

*Lilly*



2021

# **Environmental, Social & Governance Report**

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Lilly unites caring with discovery to create medicines that make life better for people around the world. For nearly 150 years, we've developed and delivered trusted medicines that help people get better, feel better and live better. And we remain committed to continuous progress and improving our positive impact on people, the planet and society.

The [Lilly ESG Report site](#) contains the current information about our ESG strategy, goals, progress and data.  
This file is provided as an archive of the 2021 ESG Report.



# A Message from Our CEO

**David A. Ricks**

**Chair and CEO**

Dear Stakeholders,

While it's a relatively modern term, *sustainability* has always been central to Lilly's purpose. In fact, "take what you find here and make it better and better" was the mantra of Colonel Eli Lilly, who founded our company back in 1876. Nearly 150 years later, we continue to lead in this space, with an ongoing commitment to the environmental, social and governance priorities that matter to our company and industry.

More important than setting ambitious goals is achieving them. This starts from the top, with our ESG commitments embedded into my personal performance targets, as well as those of other key executives. We review progress against these targets as a full Executive Committee quarterly and with the full Board annually.

We further hold our operational leaders accountable for advancing these goals, including through the annual compensation process. We expect all our employees to treat ESG objectives no differently than other vital business challenges.

And in the last year, we successfully executed against our ambitious sustainability agenda. In 2021, Lilly:

- Improved diversity at the company with both women and minority group members, and increased transparency by releasing our EEO-1 report.
- Brought the largest solar field in Ireland online at our Kinsale site. We continue to update our infrastructure worldwide as part of our environmental goals.
- Enhanced and streamlined our disclosures on lobbying and political activity; and
- Issued our first sustainability bond, the proceeds from which we are allocating across several environmental and social priorities.

We also continued our efforts to improve access and affordability for the innovative medicines that are central to fulfilling our purpose.

In the U.S., *anyone* is eligible to obtain their monthly prescription of Lilly's life-saving insulin for \$35 or less – regardless of their health care coverage. Last year we also grew the number of patients we reach through our global health program, 30x30, focused on improving access to quality health care for 30 million people each year by 2030.

Sustainability is central not only to our purpose, but also our growth agenda. It's something we've integrated into our business and our strategy, because we believe it makes us a stronger, more resilient company. Thank you for your interest in our ESG commitment.



David A. Ricks  
Chair and CEO

[Download our 2021 ESG Data](#)

See important information [about our ESG report](#)

# ESG Highlights



## Offer \$35 or Less Monthly Insulin

and helped 1.5M people through patient support programs for Lilly medicines

[Explore Our Access and Affordability Efforts](#)



## 48% Women in Management Globally

24% of U.S. management positions held by minority group members<sup>1</sup>

[Explore Our Diversity, Equity and Inclusion Efforts](#)



## Created 2030 Environmental Goals

for climate, waste and water, including carbon neutrality in our own operations

[Explore Our Environmental Efforts](#)



## \$3 Billion+ in Medicines Provided in 2021

including more than \$250 million in COVID-19 therapies<sup>2</sup>

[Explore Our Global Access and Health Efforts](#)



## 10,000+ Employee Volunteer Hours

to support our Racial Justice Commitment in 2021

[Explore Our Community Engagement Efforts](#)



## \$10 Million+ in Lilly Foundation Grants

to support the Racial Justice Commitment in 2021

[Explore Our Community Engagement Efforts](#)

## Recognitions

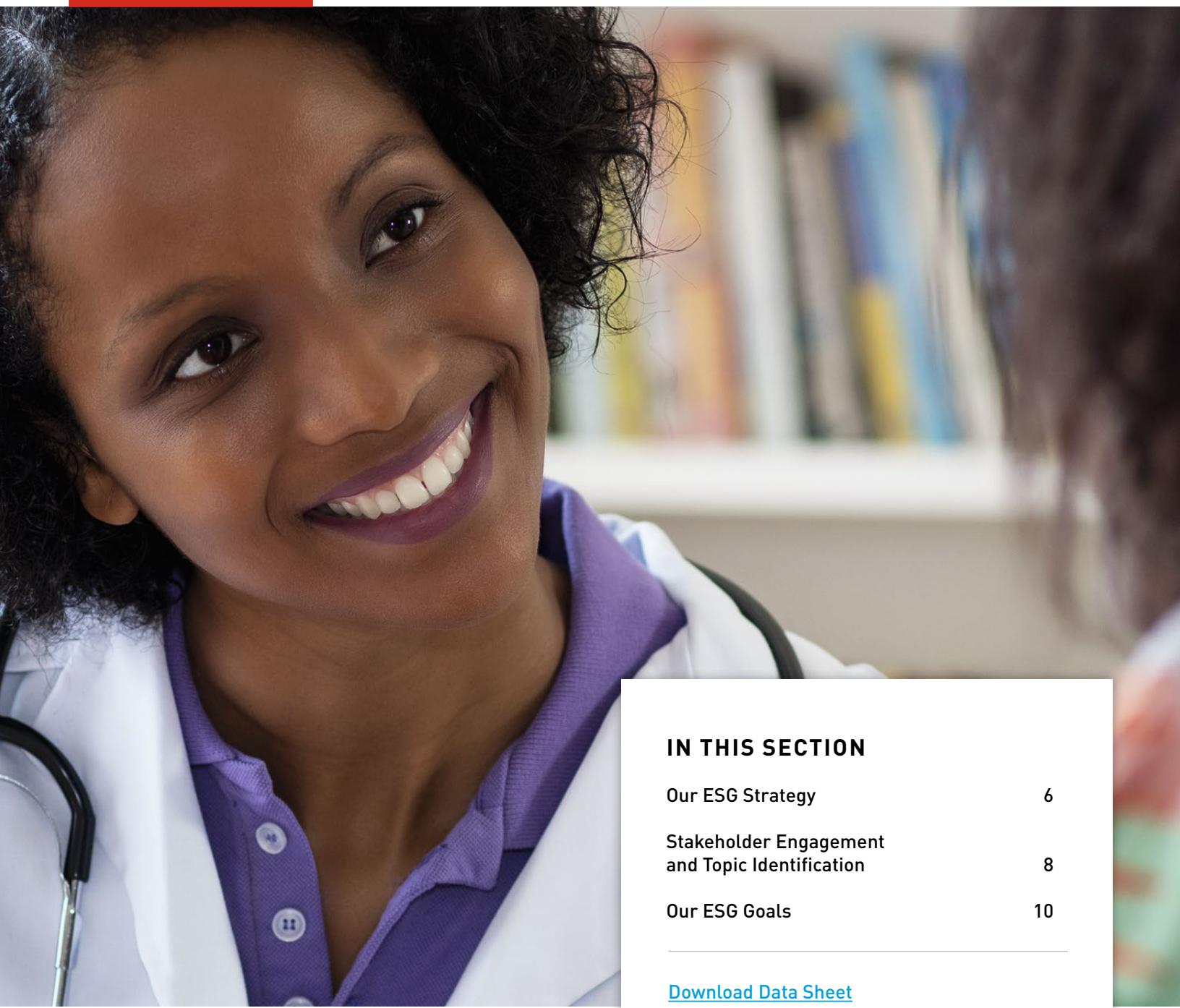
At Lilly, we constantly strive to be leaders in diversity and inclusion, research and development, social impact, and employee benefits. We've received recognition from several distinguished organizations for our efforts.

[See Our Recent Recognitions](#)

<sup>1</sup> As of 12/31/2021

<sup>2</sup> Includes value of Lilly medicines provided to separate charitable organizations that offer free Lilly medicines to qualifying patients. Products valued at wholesale acquisition costs, or WAC.

# Our Strategy



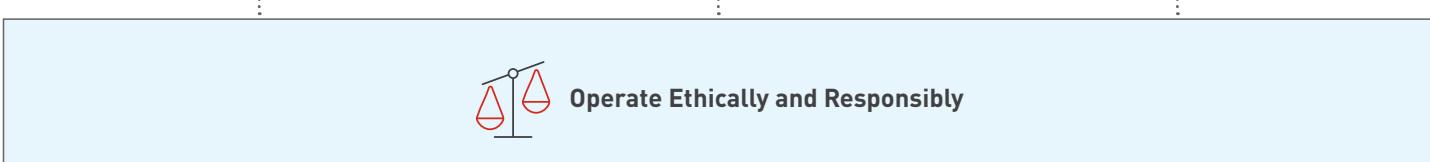
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[Download Data Sheet](#)

# Our ESG Strategy

Lilly's greatest contribution to society is the discovery and development of innovative medicines that make life better for people around the world. Our impact extends to how we operate our business, care for the environment and strengthen communities. Our Environmental, Social and Governance (ESG) strategy and efforts are guided by our impact framework. This framework leads with our purpose to create medicines that make life better, and includes five pillars that guide how we operate and contribute to the world.



## Create Medicines That Make Life Better

More than 47 million people globally use Lilly's medicines. For nearly 150 years, we've developed and delivered trusted medicines that help people get better, feel better and live better.



## Increase Access to Medicines

Around the world, too many people, especially the most vulnerable, lack access to the medicines and care they need. Reaching across industry boundaries, we collaborate with leading health organizations, providers, regulators and governments to find new solutions that help address access challenges and strengthen health care systems. We've established an aggressive goal – Lilly 30x30 – to improve annual access to quality health care for 30 million people living in communities with limited resources by 2030.



