COMMUNICATION ON PROGRESS

14 October 2016 – 14 October 2017

**UNITED NATIONS GLOBAL COMPACT
THE GLOBAL COMPACT NETWORK CZECH REPUBLIC**

STATEMENT OF SUPPORT

In business, many focus on the results, but few focus on the process. It is considered crucial to deliver high quality products; however, providing them in a responsible and sustainable way is also important. Doing business responsibly may be a challenge, but this challenge should be taken by every company. We accepted this challenge with our decision to become a member of The Global Compact Network Czech Republic.

On behalf of our company, I am very pleased to also confirm that MSD IT Global Innovation Center s.r.o. reaffirms its support for the Ten Principles of the United Nations Global Compact in four key areas - Human Rights, Labor, Environment and Anti-Corruption.

In this, the first annual Communication on Progress, we describe our actions taken to continual improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information publicly by using our primary channels of communication and promote transparency and good practices.

Finally, we would like to give a special thanks to the Association of Social Responsibility for bringing such an important initiative to Czech Republic.

Sincerely,

Richard G. Branton

Vice President
MSD IT

THE TEN PRINCIPLES

The Ten Principles of the United Nations Global Compact (UNGC) have been included in our global internal policies since our company became a member of the UNGC on a global level, which was January of 2009. Policies are applied companywide related to these principles with certain modifications to be compliant with local legislation.

HUMAN RIGHTS

1 / Businesses should support and respect the protection of internationally proclaimed human rights; and

2 / make sure that they are not complicit in human rights abuses.

INTERNAL POLICIES:
Human Rights
Procurement & Supplier Relations

LABOR

4 / Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

5 / the elimination of all forms of forced and compulsory labor;

6 / the elimination of discrimination in respect of employment and occupation.

INTERNAL POLICIES:
Global Diversity & Inclusion
Office of Ethics
Human Rights

ENVIRONMENT

7 / Businesses should support a precautionary approach to environmental challenges;

8 / undertake initiatives to promote greater environmental responsibility; and

9 / encourage the development and diffusion of environmentally friendly technologies.

INTERNAL POLICIES:
Product Stewardship
Our Approach to Environmental Sustainability
Procurement & Supplier Relations
EHS Management & Compliance
Green & Sustainable Science

ANTI-CORRUPTION

10 / Businesses should work against corruption in all its forms, including extortion and bribery.

THE NEXT STEP: SUSTAINABLE DEVELOPMENT GOALS

By joining the UNGC we have voluntarily committed to the basic principles that represent a minimum standard for doing business responsibly in four key areas: Human Rights, Labor, Environment and Anti-Corruption.

Our actions continue within The Global Compact Network Czech Republic that facilitate our efforts to move towards Sustainable Development Goals and address other issues related to gender equality, climate, water, peace, good governance, poverty and education.

WE HELP GIRLS LEARN HOW TO CODE

SGD 4: QUALITY EDUCATION

SDG 5: GENDER EQUALITY

Although SDGs are represented as individual goals, sometimes a single activity can have a positive impact on more than one. As a multinational company that operates globally, we understand the importance of diversity in the workplace. In order for a diverse environment to function well, equality and education of its individuals is relied upon. Being well informed and having equal opportunities can help one understand and think critically about presented problems and their solutions.

Although MSD is a pharmaceutical company, we have a strong presence in the IT field, which was extended to the Czech Republic though a Prague IT Hub. This has enabled increased access to education in IT. Aligned with recent gender movements, MSD IT is collaborating with Pyladies and Czechitas, non-profit organizations with the intent to build a community of women interested in IT. We organize various workshops focused on education of women in IT. These workshops, taught with help from our internal IT experts, cover topics such as the basics of HTML, CSS, Python and the basics of User

Experience. Workshops have been made available for both female employees of MSD as well as for women from the general public.

As well as our efforts to make the IT field more attractive for women, we also focus on making it attractive for girls, especially those in high school who are actively making the decision about what to pursue for their career. We try to show a technical role in the IT field as a possible option for further education and to help create a skilled workforce in the long-term. That is why we partner with Girls Day, organization focusing on high school girls who show their interest in technical field.

