay the information to the Office of Ethics, providing the employee with a case number and a call-back date. While questions and concerns raised to the AdviceLine will be forwarded to the Office of Ethics for review, no identifying information will be forwarded without the caller's consent.

- The Ombudsman Program promotes the positive and fair treatment of employees by providing an alternative channel for use by employees to address work-related concerns, including conduct inconsistent with the Company's policies, practices, values and standards. The program is designed to provide a "safe haven" where these issues can be addressed in confidence and without fear of retaliation.

You may call either the Office of Ethics or the Ombudsman Office to discuss matters in a confidential environment. The AdviceLine offers *complete anonymity*, as it is operated by an external vendor.

Q I cannot make collect calls to the United States from my country. Does this mean that I am unable to contact the AdviceLine?

A The Office of Ethics has established a variety of ways for all employees to get assistance. You can contact the AdviceLine via the Internet at <http://www.TheAdviceLine.com>.

You can also contact the AdviceLine internationally by dialing direct to the U.S. at +1 (704) 323-4005. In addition, you can reach the toll-free telephone number—(877) 319-0273—by contacting your local telephone operator and requesting the access code for USA Direct or AT&T. Alternatively, the free access codes from your country are also available on the AT&T website at <http://www.att.com>.

Q How does the AdviceLine work?

A The AdviceLine is operated by a third party and will initially be answered in English. You may request to speak to an operator in your own language, and a translator will be made available while you are on the line. For security purposes you may be asked to provide the Company name. The operators are familiar with many ethics issues, and they will ask you follow-up questions to your concerns to gain more information about the situation and to prepare a report.

After you provide the information regarding your concern, you will be given a case number. The case number is unique to your call. If you do not provide your name, it allows for an anonymous link between the caller and the Company. In addition to the case number you will be given a date when you can follow up on your report. Usually this will be within 30 days. Call the AdviceLine again on or after the given date and provide the case number. This call-back is important, because in the case of an anonymous report it is our only link back to you and we may require additional information. When you call back, the AdviceLine operators will ask you for additional information if required, or they will communicate to you the steps that have been taken regarding your report.

Q Is the Company encouraging employees to report on one another?

A Our overarching goal is to promote and maintain a workplace where our values and standards are upheld. When we fall short of that goal, the Company encourages employees to address and resolve work-related concerns themselves before they become real problems, and certainly before they rise to the level of violations of law or risk to health and safety. At times it may be appropriate to approach the person directly with your concerns, providing them an opportunity to clarify their behavior. In the event that employees are uncomfortable handling the situation on their own, they are encouraged to consult their managers or supervisors, or any of the resources listed in this booklet. The Company also offers the AdviceLine, which is completely anonymous and available 24 hours a day, seven days a week.

INVESTIGATION OF POSSIBLE MISCONDUCT

The Company takes all allegations of misconduct seriously. We will confidentially investigate all reports of alleged misconduct to determine if any law, regulation, policy or procedure may have been violated.

Q I don't know of anyone who has contacted the Office of Ethics or AdviceLine. How many employees really contact the Office of Ethics? What kinds of issues are brought forward?

A The Office of Ethics handles 1,000 to 1,200 concerns per year regarding ethics questions, issues or allegations of inappropriate actions. Most of the issues involve interactions between employees and their managers, potential conflicts of interest and inconsistent application of Company policy.

The fact that you do not hear much about reports of alleged misconduct reflects how well confidentiality is maintained during the ethics reporting and investigation process.

Q In each of our operating countries, numerous country-specific ethics challenges can arise. How will the Company ensure it has local expertise to address these issues?

A The Global Compliance Organization has regional, country and divisional compliance officers who have the expertise for all regions and functional areas in which we operate. They are able to address the unique regional or local considerations, which may apply to your situation. You may contact them to ask questions, seek advice or raise concerns. In addition, there are local Human Resources staff in each country.

ANONYMITY AND CONFIDENTIALITY

When you contact the Office of Ethics to raise an issue, you may remain anonymous, although you are encouraged to identify yourself, since doing so will facilitate communication. Should you choose to identify yourself, the Office of Ethics will make every reasonable effort to keep your identity confidential in a manner consistent with conducting a thorough and fair investigation as may be required under the law. To assist the Office of Ethics in maintaining confidentiality, however, it is imperative that you practice discretion and refrain from discussing your Office of Ethics consultation with colleagues or coworkers.