## Improve Lives and Communities

Beyond our medicines, we invest our time, expertise and resources to drive social impact, with a focus on improving health. We also address targeted social issues that affect our business and employees, with an emphasis on racial justice and education. We encourage our employees to volunteer and give in ways that advance our purpose and theirs.



## Empower a Diverse Workforce

Diversity, equity and inclusion are foundational to Lilly's business of innovation. We believe when we harness a variety of perspectives, it helps us discover and deliver life-changing medicines. Lilly is committed to welcoming, respecting and valuing that which makes each of us unique. When team members come to work each day, they bring different experiences, perspectives and traditions. As a major employer, we also take action on racial justice issues that affect our employees, business and communities.



## Minimize Our Environmental Impact

Making medicines requires the use of valuable resources including energy, water and raw materials. We're committed to minimizing our environmental footprint across the life cycles of our products and our supply chain – with a focus on addressing climate change, waste and water security.



## Operate Ethically and Responsibly

It's who we are. It's the foundation of how we conduct business and create positive change for people and communities, while minimizing our environmental impact. Our core values of integrity, excellence and respect for people have guided us since the beginning, and they remain at the heart of all we do today.



# Stakeholder Engagement and Topic Identification

Lilly solicits input from internal and external people and organizations to better determine the ESG issues that matter most to our company and stakeholders. We obtain input and prioritization from:

- Advocacy organizations
- Employees
- Lilly's Executive Committee
- Non-governmental organizations
- Shareholders
- Students and prospective employees

In addition to engaging with stakeholders, we frequently conduct peer benchmarking and integrate industry and sustainability trends, as well as leverage relevant sustainability reporting frameworks, including the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), among others.

Through this process, we focus on 13 ESG topics representing issues that we believe are most important to internal and external stakeholders and are key to our company's long-term success, including pricing in the U.S. These topics are aligned with the SASB standards for the Biotechnology and Pharmaceutical industry, as well as environmental issues addressed by TCFD. Our ESG strategy is dynamic and we review these priorities periodically to align our approach with topics that are relevant for Lilly, our stakeholders and our industry.

Lilly regularly engages with shareholders and other stakeholders on sustainability topics of interest, including environmental, social and governance topics covered in this report.



# Lilly's ESG Priorities

Environmental	Social	Governance
<a href="#">Climate</a>	<a href="#">Access &amp; Affordability</a>	<a href="#">Business Ethics</a>
<a href="#">Water</a>	<a href="#">Community Engagement</a>	<a href="#">Corporate Governance</a>
<a href="#">Waste</a>	<a href="#">Diversity, Equity &amp; Inclusion</a>	<a href="#">Supply Chain Management</a>
<a href="#">Product Stewardship</a>	<a href="#">Employee Well-Being</a>	
	<a href="#">Human Rights</a>	
	<a href="#">Patient Safety</a>	

## ESG Governance

Our board and management are actively engaged in the assessment, management and oversight of matters pertinent to our business. [Learn more.](#)



## Our Commitment to the Sustainable Development Goals

As a member of the UN Global Compact, Lilly supports the United Nation's Sustainable Development Goals (SDGs) and works to advance these goals within our sphere of influence. We are inspired by the global vision that the SDGs represent — and we are committed to doing our part to contribute. [Learn more about our efforts.](#)

## Sustainability Bond

In 2021, Lilly issued its first [sustainability bond](#) to advance our global ESG strategy. In line with [Lilly's Sustainability Bond Framework](#), we intend to allocate proceeds from the bond to eligible projects that will advance our efforts to increase access to medicines, improve lives and communities, empower a diverse workforce, minimize environmental impact and operate ethically and responsibly. [See Our 2021 Sustainability Bond Allocation Report.](#)

[Download Our 2021 ESG Data](#)

# Our ESG Goals

Our goals, driven by our strategic [impact framework](#), allow us to better track the progress and performance of our ESG strategy. Our goals also help drive our efforts to develop innovative medicines that make life better for people around the world and create lasting positive societal impact.

## Increase Access to Medicines



### Reach 30 Million People by 2030

Through investments in people, medicines and health systems, Lilly aims to reach 30 million people in resource-limited settings annually by 2030.

[See Our Progress](#)

## Improve Lives and Communities

### 25,000 Volunteer Hours and \$25 Million to Combat Racism



Lilly committed 25,000 volunteer hours and the Lilly Foundation pledged \$25 million to combat racism in central Indiana over five years.

[See Our Progress](#)

### Doubling Our Spend with Black-Owned Businesses by 2022



In October 2020, Lilly committed to doubling its spend with Black-owned business by 2022.

[See Our Progress](#)

## Empower a Diverse Workforce

### Improve Diversity Year-Over-Year



We're committed to increasing the number of women and minority group members in leadership, and we have been making steady progress. We aim to increase the current representation of Black/African Americans in our U.S. workforce from approximately 10% to 13%.

[See Our Progress](#)

### Zero Injuries



Our injury rate has been steadily declining and our goal is to reach zero severe injuries, with a focus on continuous improvement. Additionally, we have established new safety metrics connected to our safety priorities and improving safety culture.

[See Our Progress](#)

## Minimize Our Environmental Impact

### Renewable Electricity



We're committed to source 100% of purchased electricity from renewable sources by 2030.

[See Our Progress](#)

### Carbon Neutrality



We're committed to be carbon neutral in our own operations (Scope 1 and 2 emissions) by 2030 and enhance our full value-chain emissions reporting.

[See Our Progress](#)

### Waste and Plastics



Our goal is to have zero waste go to landfills from routine operations and have 100% of plastic waste repurposed for beneficial use, with at least 90% recycled or reused. We're also committed to integrating sustainability-focused design principles into product and packaging design processes.

[See Our Progress](#)

### Water Security



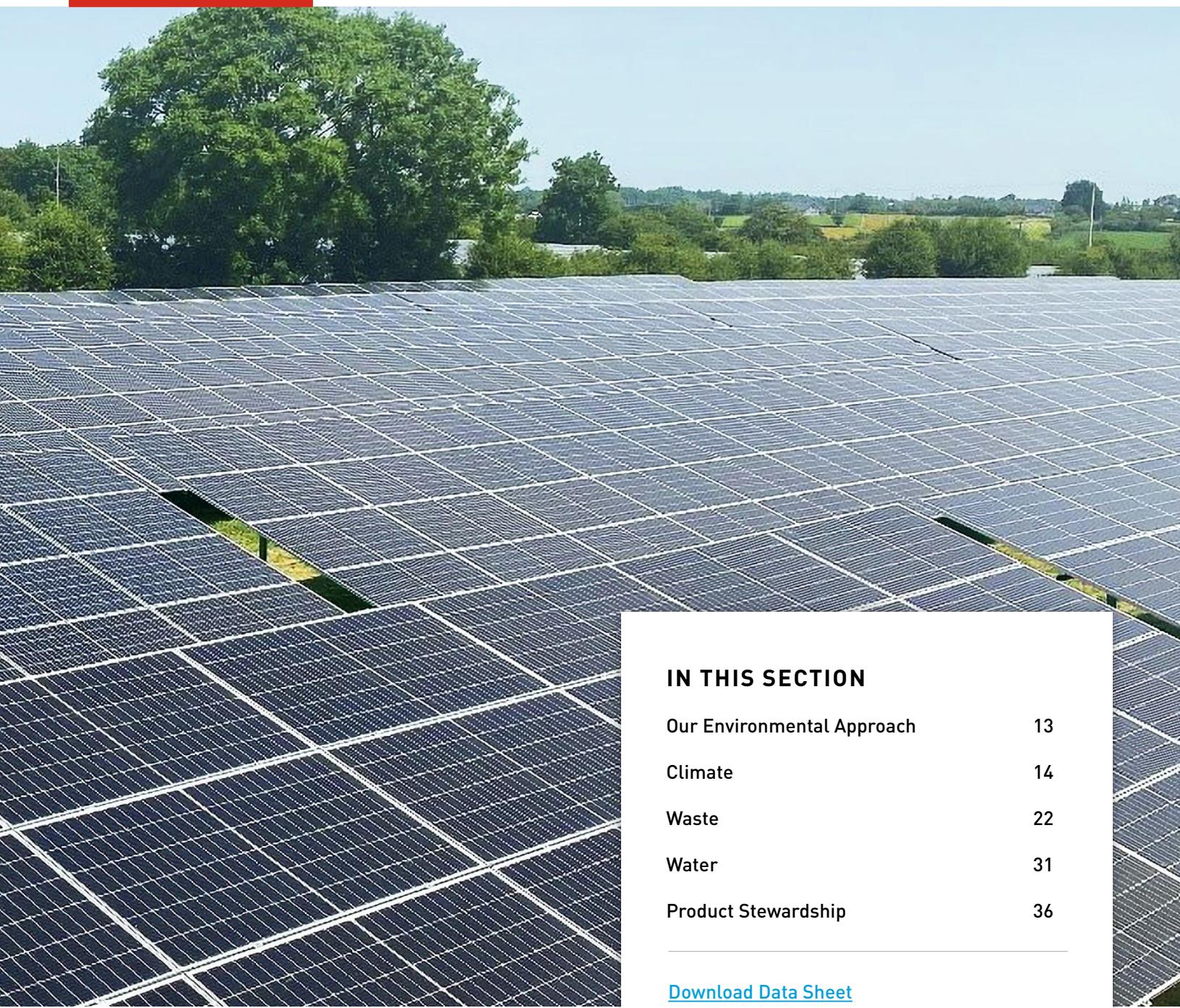
We're committed to maintaining that 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for Pharmaceuticals in the Environment and establishing and conforming to water management plans for Lilly sites in water-stressed areas.

