New Competency Model

Detailed Description and Examples of Updated Capability Framework

December 2016
New Competency Model
Competencies - overview

Competencies:

- The competencies are part of the Overall Capability Framework.
- The competencies define the behaviors that are needed or to be developed to support the new strategic approach at Merck.
- The new Competency Model consists of 6 competencies: **Purposeful, Future-oriented, Innovative, Results-driven, Collaborative, Empowering**.
- For each competency a slogan was formulated to describe the goal of the desired behaviors reflected in it.
- Moreover, each of the 6 competencies is differentiated into four behavioral dimensions respectively.
- Examples of representative behaviors for these dimensions are given on the subsequent pages.
# New Competency Model

## Slogans and Definitions

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<th>Competencies</th>
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<td><strong>Purposeful</strong></td>
<td>• Improve Lives&lt;br&gt;• Act Ethically&lt;br&gt;• Ensure Quality&lt;br&gt;• Create Customer Value</td>
<td><strong>Purposeful means</strong> capturing the meaning of our work at Merck, following our mission to improve people’s lives and adhere to ethical behavior. This includes our commitment to internal and external customers and users with high-quality and high-impact solutions.</td>
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<tr>
<td>&quot;Make great things happen&quot;</td>
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<tr>
<td><strong>Future-oriented</strong></td>
<td>• Anticipate Opportunities&lt;br&gt;• Be Entrepreneurial&lt;br&gt;• Go Digital&lt;br&gt;• Apply Technology</td>
<td><strong>Future-oriented means</strong> continuously seeking best-practice solutions and embracing opportunities of new technologies to shape the future of our business.</td>
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<td>&quot;Shape the future&quot;</td>
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<td><strong>Innovative</strong></td>
<td>• Be Open-Minded&lt;br&gt;• Work with Agility&lt;br&gt;• Unlock Creativity&lt;br&gt;• Implement Change</td>
<td><strong>Innovative means</strong> constantly experimenting and driving change initiatives. This includes being open to new ideas, making quick decisions and taking risks.</td>
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<td>&quot;Take calculated risks“</td>
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<td><strong>Results-driven</strong></td>
<td>• Give Feedback&lt;br&gt;• Drive Performance&lt;br&gt;• Be Efficient&lt;br&gt;• Take Responsibility</td>
<td><strong>Results-driven means</strong> setting oneself and others stretch performance targets as well as establishing a feedback culture and taking responsibility.</td>
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<td>&quot;Take ownership“</td>
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<td><strong>Collaborative</strong></td>
<td>• Include Others&lt;br&gt;• Build Networks&lt;br&gt;• Teamwork&lt;br&gt;• Think Global</td>
<td><strong>Collaborative means</strong> working together across departments and geographies, encouraging teamwork that respects diverse backgrounds and cultural differences. It also means considering local needs and regulations (laws) when driving global initiatives.</td>
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<td>&quot;Have an inclusive mindset“</td>
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<td><strong>Empowering</strong></td>
<td>• Develop Talents&lt;br&gt;• Foster Potential&lt;br&gt;• Give Vision&lt;br&gt;• Share Emotions</td>
<td><strong>Empowering means</strong> unfolding potential in self and others by providing guidance, driving personal development and sharing enthusiasm.</td>
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<td>&quot;Inspire people to reach their full potential“</td>
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New Competency Model
Competencies – detailed description

Purposeful

“Make great things happen”
Purposeful means capturing the meaning of our work at Merck, following our mission to improve people’s lives and adhere to ethical behavior. This includes our commitment to internal and external customers and users with high-quality and high-impact solutions.

Improve Lives - You are inspired by Merck’s mission to improve people’s lives
Act Ethically - You act in line with ethical standards and ask others to do the same
Ensure Quality - You drive high quality of products, processes and services
Create Customer Value - You create added value to customers by understanding their needs

Future-oriented

“Shape the future”
Future-oriented means continuously seeking best-practice solutions and embracing opportunities of new technologies to shape the future of our business.