RAISING CONCERNS

Employees can also report concerns anonymously by using the AdviceLine, a line answered by a third-party vendor. Anonymous callers are provided with a case number and instructed to call back within a certain time frame to receive an update or to provide additional information that may be necessary to properly investigate their concern. To learn more about the AdviceLine, please access the Office of Ethics website at: <http://ethics.Merck.com>.

Q If I raise a concern with the Office of Ethics or Ombudsman, is it automatically considered anonymous?

A Some employees confuse confidentiality with anonymity. You may raise concerns without identifying yourself, thus ensuring anonymity. However, if you identify yourself, we will make every effort to keep your identity confidential. Matters raised with the Office of Ethics will be kept confidential unless they raise issues of potential harm to an individual or to the Company, or unless some disclosure is necessary due to an investigation. Our fax is located in a secure area and procedures are in place to safeguard your confidentiality. In those circumstances where you have presented an issue that may involve potential harm to an individual or to the Company, the Office of Ethics will advise you that confidentiality cannot be guaranteed. Disclosure will be made on a need-to-know basis and only to the extent necessary.

RETALIATION

Employees who raise concerns help the Company to correct problems before they grow. We will not tolerate retaliation against any employee for raising a business practices issue in good faith. Raising a concern in “good faith” means that you have made a genuine attempt to provide honest and accurate information even if you are later proven to be mistaken. The fact that an employee has raised concerns in good faith, or has provided information in an investigation, cannot be a basis for denial of benefits, termination, demotion, suspension, threats, harassment or discrimination. Similarly, employees

who work with those who raise concerns should continue to treat them in a courteous and respectful manner and should not engage in behavior that might alienate or intimidate colleagues.

This protection extends to anyone giving information in relation to an investigation.

If you or others have been retaliated against, you should report this behavior to your supervisor or the Office of Ethics. The Company takes allegations of retaliation seriously, and we will review all complaints of retaliation and threatened, attempted and actual retaliatory action.

Please note that the Company reserves the right to discipline anyone who knowingly makes a false accusation, provides false information to the Company or has acted improperly.

Q I observed misconduct but I am concerned to report it because I fear retaliation. What steps will the Company take to protect me?

A If you report your concerns honestly and in good faith, we will take action to protect you from retaliation. The specific steps will vary from case to case and may include disciplining anyone who engages in retaliatory actions, ongoing monitoring of the situation or other safeguards. If you believe that you may have experienced retaliation, you should contact the Office of Ethics immediately.

MANAGEMENT RESPONSIBILITIES FOR CREATING A SAFE-TO-SPEAK-UP CULTURE

Fear of retaliation is one of the most frequently cited reasons why employees do not report misconduct. All of us have a responsibility to create an atmosphere that facilitates open discussion around issues that may impact the reputation of the Company and that makes it easy to raise concerns about possible misconduct. Managers in particular need to allow for free discussions and questions about situations where employees feel there may be violations of the Company standards or any applicable laws.

Open communication between managers and employees is essential to create a “safe-to-speak-up” culture. Actions that managers can take to foster an open communication environment include:

- Regularly discussing the Company’s values and standards at team meetings.
- Being accessible to employees and maintaining an “open door.”
- Periodically reminding employees to bring possible concerns forward to you as their manager, or to another Company resource.
- Supporting employees who choose to consult other Company resources instead of coming directly to you.

GUIDELINES FOR RAISING CONCERNS

It is never easy to raise concerns about possible misconduct. It requires courage and integrity. Listed below are some general ideas on how to discuss your concern with your management:

1. Schedule a specific time with your manager or another Company resource to discuss your issue.
2. Discuss your issue calmly and professionally.
3. Highlight the risks to the Company and the potential impact of the particular misconduct.
4. Acknowledge (when appropriate) that you may not have all of the information or facts relevant to the issue.
5. State any concerns that you may have about the confidentiality of your report. (If you are concerned about confidentiality, be careful when sharing information with other colleagues who might inadvertently disclose information.)
6. Thank the individual for their time and their attention to the issue.

Of course, following the above guidelines is not what is most important—rather, it’s actually coming forward with concerns in whatever manner is most comfortable to you. When you honestly and truthfully raise a concern, you help protect the Company, your workplace and ultimately your colleagues and yourself. By speaking up, you become a partner in doing the right thing.

Q I suspect there was misconduct in my department but I do not have all the facts to prove it. Should I still come forward or wait until I have more information?