[See Our Progress](#)

[Explore Our ESG Strategy](#)

[Download Our 2021 ESG Data](#)

# Environmental



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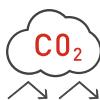
[Download Data Sheet](#)

# Our Environmental Approach

Our purpose, to make life better, includes protecting and preserving the world we live in. Making medicines requires the use of valuable resources including energy, water and raw materials. We're committed to reducing our environmental footprint across the life cycles of our products and our supply chain. To track our progress, we measure and manage energy and water use, greenhouse gas (GHG) emissions and the generation of waste and wastewater throughout our manufacturing process. Lilly manages health, safety and the environment (HSE) under a [unified governance structure](#).

## Our 2030 Environmental Goals

### Climate



**Carbon neutral**  
in our own operations

**100%**  
renewable electricity

**Enhance**  
full value-chain  
emissions reporting

### Waste



**Zero**  
waste to landfill

**100%**  
of plastic waste repurposed for  
beneficial use with at least  
90% recycled or reused

**Integrate sustainability**  
into product and  
packaging design

### Water



**No adverse impact**  
to water-stressed areas

**No adverse impact**  
from pharmaceuticals  
in the environment



# Climate Management Approach

Lilly acknowledges that climate change is an ever-present reality that is contributing to a reduction in human and environmental health. Action against climate change is required to achieve the goals of the Paris Agreement and to avoid the most detrimental effects of climate change by limiting the global temperature rise to 1.5°C. Lilly is continuously working to reduce our GHG emissions within our operations and along our value chain. We are working on calculating our Scope 3 emissions and identifying climate-related risks and opportunities in our business and intend to develop measurable Scope 3 goals.

As a global company committed to making life better for people, we recognize our responsibility to reduce our carbon footprint and manage climate-related risks and opportunities to support the transition to a low-carbon economy. Lilly discloses information according to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and aims to implement these recommendations across the TCFD categories of Governance, Strategy, Risk Management and Metrics & Targets. For more information, please see our [TCFD metrics](#).



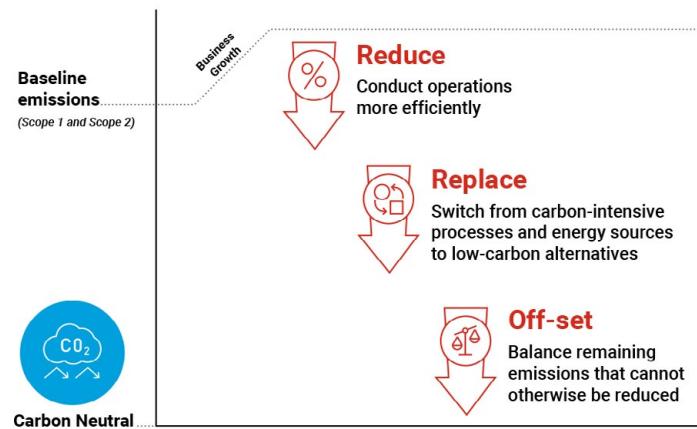
## Climate Action Strategy

To mitigate the impact of Lilly's business operations on the environment and achieve our 2030 goals (described below), we are applying a comprehensive three-pronged approach:

1. **Reducing** our energy and emissions by making our overall operations more efficient
2. **Replacing** carbon-intensive processes and energy sources with low-carbon alternatives
3. **Offsetting** remaining emissions and energy sources that could not be reduced or replaced, by purchasing emissions offsets from high-quality, third-party verified carbon reduction projects (note: it is not currently possible to eliminate all emissions sources or transition all direct energy supplies to renewable sources).

For more information regarding our governance and approach to climate change and related risks/opportunities see our [CDP Climate response](#).

## Climate Action Strategy



# 2030 Climate Goals and Our Progress to Date

Lilly is committed to reducing our GHG emissions, and prioritizing energy efficiency to become a more climate-resilient organization. Looking toward the future, we have set climate goals for 2030 as we work toward contributing to a low-carbon economy:

- Secure 100% of our purchased electricity from renewable sources
- In 2021, 9.6% of our purchased electricity came from renewable sources. A large portion of this renewable electricity is delivered through our utility providers to our sites in Alcobendas, Spain; Kinsale, Ireland; and Bracknell, UK. We plan to increase the amount of renewable electricity utilized as we advance new projects, including solar arrays at our sites in Puerto Rico and France, and an expansion to our solar array in Kinsale, Ireland, and another solar array in Alcobendas, Spain.
- Become carbon neutral in our own operations (Scope 1 and 2 emissions)
- Lilly strives to be carbon neutral by 2030, and we are working to drive GHG emissions reductions throughout our operations. Our initial priority is to reduce emissions as much as possible internally before we purchase offsets to cover the remaining emissions. From 2012 to 2020, we achieved a 26% reduction in absolute emissions. In 2021, we

achieved a 9% absolute emissions reduction versus 2020. This reduction was partially driven by energy efficiency improvements and an increase in the use of renewable electricity including the [startup](#) of our solar array in Kinsale.

- Enhance tracking and reporting of emissions from our full value-chain
- In 2022, we advanced our efforts toward achieving this goal by undertaking the measurement of our full Scope 3 (value-chain) emissions for the 2021 calendar year. This complex work was completed and reported in July 2022 through our [CDP Climate Change submission](#). We intend to use these data to inform our evolving supply chain engagement strategy related to climate change.

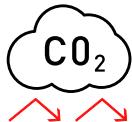
## Recent Achievements

Throughout 2020 and 2021, because of the COVID-19 pandemic, many of our administrative areas were operating at reduced occupancy. We continued to emphasize reducing energy consumption by minimizing access to unoccupied areas and adjusting HVAC, lighting and other systems to conserve energy. In 2021, we reduced our energy consumption by 2.9%, and we reduced our absolute GHG emissions by 9% compared to 2020. These improvements were made while production volume increased. Our emissions reductions were driven by a combination of energy and process efficiencies, and changes in our energy supply mix to include cleaner energy sources.



## Climate Highlights

### Performance



**9% absolute reduction**  
in GHG emissions from 2020 to 2021



Achieved 2020 goal of greater than  
**20% reduction**  
in GHG emissions intensity



**Achieved a "B" score**  
for our 2021 CDP submission, our 12th year submitting a CDP report

### Investments and Memberships

**Joined RE100**  
in 2022



**UN Global Compact**  
member since 2009



**Over \$50 Million**  
invested into our Energy, Waste and Water Reduction Fund since 2006

## Reducing Our Energy Use Emissions

We continue to evaluate how to improve our energy resiliency and expand our use of renewable electricity consistent with our goal to diversify our energy sources and decrease our GHG emissions over time. Our current initiatives include:

- Designing for energy efficiency in new or updated processes and facilities
- Operating our facilities and equipment in increasingly efficient ways

- Facilitating the use of advanced energy monitoring and control solutions
- Conducting and acting on energy assessments and implementing recommended projects to improve energy efficiency
- Evaluating and incorporating alternative energy sources, new technologies and best practices for energy use and GHG emission reductions
- Participating in local, regional and national forums to understand and integrate energy management best practices and to support responsible and cost-effective decision-making and policy development (e.g., the U.S. Environmental Protection Agency's ENERGY STAR Pharmaceutical Focus Group)

## Recent Energy Initiatives

- **HVAC Systems Optimization** – Sites in Alcobendas, Spain, Fegersheim, France and Indianapolis in the U.S. have completed initiatives to decrease energy consumed in HVAC systems. These projects include chiller replacements, building air handler optimizations and air flow reduction initiatives. Sesto implemented new drive-belt technology on air handlers to improve efficiency. Collectively, we expect that these projects will reduce energy consumption by an estimated 14,000 MWh per year.
- **Chiller System Optimization** – Chilled water and cooling systems are some of the highest energy consuming systems in pharmaceutical operations, and they continued to be a focus for our engineering resources in 2021. Our site in Kinsale, Ireland replaced fixed speed pump motors with variable speed motors. In Indianapolis, a chiller was replaced with a new, higher efficiency chiller. One of our sites in Puerto Rico implemented the first phase of a chilled water and cooling tower optimization project, and another site began a substantial efficiency upgrade to its chilled water system that is expected to be completed in mid-2022. These projects are expected to reduce energy consumption by over 12,500 MWh per year.

## Encouraging Eco-Efficiency Across Our Operations

In 2006, we established the Energy, Waste and Water Reduction Fund to encourage projects that demonstrate the greatest potential for reductions in emissions and energy use but are not funded by site capital budgets. Since then, we have approved over \$50 million supporting more than 190 projects. Since the inception of the program, these projects collectively save more than one trillion BTUs of energy annually, avoiding approximately 131,000 metric tonnes of GHG emissions each year, measured as carbon dioxide equivalents.

