



Merck Sharp & Dohme s.r.o.

Methodology Statement 2020

Patient Organizations

Introduction

In Merck Sharp & Dohme s.r.o. (MSD), we believe that open dialogue and transparent exchange of information between pharmaceutical companies and patient organizations have a profound and positive influence on the quality of patient treatment and the value of future research. Patient organizations are one of the key partners in our decision-making throughout the entire life cycle of medicines. We trust that including the patient perspective in decision-making positively impact healthcare and development of medicines for the benefit of patients.

There is a growing expectation that such interactions are transparent. As such, MSD as a member of Asociace inovativního farmaceutického průmyslu (“AIFP”), a national member of the European Federation of Pharmaceutical Industries and Associations (EFPIA), discloses transfers of value to patient organizations on an annual basis. This Methodology Statement defines the relevant types of transfers to be disclosed, and other relevant information to assist the reader understand how MSD collected, organized and reported the disclosed data.

Definitions

Caregiver – any person supporting individual patients. They can be family members or friends, as well as paid volunteers.

Patient – any person with personal experience of living with a disease and that may receive treatment with a medical product or technology.

Patient Organization (“PO”) - non-for-profit legal person/entity (including the umbrella organization to which it belongs and including patient organizations as defined by Czech law), mainly composed of patients and/or caregivers, that represents and/or supports the needs of patients and/or caregivers and which business address, place of incorporation or primary place of operation is in the Czech republic.

Patient Organization Representative - is a person who is mandated to represent and express the collective views of a PO on a specific issue or disease area.

Recipient – any patient organization whose primary professional seat or place of incorporation is the Czech Republic.

Reporting Period – a calendar year.

Disclosure's scope

Transfers of Value (ToV's). MSD discloses all direct and indirect transfers of value, whether in cash or in kind or otherwise, made to a Patient Organization within the reporting period.

- Direct ToV is one made by directly MSD for the benefit of a Recipient.
- Indirect ToV is one made by a third party (such as a contractor, travel agent, partner or affiliate) on behalf of MSD for the benefit of a Recipient where MSD knows or can identify the recipient that will benefit from the transfer of value.

ToV Recognition Date. ToVs are disclosed on the basis of the date MSD made the ToV, not when the resulting income or benefit was received by the PO.

ToV Value. ToV disclosures reflect the actual value or cost provided by MSD and not the resulting income or benefit to the PO.

Cross-border activities. Regardless of which MSD entity contracts with and pays a Recipient, all POs' whose primary practice, main professional address or place of incorporation is in the Czech Republic, are reported by MSD.

Disclosing entities. This annual disclosure report covers all ToV's made to POs in the Czech Republic, whether by Merck Sharp & Dohme s.r.o. or by its affiliates including those based in other countries.

Specific considerations

Country unique identifier. In order to ensure disclosure of ToV's are allocated correctly, MSD has assigned a unique identifier to each PO. In the Czech Republic, this is based on the company identification number (IČ).

Multi-year agreements. Disclosure is made on the basis of the year the actual ToV's was provided, and not on the basis of a pro rata amount of the intended total ToV under the agreement.

Disclosure Form

Date of publication. MSD publishes the ToV for the preceding calendar year no later than 6 months after the end of the relevant reporting period (for example, ToV's for 2020 are reported no later than June 30, 2021). The information disclosed shall remain available for three (3) years thereafter.

Disclosure platform. MSD provides its annual disclosure via their own web pages www.msd.com.

Disclosure language. MSD provides its annual disclosure in Czech and English.

Financial data

Currency. All disclosed ToV's are reported in local currency. ToV's paid in other currencies are converted to local currency at the exchange rate applicable on the date the cost is incurred. Disclosed ToV's to POs reflect the amounts agreed in the contracts and on invoices submitted to MSD by POs.

VAT. All disclosed ToV's are reported exclusive of VAT.