A We do not expect you to have all of the information if you come forward with a concern. Provide us with as much information as you have, and allow the Company to look into the matter. Do not attempt to conduct an investigation yourself, but instead raise your concerns in a timely manner with an appropriate resource.

GUIDELINES FOR RECEIVING CONCERNS

Your reaction when an employee brings forward a concern is extremely important. It will either encourage an open communications environment where employees feel safe to discuss important issues, or it will have a discouraging effect on future communications and workplace morale. Listed below are some general ideas on how to respond when an employee raises a concern:

1. Ensure you have enough time to adequately discuss their concern. If not, schedule an alternate time and communicate to the employee that your desire to do so is to ensure that they and their issue have your full attention. Meet with the employee at a location that allows for a private and undisturbed conversation, such as your office or a conference room.
2. Listen as much as possible. Try to avoid becoming defensive or attempting to cut off the discussion or defending the Company or an individual before having heard all of the facts.
3. Remain calm and professional.
4. Ask for clarification and additional information, but do so in a way that the employee does not feel intimidated or defensive. Useful additional information includes identification of other individuals who share the concern or who may be aware of the situation, the number of instances the employee has observed the behavior, documents that may be available to support the concern and the names of other individuals the employee has shared the concern with. This last point is important in helping to protect the confidentiality of the employee who is raising the concern.

5. Do not feel that you must give an immediate response. Many times it is better to reflect on the employee's concerns and respond later with your thoughts on the issue.
6. Tell the employee that the Company takes reports of misconduct very seriously and that the appropriate people will look into the matter. Assure the employee that you will get back to them about the issue; typically 30 days is a good time frame for a response.
7. Thank the individual for bringing the issue to your attention.

Just as important as your immediate reaction, however, is how you follow up and how you treat the employee afterwards.

Depending on the nature of the concern, you may need to involve additional Company resources to resolve or investigate the issues. You may need to research Company policies or involve the appropriate management level or a subject matter expert to resolve the situation. If the concern raised is about a potential compliance violation, you should contact your local compliance person to discuss and obtain advice about how to properly look into the issues raised. In some cases it will be preferable if Compliance or Human Resources oversees an investigation, rather than the manager to whom the issue is reported. In any case, if you decide to involve other company resources, such as Human Resources, the Office of Ethics, the regional, country or divisional compliance officer, the Legal Department or any other resource, do so immediately. Once you have all of the information to proceed on the issue, act in a timely fashion to bring the issue to a conclusion. Ensure that you document your actions and decisions, as well as the information you may have obtained.

Either the manager who received the concern, or the person overseeing the investigation into the concern, should always respond within 30 days to the employee who raised the concern, even if there is no new information to share, and then continue to update the employee in 30-day intervals. In many cases you may not be able to provide substantive information to the employee about the issue. Nonetheless, it is important to provide an update on the process to assure the employee that the matter is being taken seriously. This will encourage employees to raise concerns in the future and contribute to a safe-to-speak-up culture. When you update the employee, use this opportunity to ask if the employee has experienced any form of retaliation as a result of coming forward.

Please consider that many employees who raise concerns are particularly sensitive to perceived slights or perceived retaliation following a report of misconduct. It is imperative that you continue to treat employees with dignity and respect, including the following:

- Evaluate based on actual performance.
- Provide meaningful assignments.
- Share information needed to get work done.
- Involve in social functions.
- Treat with courtesy and in the same way as before.
- Reinforce the positive action of coming forward at the next performance evaluation.

GLOSSARY

Adverse Experience

An unfavorable and/or unintended sign/symptom or disease experienced by a specific patient that occurs during use of a Merck/MSD product, whether or not related to the use of the product. Adverse Experiences may include unfavorable side effects, worsening of a preexisting condition, toxicity (onset of a new disease), injury or death, allergic reactions or lack of effectiveness.

Bribery

Offering something of personal value to a decision maker, in order to receive favorable treatment, typically to secure or retain business, or to obtain an improper advantage. Bribery can take the form of monetary instruments, such as cash, or can be anything of value (e.g., travel, services, discounts, gifts, etc.).

Company Assets

Company assets are items of value to the Company. They include physical assets—such as materials, supplies, products, equipment and cash—intangible assets—such as information, brand value and employee time—and confidential information.