SUPPORTING GOOD IDEAS – VOLUNTEERING

SDG 8: DECENT WORK AND ECONOMIC GROWTH

MSD supports its employees participating in volunteer activities. Prague employees can use their 40 hours of paid volunteer work per year in support of a non-profit organization of their choice. This volunteering is done during regular working hours instead of the daily roles of the employee. Employees can either choose manual work or skill based volunteering.

A SUSTAINABLE DEVELOPMENT – RIVERVIEW

### SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

Located in Smíchov district with a great view of the Vltava river and the Prague architecture, MSD Prague offices resides in Riverview and Five, modern buildings that provide a comfortable and efficient working environment. The sustainable design and construction of both buildings is guaranteed by the golden Leadership in Energy and Environmental Design (LEED) Certification.

KEY PERFORMANCE INDICATORS

Global statistics on corporate responsibility including UNGC and a total number of hours done by volunteering activities can be found on msdresponsibility.com/kpi

LOCAL STATISTICS

We support diversity and gender equality in the Prague IT Hub workplace. We also promote a multinational workforce. The diversity of nationalities is shown in the following map:
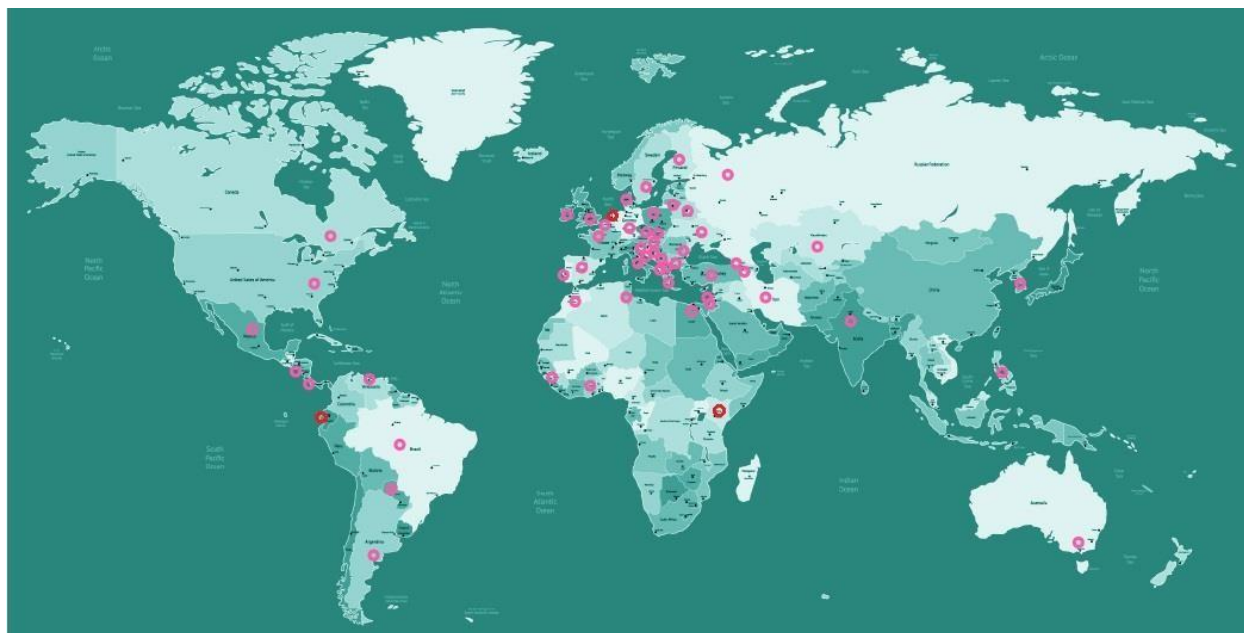
For more information about UN Global Compact, visit unglobalcompact.org.

For more information about The Global Compact Network Czech Republic, visit globalcompact.cz.

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.