We also actively recognize innovation and excellence in Health, Safety and the Environment (HSE) management by granting annual HSE awards. Nominations represent a significant accomplishment, and the awards recognize our employees for helping Lilly achieve energy and GHG emissions reduction goals. Projects are also assessed on their potential to scale in other areas across the company.

## Reducing Emissions through Cleaner Energy

We continue to evaluate how to improve our energy resiliency and expand our use of renewable electricity consistent with our goal to diversify our energy sources and decrease our GHG emissions over time.

### Enhancing the Use of Solar

In 2021, 9.6% of our purchased electricity was secured from renewable sources. We have reduced GHG emissions at key facilities by leveraging solar energy. These projects include:

- **Kinsale** – In July, 2021, Lilly [started up](#) a 20-acre solar array in Kinsale, Ireland consisting of over 12,600 solar panels, which at the time of construction represented the largest solar development in Ireland. The solar array is expected to provide up to 15% of the site's purchased electricity, resulting in an estimated 2,350 tonne reduction in the site's annual carbon footprint. Lilly Kinsale has initiated a 10-acre expansion to this solar array, which is expected to be online by the end of 2022.
- **India** – In 2019, Lilly India began operating a rooftop solar array on its administrative building in Gurugram (Gurgaon), India. The 40-kW capacity solar panels will help reduce Lilly's carbon footprint in the city – a key priority due to rising pollution levels. The solar panels supply approximately 10% of the site's energy needs.
- Manufacturing facilities in Fegersheim, France and Sesto, Italy have solar arrays of 62 kW and 145 kW, respectively. Additional solar capacity is being installed at our manufacturing facilities in Puerto Rico and Fegersheim.



Solar field at Lilly's Kinsale, Ireland location.

## Energy Resiliency

In 2017, we began designing a new 9 megawatt (MW) combined heat and power system at our Puerto Rico facility, which successfully commenced operation in 2021. The combined heat and power (CHP) system will significantly improve the resiliency of our Puerto Rico manufacturing operations and will also result in lower energy expenses and reduced GHG emissions. We also operate combined heat and power systems at our manufacturing sites in Kinsale, Ireland and Sesto, Italy.

## Fleet Fuel Economy

Our *GREENDirections* program focuses on fleet fuel economy and GHG emissions, office energy conservation and waste reduction for our sales and marketing affiliates around the world. Each year, our affiliates look for opportunities to enhance their environmental performance.

We optimize the fuel efficiency and reduce the GHG emissions generated by our sales force fleet by choosing vehicles with better fuel economy and promoting driving and work practices that emphasize safety and fuel savings. We have introduced hybrid or electric fleet vehicles in several geographies where infrastructure is available. For example, Lilly's fleet in Japan consists of approximately 80% hybrid vehicles, and our affiliate in Germany has begun including electric vehicles in their fleet offering. We centrally manage vehicle selection across the EU, Japan and the U.S., which improves efficiency and supports the implementation of strong safety and environmental standards.

## Off-Setting through Carbon Removal Projects

While our primary strategy is to directly reduce emissions and replace carbon-intensive sources with clean energy sources where possible, to achieve carbon neutrality we recognize the remaining emissions will need to be offset by purchasing certificates from climate protection projects with recognized quality standards. In 2021, we did not purchase any carbon offsets. The decision to purchase offsets will be made based on the remaining emissions that cannot be eliminated.

## Scope 3 Emissions and Supply Chain Engagement

We are working to advance transparency across our value chain, including in our full Scope 3 emissions, which are currently being calculated and are expected to be reported for the first time in the later half of 2022 through our CDP Climate report. We are engaging with key suppliers and identifying areas of our value chain where we could potentially make improvements and increase resiliency.

## Green Logistics

For several years, our Green Logistics initiatives have been integral in embedding sustainability topics into our business relationships and reducing emissions in our supply chain. By shifting the transportation of products and materials to less carbon-intensive sources such as ocean shipping versus air, transitioning to reusable shipping containers and implementing recycling programs, we have taken steps to reduce emissions and waste generated within our supply chain.

We employ green logistics strategies and programs to better track and reduce emissions, including:

- **Air-to-Ocean Project** – Launched in 2015, the Air-to-Ocean project aims to shift global transportation from air to sea freight, which has a substantially lower carbon footprint. In 2020 and 2021, global supply chain challenges have caused us to shift many shipments back to air, however, we anticipate being able to further leverage ocean shipping in the future.
- **CO<sub>2</sub> Dashboard** – To support more informed decisions about climate impact, we created a CO<sub>2</sub> dashboard to calculate the relative carbon footprint of different transportation options. The dashboard enables our logistics team to compare the CO<sub>2</sub> emissions for transportation options from logistic partners.

## Climate Performance Data

Greenhouse Gas Emissions (Location-based) (1)	2018	2019	2020	2021
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO <sub>2</sub> e) <sup>2</sup>	832,000	788,000	710,000	645,000
Scope 1	201,000	192,000	159,000	157,000
Scope 2	631,000	596,000	551,000	488,000

Greenhouse Gas Emissions (Market-Based) (1)	2018	2019	2020	2021
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO <sub>2</sub> e) <sup>2</sup>	Not previously reported	Not previously reported	Not previously reported	623,000
Scope 1	Not previously reported	Not previously reported	Not previously reported	157,000
Scope 2	Not previously reported	Not previously reported	Not previously reported	466,000

## Climate Performance Data (cont'd)

Value-Chain Greenhouse Gas Emissions	2018	2019	2020	2021
Scope 3 Emissions (metric tonnes CO <sub>2</sub> e) <sup>3</sup>	263,000	235,000	176,000	2,987,000
Energy	2018	2019	2020	2021
Total Energy Consumption (million BTUs)	6,650,000	6,400,000	6,200,000	6,100,000
Direct Energy Consumption (million BTUs) <sup>4</sup>	1,730,000	1,690,000	1,700,000	1,600,000
Indirect Energy Consumption (million BTUs) <sup>5</sup>	4,920,000	4,700,000	4,500,000	4,500,000
Renewable Electricity	Not previously reported	Not previously reported	7.0%	9.6%

## Climate Performance Data (cont'd)

Climate Goals	2030 Goal	2021 Performance
100% Renewable Electricity	100%	9.6%
Carbon Neutral (Market-Based Scope 1 and Scope 2)	Carbon Neutral	623,000 tonnes CO2e
Enhance Tracking and Reporting of Full Value-Chain Emissions (Scope 3)	N/A	On track

View Lilly's [environmental data from 2020](#), including our previous goals and progress through 2020. Additional historical data are available in our [reporting archives](#).

### Footnotes

Note: Some segments do not add up to totals due to rounding.

Note: Bureau Veritas was engaged by Eli Lilly and Company to provide [limited assurance](#) in relation to specified 2021 environmental performance data presented.

<sup>1</sup> A **location-based** method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A **market-based** method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

[https://ghgprotocol.org/sites/default/files/Scope2\\_ExecSum\\_Final.pdf](https://ghgprotocol.org/sites/default/files/Scope2_ExecSum_Final.pdf)

<sup>2</sup> Includes Scope 1 emissions and energy from onsite fuel combustion (excluding mobile sources) and Scope 2 emissions and energy from site-purchased energy (i.e., electricity, steam and chilled water). For smaller locations not billed directly to Lilly, data are estimated based on square footage.

<sup>3</sup> 2018 through 2020 Scope 3 data include the following Scope 3 categories: upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream leased assets, franchises, investments. 2021 Scope 3 data include reporting on all 15 Scope 3 emissions categories.

<sup>4</sup> Data includes energy from combustion of coal, fuel oil, natural gas and liquid propane.

<sup>5</sup> Data includes energy from purchased electricity, steam and chilled water.

# Waste Management Approach

At Lilly, we are committed to minimizing waste to conserve energy, resources and landfill space. We understand that the most effective way to reduce waste is to not create it in the first place. We are committed to [green chemistry](#) and efficiency, and endeavor to minimize waste at the source, including minimizing the use of hazardous materials that can often become hazardous waste at the end of the manufacturing process. We explore ways to reuse materials from our processes and send waste for recycling when feasible. For the remaining waste, we recover energy when possible and treat waste to reduce toxicity and volume. We strive to only send waste to landfills as a last resort or when legally required. We also recognize plastic waste is one of our world's most pressing issues and are taking steps to minimize our footprint.

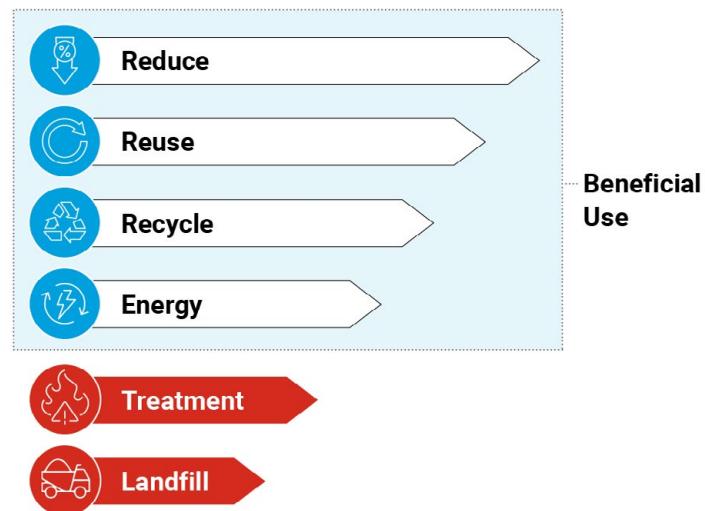
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- › Waste Performance Data



## Waste Strategy

We follow a hierarchy that prioritizes eliminating waste (reduce), followed by reuse, recycling and consuming our waste for energy as illustrated by the graphic below.