Confidential or Proprietary Information

Information of a technical, scientific or commercial nature that is neither generally known nor reasonably ascertainable. The following are examples of confidential information: actual and pending contractual information; approval and launch dates; customer, consumer, patient and supplier lists and information; filing dates; financial information; inventions; marketing strategy and plans; prices and costs; regulatory data; research and development information; trade secrets such as know-how, formulae and processes; and unannounced products and developments.

Conflicts of Interest

A conflict of interest is a situation where an employee's personal interests conflict, or appear to conflict, with the interests of the Company. The result is that the employee's ability to make independent and objective decisions on behalf of the Company is, or appears to be, compromised. Conflicts of interest typically stem from financial interests, family or other close relationships, or other outside interests or activities.

Ethical Conduct

Conduct that not only conforms with applicable laws but also maintains or strengthens the reputation of the Company, typically through meeting or exceeding the responsibilities to stakeholder groups.

Executive Committee (EC)

The Executive Committee is the senior management team of Merck/MSD, generally comprising key direct reports of the Chief Executive Officer. These leaders, representing diverse areas of the Company, meet regularly to review progress against Company goals and objectives.

Fraud

Fraud is a legal term with a different definition in each country. Typically it involves an action that is conducted with dishonesty, deception and the intention of obtaining an undeserved benefit.

Good Faith

Raising a concern in "good faith" means that you have made a genuine attempt to provide honest and accurate information even if you are later proven to be mistaken.

Government Official

An official, representative or employee of any government or any department or agency thereof, or any commercial entity in which a government body has an ownership interest or otherwise exerts control over such entity. It also includes officials of political parties and candidates for political office.

Harassment

Workplace harassment is any action that creates an intimidating, hostile or offensive work environment.

Insider Trading

The buying or selling of corporate stock or securities on the basis of information that has not been made public.

Product Quality Complaint

A Product Quality Complaint is any communication that describes a potential defect related to the identity, strength, quality or purity of a product after it is released or distributed for use by a customer. Product Quality Complaints may include changes in product appearance, including product packaging, strength, quality, delivery method, safety, purity or effectiveness.

Stakeholders

Individuals or groups to whom the Company has a responsibility. Typically the following five groups are considered stakeholders: customers including patients and consumers, employees, shareholders, vendors and society/communities in which we operate.

INDEX

- Academic integrity, 9
- Accidents, see Safety
- Adverse experiences, 7
- Agents, use and selection, 30
- Alcohol, 16, 17
- Books or records, 23
 - Public disclosures, 23, 24
- Boycotts, 31
- Bribery, 9, 10
- Clinical trials and protocols, 8
 - Post-marketing clinical trials, 9
- Communications, public, 28
- Competitors
 - Competitive information, 12, 13
 - Fair competition, 12
- Computers and software, 20, 21, 25
- Concerns
 - Raising, 32, 33, 34, 35
 - Receiving, 35, 36
 - Reported misconduct, 33
 - Retaliation, 34
- Confidential information, 13, 22, 23
- Confidentiality commitment to employees, 15, 33, 34
- Conflict of interest, 9, 18, 19, 20
- Corporate assets, use of, 20
- Data protection, 13, 14
- Dating coworkers, 17
- Decision test, 6
- Discrimination, see Fair treatment
- Drugs, illegal, 16, 17
- E-mail, see Internet
- Employment
 - Equal, 16, 18
 - Friends, 18
 - Relatives, 18
- Entertainment, accepting and offering of, see Gifts
- Environment, 28, 29
- Fair treatment, 16
- Fraternization, 17, 19, 20
- Gifts
 - Conferences/symposia, 11, 12
 - Giving and receiving of, 9, 10, 25, 26
 - Meals and hospitality, 10, 11, 26
 - Tickets, 26
- Government, 10, 29, 30, 31
- Harassment, 17, 18
- Health, see EHS
- Hospitality, see Gifts
- Human rights, 27
- Insider trading, 24
- Internet, 15, 20, 21
- Invitations, see Gifts
- Kickbacks, 9, 10, 29, 30
- Leadership principles, 40
- Media, 21, 22, 28
- Office equipment, personal use of, 20, 21
- Political activities, 31
- Privacy, 13, 14, 15, 16
- Product quality complaints, 7
- Quality, product and service, 7
- Regulations, import/export, 31
- Relationships
 - Communities and society, 27, 28, 29
 - Family and personal, 18, 19
 - Fellow employees, 15, 16, 17
 - Physicians and health care customers, 9, 10, 14, 18, 19, 20
 - Shareholders, 19
 - Suppliers, 19, 25, 26
- Romantic relationships, 17
- Safety, 16, 29
- Sample requests, 8
- Scientific integrity, 9
- Sexual harassment, 17, 18
- Shareholders, 19, 20
- Socializing with coworkers, see Fraternization
- Stock, other companies, 19
- Suppliers, see Relationships with suppliers
- Tickets, see Gifts
- Work environment, 15
 - Employee privacy, 15, 16
 - Protection, 34
- Workplace violence, 17