Anticipate Opportunities - You seize opportunities to support strategic goals
Be Entrepreneurial - You show business acumen and act courageously
Go Digital - You understand the relevance of digitization and actively support going digital
Apply Technology - You take advantage of new technologies to drive business growth
New Competency Model

**Competencies – detailed description**

**Innovative**

"**Take Calculated Risks**"

Innovative means constantly experimenting and driving change initiatives. This includes being open to new ideas, making quick decisions and taking risks.

- **Be Open-Minded** - You invite others to speak up and bring in their own ideas
- **Work with Agility** - You act swiftly and flexibly to master new challenges
- **Unlock Creativity** - You experiment and learn from failures to generate unconventional solutions
- **Implement Change** - You point out benefits of change and drive its’ implementation

**Results-driven**

"**Take Ownership**"

Results-driven means setting oneself and others stretch performance targets as well as establishing a feedback culture and taking responsibility.

- **Give Feedback** - You seek honest feedback and provide constructive criticism to others
- **Drive Performance** - You strive for high performance and ensure execution of agreed objectives
- **Be Efficient** - You continuously look for more efficient and effective ways of working
- **Take Responsibility** - You assume responsibility for your actions and provide opportunities ownership to others
New Competency Model
Competencies – detailed description

Collaborative

"Have an inclusive mindset”
Collaborative means working together across departments and geographies, encouraging team-work that respects diverse backgrounds and cultural differences. It also means considering local needs and regulations (laws) when driving global initiatives.

Include Others - You value different perspectives and include other people
Build Networks - You build strong partnerships inside and outside of Merck
Teamwork - You invite others to work together
Think Global - You respect cultural differences and follow a global approach

Empowering

"Inspire people to reach their full potential”
Empowering means unfolding potential in self and others by providing guidance, driving personal development and sharing enthusiasm.

Develop Talents - You actively drive your own and other’s development
Foster Potential – You recognize and grow other people’s capabilities
Give Vision - You provide orientation for yourself and others by sharing the “bigger picture”
Share Emotions - You connect with others and create commitment
Cross-functional skills:

• Cross-functional skills reflect the skills and knowledge required to achieve objectives through effective job performance.

• In general, these skills are usually common to all jobs and functions and are not function-specific by nature.

• The updated Cross-functional skills consist of 4 skills: Self-Management, Communication, Business Acumen and Project Management.

• Elements of each of the four cross-functional skills are described on the subsequent pages.
Cross-Functional Skills

Detailed description

Self-Management

*Self-management* means showing self-awareness of your emotions and motivations, and acting in a way that makes a positive impact. It also means building positive working relationships by showing understanding of and accurately reflecting the feelings and motivations of others. This includes:

- Performing well under pressure
- Showing resilience in challenging circumstances
- Coping well with psychological & emotional stress
- Increasing self-awareness and awareness of how others see you
- Setting priorities

Communication

*Effective communication* covers clear verbal and written skills, as well as the ability to listen actively. Also, *effective communication* means being able to convey ideas, opinions and information in an open and fair way, and to find agreeable solutions for all parties involved. This includes:

- Effective verbal & written communication in English and local language (where appropriate)
- Expressing ideas and opinions clearly and precisely
- Listening skills
- Creating (visually) appealing presentation materials
- Involving participants and paying attention to rhetorical factors
Cross-Functional Skills
Detailed description

Business Acumen

*Business Acumen* means understanding and deciding on a business situation with acuity and speed in order to contribute to beneficial business outcomes. It comprises understanding of financial, operational, accounting and marketing functions and using this knowledge to make sound business decisions. This includes:

- Entrepreneurial approach to increase profitability and return on investment
- Ability to read and interpret business reports
- Preparation and control of budgets and invoices
- Understanding, filtering and utilizing relevant business data

Project Management

*Project management* covers the steering and execution of project work by applying suitable levels of knowledge, process techniques and methodologies. This can relate to managing time, cost, quality, scope, stakeholders, risk, human resources and procurement. It includes:

- Project structuring and execution
- Stakeholder analysis
- Risk management and mitigation
- Coordination of multiple work streams and tasks
Functional Skills & Knowledge

Overview

Functional skills & Knowledge:

• These skills refer to the specific knowledge and accompanying skills required to perform effectively in a given job or function.

• They are usually unique to a Division’s or Function’s specific function, roles and tasks.

• Each Division and Function defines its own requirements regarding functional skills and knowledge.