## 2030 Waste Goals and Our Progress to Date

In 2021, we established new waste goals that increase our commitment to reducing landfill waste, addressing plastic waste from our operations and supporting integration of sustainability into the designs of our products.

### Zero waste to landfill from routine operations

- In 2021, 20 out of Lilly's 26 facilities achieved the zero-landfill target, resulting in 0.53% of our waste from routine operations being sent to landfill. We continue to work with the remaining six sites that have not yet achieved zero waste-to-landfill.

### 100% of plastic waste repurposed for beneficial use, with at least 90% recycled or reused

- In 2021, Lilly estimates that we were able to repurpose 97.7% of plastic waste for beneficial use (reuse/recycle/waste-to-energy), primarily driven by recycling of plastics from our manufacturing processes and incoming packaging material. Of the plastic waste, 88% was recycled or reused.

## Integrating sustainability-focused design principles into product and packaging design processes

- We continue to build on efforts to incorporate sustainability into the lifecycle of our products, delivery devices and packaging with waste reduction in mind. We strive to develop products that are inclusive, trustworthy and sustainable. Learn more about our approach to [integrating sustainability into our product and packaging designs](#).

## Recent Achievements



### Achieved 2020 goals:



Greater than  
**20%**

improvement in waste efficiency from 2012 to 2020 (waste generated per unit of production)



Greater than  
**70%**  
recycle rate



Less than  
**10%**  
waste to landfills



### Established 2030 waste goals

## Managing Waste Across Our Operations

In 2021, Lilly generated 118,000 metric tonnes of waste, representing a 9% reduction in total waste versus 2020. This reduction was achieved while increasing production rates across the same period. Most of the waste (83%) generated by Lilly is considered non-hazardous by relevant regulatory authorities. The remaining 17% of waste we generate that is considered hazardous is carefully stored and packaged, and shipped to approved treatment facilities, some of which recover energy from the waste. We strive to only send hazardous waste to landfill when there is no other option or when required by law.

## Plastic Waste Reduction Efforts

We are focused on minimizing our plastic waste footprint. To do this, we reduce the generation of plastic waste where possible, identify where recycled plastic materials are suitable for use in our processes and maximize the reuse and recycling of plastic waste. When reduction, reuse and recycling are not viable, we send plastic waste to a facility that converts waste into energy.

In 2021, Lilly began developing a global system for measuring and reporting plastic waste. We use both quantitative and qualitative measurement systems. These systems allow us to estimate our current progress relative to our plastic waste goals, and we strive to improve these measurement systems over time.

As noted above, we estimated we were able to repurpose 97.7% of our plastic waste for beneficial use (reuse/recycle/waste to energy) in 2021, primarily driven by recycling of plastics from our manufacturing processes and incoming packaging material. Of our total plastic waste, approximately 88% was recycled or reused. While these numbers are close to our established plastic waste goals, we anticipate that it will take significant efforts – such as new technologies and innovative external capacity – to achieve 100% beneficial use and at least 90% reused or recycled.

## Plastic Reuse and Recycling at Indianapolis Device Assembly and Packaging

As part of our commitment to continually improve our environmental impact, we optimize plastic use at our manufacturing facility in Indianapolis through a reuse and recycling program. As part of this program, approximately 2,800 metric tonnes of packaging from incoming materials are sent to our recycling partner annually. The diverted plastics are used as feedstocks for other products such as composite decking, furniture and carpet padding.

## Minimizing Waste from Our Cafeterias

At our headquarters in Indianapolis, Indiana we have eliminated polystyrene foam materials from our cafeterias and transitioned to biobased to-go containers and other more environmentally friendly materials. At our facilities in Europe, our food service providers have focused on elimination of single-use plastics for items such as cutlery, plates, drink accessories (stirrers and straws) and take-away bags. In 2021, our focus on single-use plastics in Europe has led to the elimination of approximately 250 kgs of single-use plastic waste, representing a 98% reduction from 2020 to 2021. We have also worked to minimize food-waste in our cafeterias.

# Integrating Sustainability into Our Product and Packaging Design Processes

To support our 2030 waste goals, we continue to build on efforts to incorporate sustainability into the lifecycle of our products, delivery devices and packaging, with waste reduction in mind. Our goal is to integrate sustainability-focused design principles into future product and packaging design processes, while identifying and evaluating opportunities to enhance our current portfolio. We aspire to develop products that are inclusive, trustworthy and sustainable.



## Inclusive



We strive to design intuitive experiences that are inclusive of the unique capabilities and changing conditions of people around the world and that meet their diverse abilities and needs.

## Trustworthy



We demonstrate care and compassion for people and aim to create devices and packaging that are consistent, reliable and easy to learn and use across all touchpoints.

## Sustainable



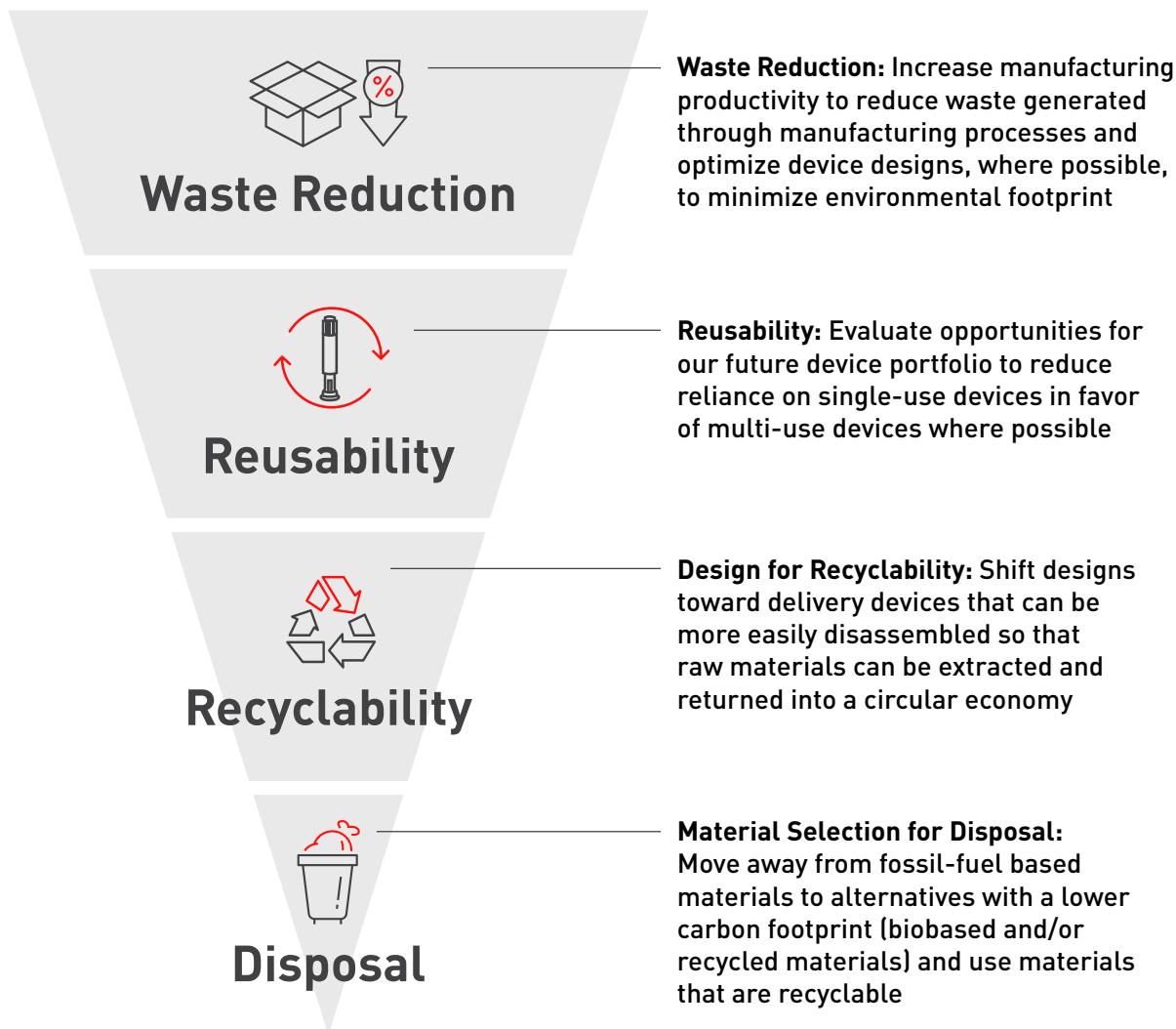
We strive to design intuitive experiences that are inclusive of the unique capabilities and changing conditions of people around the world and that meet their diverse abilities and needs.