CONFIDENTIALITY

The Company will not tolerate retaliation against any employee who raises a business practices issue. Any employee who raises a business practices issue will be protected from retaliation. This protection extends to anyone giving information in relation to an investigation. However, Merck/MSD reserves the right to discipline anyone who knowingly makes a false accusation, provides false information to the Company or has acted improperly.

When you contact the Office of Ethics to raise an issue, you may remain anonymous, although you are encouraged to identify yourself. Should you choose to identify yourself, the Office of Ethics will make every reasonable effort to keep your identity confidential in a manner consistent with conducting a thorough and fair investigation as may be required under the law. To assist the Office of Ethics in maintaining confidentiality, however, it is imperative that you practice discretion and refrain from discussing your Office of Ethics consultation with colleagues or coworkers.

For more information on raising concerns, please see page 32.

APPENDIX

MERCK LEADERSHIP BEHAVIORS



Focus On Customers & Patients

FOCUS ON CUSTOMERS, INCLUDING PATIENTS

- Focus the entire organization on delivering value for customers, including patients, by understanding and meeting their needs.



Make Rapid, Disciplined Decisions

MAKE RAPID, DISCIPLINED DECISIONS

- Make timely decisions at the right level with the right data, and support them once made.



Act With Courage & Candor

ACT WITH COURAGE AND CANDOR

- Speak openly, honestly and with conviction; have the courage to take appropriate risks and make difficult decisions.



Build Talent

BUILD TALENT

- Build diverse talent with the capabilities necessary to succeed in our markets; inspire, reward and develop to ensure individuals reach their potential; make tough calls when necessary.



Demonstrate Ethics & Integrity

DEMONSTRATE ETHICS AND INTEGRITY

- Adhere to the highest standards of trustworthy and ethical behavior in all interactions and hold others to the same standards; comply with all laws, policies and regulations; identify and address ethical issues without hesitation.



Drive Results

DRIVE RESULTS

- Set clear performance standards; overcome obstacles; hold ourselves and others accountable for achieving results.



Foster Collaboration

FOSTER COLLABORATION

- Actively listen and seek to understand differing perspectives; work together to achieve the common goals of the new Merck.

ACKNOWLEDGEMENT

We would like to acknowledge the assistance of the hundreds of Merck/MSD employees from around the world who participated in the process of putting together this booklet.

Your perspectives were invaluable in making this a global document relevant to the needs and concerns of all Merck/MSD employees.

OUR VALUES

IMPROVING HUMAN LIFE

Our business is preserving and improving human life. We also work to improve animal health. All of our actions must be measured by our success in achieving these goals.

ETHICS & INTEGRITY

We are committed to the highest standards of ethics and integrity. We are responsible to our customers, to Merck employees, to the environments we inhabit, and to the societies we serve worldwide. In discharging our responsibilities, we do not take professional or ethical shortcuts. Our interactions with all segments of society must be transparent and reflect the high standards we profess.

INNOVATION

We are dedicated to the highest level of scientific excellence. Our research is guided by a commitment to preserving human and animal health and the quality of life. We strive to identify the most critical needs of consumers and customers, and through continuous innovation we challenge ourselves to meet those needs.

ACCESS FOR ALL

We aspire to improve the health and wellness of people around the world by expanding access to our medicines and vaccines. Creating new therapies is only the first step in battling disease and promoting wellness on a global scale. Success can only be achieved when everyone who needs our medicines and vaccines can get them. In the United States and abroad, we've developed numerous programs to help improve access to our products so that all can benefit, wherever they live.

DIVERSITY & TEAMWORK

Our ability to excel depends on the integrity, knowledge, imagination, skill, diversity and teamwork of our employees. To this end, we work to create an environment of mutual respect, encouragement and teamwork. We reward commitment and performance and are responsive to the needs of our employees and their families.