We aim to make our products more sustainable without sacrificing safety, user experience or patient outcomes. We strive to position our products at the top of our “reduce, reuse, recycle” waste hierarchy, and design for recyclability while also minimizing medical waste and electronic waste. We are investing to research and identify renewable/bio-based materials to make our future packaging and devices more sustainable and exploring collaborations and partnerships with our key materials suppliers to evaluate the feasibility for improving the sustainability of existing devices.

## Drug Delivery Devices

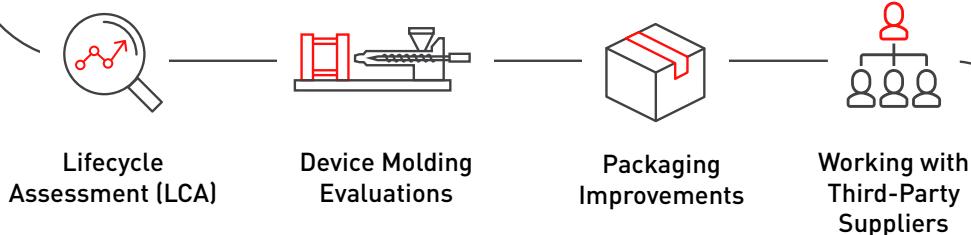
For Lilly's existing drug delivery devices, we focus on the selection of materials and waste reduction and recyclability strategies to improve sustainability. We strive to incorporate additional sustainable design elements into future platforms.

## Sustainable Design Strategy

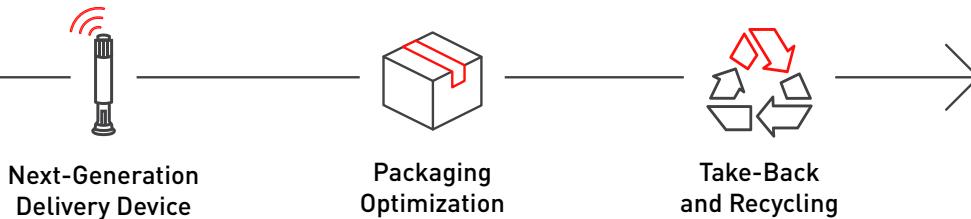


## Sustainability Roadmap

### 1. Current Initiatives



### 2. Long-Term Initiatives



#### Current Initiatives

- Lifecycle Assessment (LCA)** – In late 2021, we initiated a lifecycle analysis for our Trulicity device. The lifecycle analysis is being conducted in accordance with ISO 14040, which is a recognized international standard for assessment of the environmental aspects of a product or service in its entire lifecycle stages. This assessment will inform our understanding of the environmental performance of this device and help identify improvement opportunities with the greatest impact. After establishing baseline sustainability metrics, we will look for opportunities to reduce the total footprint of the device and manufacturing process by replacing some of our existing device plastic components with more sustainable, renewable materials wherever feasible.

- Device Molding Evaluations** – We have begun to identify renewable material that could be used as alternatives to the existing materials used to make some components within the devices that are derived from fossil fuels. This includes performing proof-of-

concept studies to establish equivalency of material, device functionality and processability. In addition to the renewable materials, we are investigating energy efficient ways of molding the plastics used in our devices with the goal of minimizing energy consumption.

- Packaging Improvements** – We strive to optimize the size of our product packaging. We recognize that while out-of-box experience is important, our patients shouldn't be inconvenienced with excessive packaging. We have also developed alternatives for packaging we use throughout our manufacturing process to allow for reuse or recycling, and improve efficiency as we transport products globally.
- Working with Third-Party Suppliers** – We are engaging with our key suppliers of device and packaging components to better evaluate alternate low-carbon material and recycling options to minimize waste.

## Long-Term Initiatives

- Next-Generation Delivery Devices** – For our next generation of devices, we strive to apply learnings from our lifecycle analysis studies to better design and develop future devices with lower environmental impact. We are continuing to advance our efforts in this area and aspire to develop durable, reusable devices that help minimize medical and electronic waste.
- Packaging Optimization** – We are working to reduce packaging and transition to eco-friendly materials where possible. Additionally, the pharmaceutical industry has begun to evaluate the potential to move, as the default, to electronic patient information leaflets instead of printed materials. We recognize there are many aspects to consider, such as regulatory requirements, patient preference and access to technology. However, we are committed to working with stakeholders to assess and understand opportunities to reduce waste through technology advancements and digitization.
- Take-Back and Recycling** – We are exploring new ways to address end-of-lifecycle product waste. We have initiated pilot programs for device take-back and recycling processes, however, these solutions are not yet available in all geographies or at large scale. Learn more about our [Product Stewardship](#) efforts.

## Packaging

We consider many sustainability factors in selecting product packaging, including material use and recyclability. Pharmaceutical packaging must meet stringent regulatory and internal standards. In some cases, this prevents us from using recycled content, as is the case with container closure systems that come into direct contact with our products. We continually seek to improve packaging design to reduce the amount of packaging used, use lower-impact materials and ensure recyclability.

- Pulp-Based Clinical Trial Packaging Change** – Our efforts to improve the environmental impact of our packaging goes beyond our commercial products and extends to potential future products currently undergoing clinical trials. Our clinical trial organization has begun to implement pulp-based solutions for device packaging. We are one of the very early adopters to use this pulp packaging option that,

like plastics, can be injection molded into a variety of shapes. Use of this eco-friendly packaging option has resulted in a 15% reduction in the size of drug delivery device packaging cartons compared to the original. This reduction in size also translates to shipping and transportation savings.

## Sales and Marketing

Lilly continues to leverage technology to evolve our business and minimize our environmental footprint, including transitioning to digital media for promotional materials. Since 2018, our U.S. affiliate has reduced the use of printed promotional materials by almost 50% by shifting to digital channels. We've also improved our inventory management, such as reducing the number of low-use printed materials and better controlling print quantities, which ultimately reduces paper waste.

Visit our [Product Stewardship page](#) to learn more about our approach to sustainability throughout product lifecycles.



## Waste Performance Data

Total Waste Generation (1)	2018	2019	2020	2021
Total Waste Generation (metric tonnes)	114,000	140,000	130,000	118,000
Non-Hazardous Waste (metric tonnes)	100,000	120,000	110,000	98,000
Hazardous Waste Generation (metric tonnes)	15,000	19,000	20,000	20,000
Total Waste Disposition (1)	2018	2019	2020	2021
Beneficial Use (includes recycled, reused and waste-to-energy)	100,000	130,000	120,000	108,000
Treated (includes combustion without energy recovery) (metric tonnes)	9,100	7,000	7,300	7,100
Landfilled (metric tonnes)	4,800	5,000	2,700	2,300

## Waste Performance Data (cont'd)

Waste Metrics for Goals (1)	2018	2019	2020	2021
Waste Generated from Routine Operations (metric tonnes)	Not previously reported	Not previously reported	Not previously reported	107,000
Waste to Landfill (metric tonnes)	Not previously reported	Not previously reported	Not previously reported	600
Plastic Waste from Routine Operations (metric tonnes)	Not previously reported	Not previously reported	Not previously reported	8,600
Plastic Waste Repurposed for Beneficial Use (includes recycled, reused and waste-to-energy) (metric tonnes)	Not previously reported	Not previously reported	Not previously reported	8,400
Plastic Waste Recycled or Reused (metric tonnes)	Not previously reported	Not previously reported	Not previously reported	7,600

## Waste Performance Data (cont'd)

Waste Goal Performance (2)	2030	2021 Performance
Percent of Waste from Routine Operations Sent to Landfill <sup>3</sup>	Zero (less than 0.5%)	0.53%
Percent of Routine Plastic Waste Repurposed for Beneficial Use	100%	97.7%
Percent of Routine Plastic Waste Recycled or Reused	Greater than or equal to 90%	88.0%
Integrate Sustainability-Focused Design Principles into Our Products and Packaging	N/A	On Track

View Lilly's [environmental data from 2020](#), including our previous goals and progress through 2020. Additional historical data are available in our [reporting archives](#).

### Footnotes

Note: Some segments do not add up to totals due to rounding.

Note: Bureau Veritas was engaged by Eli Lilly and Company to provide [limited assurance](#) in relation to specified 2021 environmental performance data presented.

<sup>1</sup> Total waste includes all waste generated from Lilly facilities, routine waste and non-routine waste. Non-routine waste is defined in footnote 2.

<sup>2</sup> Waste goals exclude waste from the following categories: non-routine construction and demolition debris (e.g., building construction or demolition); uncontaminated soil, rock, concrete, bricks, etc., used for clean fill; waste generated as a result of remediation of surface

or underground areas (e.g., soil, rock, water and personal protective equipment); vegetation (e.g., landscaping debris), wastewater that is conveyed offsite through piping (i.e., not shipped offsite in container or tanker) for treatment or discharge; and biosolids or other residue from wastewater or stormwater collection and treatment.

<sup>3</sup> For the purpose of our landfill goal, "zero landfill" is defined as elimination, reuse, incineration, reclamation or recycling to the point that routine waste as generated will no longer be placed in a landfill. A site may achieve "zero landfill" status if less than 0.5% of its generated routine waste is sent directly to landfill. Lilly will meet "zero landfill" status if less than 0.5% of Lilly's routine waste as generated is sent directly to landfill.

# Water Management Approach

Water is essential to our operations and the facilities where we discover and manufacture our medicines, and we're committed to using this critical resource efficiently. We aim to manage water more sustainably by minimizing our water footprint and avoiding potential risks related to pharmaceuticals in the environment (PiE).

We continuously assess our water risks, and while we generally operate in locations where the risk of water scarcity and poor quality are low, we continue to focus on conserving and reducing water use and improving the quality of the water we discharge from our facilities. We work with our sites around the world to identify water-saving opportunities and wastewater treatment technologies to support our environmental goals. In 2022, our efforts received an A-minus rating from CDP's water program, which is above average for the biotech and pharmaceutical industry sector. View our [2022 CDP Water Security response](#).

## IN THIS SECTION

- › [2030 Water Goals and Our Progress to Date](#)
- › [Recent Achievements](#)
- › [Water Use](#)
- › [Pharmaceuticals in the Environment \(PiE\)](#)
- › [Water Performance Data](#)



## 2030 Water Goals and Our Progress to Date

In 2021, we set new water-related goals for 2030 that include establishing and implementing water management plans for all Lilly sites in water-stressed areas, as well as ensuring our internal and external manufacturing operations do not adversely impact our waterways as a result of discharges of pharmaceuticals.

### **Establishing and implementing water management plans for Lilly sites in water-stressed areas**

- In 2021, each of our manufacturing sites that operate in water-stressed geographies started collecting information to perform water stress assessments. In 2022, sites are working to develop and document water stress management plans. These water stress plans are intended to identify "context-based" targets with specific delivery dates related to reducing water stress where these sites operate.

### **Ensuring 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for Pharmaceuticals in the Environment**

- In 2021, 100% of Lilly manufacturing sites met Lilly's established aquatic exposure program limits. Furthermore, all our sites achieved wastewater discharges less than 10% of PNEC-based limits established for pharmaceutical active ingredients.

### **Ensuring appropriate controls are in place with Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater above applicable PNEC-based limits for pharmaceuticals in the environment**

- At the end of 2021, Lilly had completed assessments of 48% of our contract manufacturers and assessments for another 24% of our contract manufacturers were in progress. All of our contract manufacturers assessed through the end of 2021 were found to have appropriate controls to meet established PNEC-based limits. The remaining contract manufacturer assessments are anticipated to be complete by the end of 2022.

## Recent Achievements



Recycled or reused 284 billion liters of water in 2021, representing 98% of our total water demand



Achieved an A-minus rating from CDP's water program in 2021, which is above average for the biotech and pharmaceutical industry sector

## Water Use

Manufacturing operations account for the majority of our water use. The production of injectable medicines requires exceptionally high-quality water, and our sites rely on utility operations to make purified water as well as water for cooling systems and steam boilers. To reduce our water consumption, we use reclaimed water when possible, and we have optimized our cooling systems to reduce water usage. In 2021, our facilities recycled or reused 284 billion liters of water, representing 98% of our total water demand.

In 2021, 8.9% of our total water intake occurred at sites in geographies that are defined as "water stressed," a slight increase from 2020 primarily due to increases in production rates at some of our manufacturing sites. Potential future regional water risk, unpredictable costs and climate change concerns have further strengthened our commitment to using water more efficiently or improving water quality based on local needs. These factors led us to establish a 2030 goal that requires water management plans for Lilly sites in water-stressed areas.

## Managing Water-Stressed Geographies

Each of our manufacturing sites that operate in water-stressed areas started conducting water stress assessments in 2021. In 2022, they are developing and documenting water stress management plans. Each water stress plan is expected to have "context-based" targets with specific delivery dates related to reducing water stress where these sites operate. These plans are being developed based on guidance in the Alliance for Water Stewardship International Water Stewardship Standard V2.0 (AWS Standard). The AWS Standard has five



outcomes that represent fundamental aspects of water. The intent of these outcomes is to act as fundamental “pillars” of water stewardship – or themes that are reflected in all water stewardship efforts.

1. How humans are responsible and accountable for water (governance)
2. Quantities and timing of water (water balance)
3. Properties of the water (water quality)
4. Spatial aspects of areas that may or may not contain water at a given time, but that are critical to maintaining the human-derived benefits of water including the ecosystem services from Important Water-Related Areas (IWRAs)
5. Provision of safe water, sanitation and hygiene for all.

## Pharmaceuticals in the Environment (PiE)

Pharmaceuticals, the active ingredients of medicines, have been found in surface waters, groundwater, sediment and soil. Pharmaceuticals may enter the environment as effluents from pharmaceutical manufacturing or through excretion by patients after therapeutic use of a medicine. They may also enter the environment through improper disposal of unused medicines. Reported concentrations of pharmaceuticals detected in the environment are usually extremely low.

There are various public and stakeholder concerns regarding pharmaceuticals in the environment (PiE). The detection and biological potency of pharmaceuticals raise questions about potential risks to the environment. Additionally, there are concerns about the impact of the pharmaceutical supply chain on human health, especially in countries that may lack rigorous environmental protection standards. The World Health Organization, the U.S. Environmental Protection Agency and the U.S. Geological Survey have all concluded that the presence of pharmaceuticals in [drinking water is unlikely to have a direct impact on human health](#). Recent publications by Gunnarsson et al. (2019) and Wilkinson et al. (2022) conclude that for most pharmaceuticals, presence in surface water presents a low risk to environmental species, whether based on predicted or measured environmental concentrations.

We believe the discharge of pharmaceuticals in the environment should be minimized. We are committed to ensuring our internal and external manufacturing operations do not adversely impact waterways as a result of discharges of pharmaceuticals.

## PiE Governance

Due to the importance of the topic of pharmaceuticals in the environment (PiE) to Lilly and our stakeholders, we have established a PiE Governance Committee that sets strategic direction related to PiE and provides long-term oversight of Lilly's Aquatic Exposure Guideline (LAEG) program that controls pharmaceutical discharges from manufacturing sites. The PiE Governance Committee reports directly to our Global HSE Committee. Read more about our [HSE governance](#).

## PiE Risk Assessment

We assess the active pharmaceutical ingredients in our medicines for potential environmental impacts, ensuring that they meet regulatory requirements and internal standards before introducing a medicine to market. We use procedures recommended by U.S., Canadian and European regulatory agencies to assess risks from residues of our pharmaceuticals in the environment. We assess the environmental risk posed by patient use of our medicines – based on a Predicted No Environmental Concentration estimate – as part of the approval process for new medicines in the U.S. and Europe.

We also assess the potential for environmental risk posed by manufacture of our medicines as part of our internal Lilly Aquatic Exposure Guideline (LAEG) program. The results drive appropriate treatment and containment strategies at our manufacturing sites to protect aquatic species in downstream surface waters, and the communities and wildlife using these waters. In place for more than three decades at Lilly facilities, we are now fully implementing LAEG assessments at contract manufacturers across our supply chain. Lilly has committed to 100% compliance with LAEG requirements at our manufacturing facilities and to ensure controls are in place at our contract manufacturers to prevent the harmful discharge of our pharmaceuticals.

## Collaborations and Partnerships for Understanding and Mitigating PiE

We continue to partner with industry, academia and governments to improve both our understanding of and response to pharmaceuticals in the environment (PiE). Lilly scientists and technical experts have been engaged in the following efforts:

- **Improving PiE Risk Assessments** – We participated in the [Intelligence Assessment of Pharmaceuticals in the Environment \(iPIE\)](#) project, part of the Innovative Medicines Initiative (IMI). This assessment included a

consortium of universities, pharmaceutical companies and other research institutions. The five-year iPjE project developed frameworks, methods and database tools to support environmental testing for new pharmaceuticals and prioritized the testing of legacy pharmaceuticals with incomplete environmental data sets.

- **Collaborating on Novel PiE Assessment** – We are currently engaged in a second IMI project, the [Prioritization and Risk Evaluation of Medicines in the EnviRonment \(PREMIER\)](#). This six-year PREMIER aims to deliver a novel assessment system for characterizing the environmental risks of pharmaceuticals while addressing several of the actions stated in the EU's published Strategic Approach to PiE.
- **Advancing the Science of PiE** – We continue to support efforts to advance PiE-related research by authoring papers, serving as reviewers for journals, presenting at conferences and workshops, and participating in meetings concerning the safety of pharmaceutical residues in water.

- **Partnering on Take-Back Programs** – In collaboration with regulators and other pharmaceutical companies, we are key partners in take-back programs for unused medicines such as [MedsDisposal](#) in Europe and [Med-Project](#) in the U.S.
- **Engaging in Industry Initiatives** – We participate in several industry PiE initiatives, such as Eco-Pharmaco-Stewardship, a multi-faceted program developed with several pharmaceutical trade organizations (EFPIA, AEGSP, MFE).
- **Developing PiE Tools and Resources** – We are also actively engaged in creating tools and resources to share with industry peers including in-person and online training on risk-based approaches to managing effluents, a user-friendly tool to calculate discharge limits for pharmaceuticals, an industry guidance document on controlling pharmaceutical discharge and audit protocols to evaluate PiE supply chain risks.

## Water Performance Data

Water Use	2018	2019	2020	2021
Water Intake (billion liters) <sup>1</sup>	6.78	6.27	6.10	5.92
Water Recycle Rate (%) <sup>2</sup>	97.7%	97.8%	98.4%	98.0%
Percent of Water use in Water-Stressed Areas	6.7%	8.0%	8.1%	8.9%

## Water Performance Data (cont'd)

Water Goals	Target	2021 Performance
Establish and implement water management plans for sites in water-stress geographies	Develop and implement water management plans for sites in water-stressed geographies	On track
Ensure 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for pharmaceuticals in the environment	100%	100%
Ensure appropriate controls are in place with Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater above applicable predicted no-effect concentrations (PNEC)	100%	48% complete; 24% assessments in progress; remaining assessments planned in 2022
Percent of assessed external partners meeting PNEC limits	100%	100%

View Lilly's [environmental data from 2020](#), including our previous goals and progress through 2020. Additional historical data are available in our [reporting archives](#).

### Footnotes

Note: Bureau Veritas was engaged by Eli Lilly and Company to provide [limited assurance](#) in relation to specified 2021 environmental performance data presented.

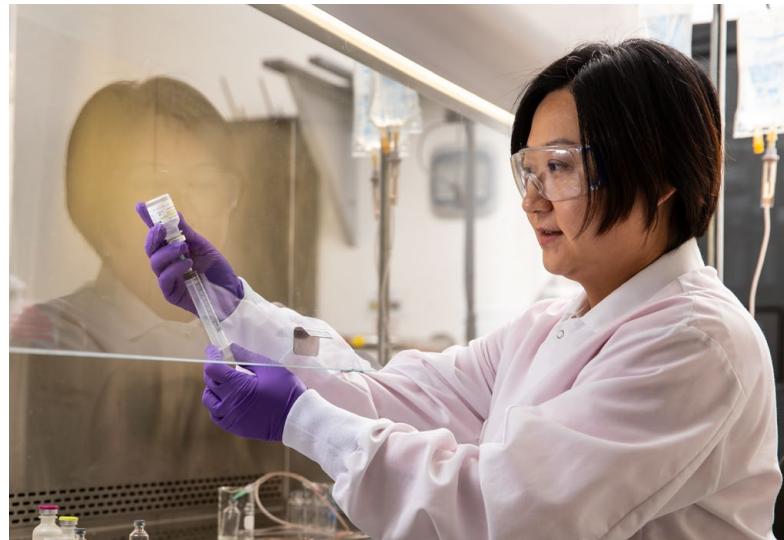
<sup>1</sup> Water intake<sup>1</sup> is the total amount of water coming into a site, including water pumped from bodies of surface water and groundwater, as well as water provided by a utility. It includes water used in processes, utilities and other ancillary operations, such as irrigation. The term does not include groundwater pumped solely for treatment to satisfy regulatory actions or requirements (e.g., remediation activities where the water is not used for another purpose).

Values do not include the water extracted from wells solely for the purpose of lowering the groundwater table(s) to maintain the physical and structural integrity of building foundations. Totals include a small amount of rainwater intake not included in other water intake subcategories. Lilly does not generally collect water data from small locations that house primarily administrative activities such as sales and marketing offices unless they are co-located at a Lilly manufacturing or research facility.

<sup>2</sup> "Water recycle rate" is calculated as the total annual volume of water recycled/reused divided by the sum of total annual water intake plus the total annual volume of water recycled/reused.

# Product Stewardship Management Approach

Each stage of the pharmaceutical product life cycle includes distinct environmental impacts and opportunities for improvement. We therefore take a broad approach to understanding and managing potential environmental issues across our value chain, from development of new medicines to product end-of-life and disposal considerations. As the phase of research and development significantly influences the environmental footprint of pharmaceutical manufacturing, we integrate sustainability-focused design principles – such as green chemistry and end-product engineering – early in product development. These design principles help identify and reduce health, safety and environmental impacts from new production processes when possible. As our product portfolio evolves and grows, we continue to search for new and better ways to minimize our environmental footprint across the life cycle of our products.



## Managing Environmental Performance Across the Product Life Cycle

Our circularity-based strategy includes integrating sustainability across the value-chain toward the ultimate goal of fostering a positive impact on patients and the planet.

## Pharmaceutical Product Life Cycle



**Patient Use**

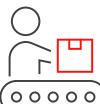
The work we do starts with the patient in mind. We are committed to making a positive impact on people, society and the planet. We aspire to develop products that are inclusive, trustworthy and sustainable to achieve the highest level of safety, user experience and patient outcomes with all of our products.

**Research and Development**

We consider environmental factors beginning with the earliest stages of design and development. We use the [12 principles of green chemistry](#), environmental risk assessments, packaging manufacturing reviews and an environmental development review process to evaluate potential environmental impacts during the scale-up of production to manufacturing levels.

**Materials and Natural Resources**

Our stakeholders, including customers, governments and suppliers worldwide, are increasingly focused on the materials and chemicals used to make pharmaceutical products. A key component of our sustainability strategy is to reduce our carbon footprint by continuing to increase the use of environmentally friendly materials and processes. Additionally, through our chemical management program, we work to reduce our use of materials, water and other natural resources when possible.

**Manufacturing**

We recognize that our manufacturing processes require the use of valuable natural resources. Our priorities include compliance with applicable HSE regulations, policies, procedures and standards as we work to continually improve our environmental performance related to energy efficiency, waste minimization and water management. We strive to reduce Lilly's environmental impacts associated with our own manufacturing processes as well as our contract manufacturing organizations.

**Product Transportation and Logistics**

We consider many factors when selecting product packaging, including sustainability aspects such as materials reuse and recyclability. We have formed a green logistics team that seeks to optimize both shipment volumes and transportation methods to reduce packaging materials and greenhouse gas (GHG) emissions.

**Product End-of-Life**

Our product journey is circular and always comes back to where it started – the patient.

We work with stakeholders to ensure cost-effective approaches are available for product end-of-life disposal that balance environmental protection, patient safety and privacy, legal compliance and security.

We commit to understanding the potential effects of pharmaceuticals in the environment (PiE). We support using science-based evaluations to assess and reduce the environmental risks of our pharmaceutical products. Through collaborations with industry partners, academic researchers and regulatory agencies, we continually work to further understand and proactively address any potential impacts from our products.

## Green Chemistry

Green chemistry has been a focus at Lilly for many years. From the selection of candidate molecules through the identification of manufacturing processes, our development teams engage in a variety of activities during research and development to design sustainably, including:

- Eliminating or reducing the hazardous materials used to make a product
- Focusing on removal of substances of very high concern (SVHC) as classified by the European Chemicals Agency
- Shrinking the waste profiles of certain molecules through reduced solvent and water use
- Increasing the overall efficiency of material use
- Advancing the underlying green chemistry of medicine development and making production both safer and more environmentally friendly through a commitment to continuous process improvement
- Implementing new manufacturing technologies that minimize environmental impact, including continuous flow processes, which Lilly has worked to advance in the pharmaceutical industry.

By employing green chemistry, we have also been able to enhance the safety profile of manufacturing processes by reducing the risk of the most hazardous manufacturing steps. We are also focused on the adoption of greener and safer solvents where possible. For example, we have replaced several hazardous solvents and hazardous air pollutants with safer alternatives in our chemical synthesis operations.



## Lilly Research

We continue to advance green chemistry through our own research, and several of our findings were published in scientific journals. Highlights include:

- **Sustainable Oligonucleotide Manufacturing –** [Co-authored a paper](#) examining the sustainability challenges and opportunities in Oligonucleotide manufacturing, including minimizing waste and production costs.
- **Patent for Greener Medicine –** Developed improvements in solvent efficiency and published a [process patent](#) and [manuscript](#) describing continuous chemistry for tirzepatide, a once-weekly dual glucose-dependent insulinotropic polypeptide (GIP) and glucagon-like peptide-1 (GLP-1) receptor.

## External Collaborations

Lilly actively pursues wider industry collaborations to help advance green chemistry through a combination of dialogue and leadership with peer companies, scientific partnerships and research sponsorship. We are actively engaged in collaborations with the American Chemical Society (ACS) Pharmaceutical Roundtable and the IQ Consortium's Green Chemistry Working Group to promote the Green Aspiration Level (GAL) tool and support ongoing development of industry standards. In 2021, we worked within industry peers to [co-develop a new metric](#) that may be used to measure the relative process greenness (RPG) to identify potentially underperforming and environmentally concerning processes early in development.

## Global Chemical Management

Governments around the world and across many of the regions where we operate have developed chemical management legislation, such as the REACH regulation in the EU that requires companies to collect and register information about certain chemicals they manufacture or use, unless those chemicals are exempt.

These regulations may require replacing chemicals identified as hazardous with safer alternatives, when available. To address these concerns, we have implemented a formal program and screening process to evaluate designated "chemicals of concern" throughout the pharmaceutical research and development process. Our process also addresses mitigation steps where new restrictions may impact our existing operations.

This assists us with ensuring that our facilities and supply chain remain in compliance with chemical management laws.

During the scale-up of medicine production to manufacturing levels in our pharmaceutical business, we use an Environmental Development Review process to evaluate other potential environmental issues and opportunities. This process identifies and addresses potential impacts arising from manufacturing, suggests process improvements and facilitates learning as new medicines transition from the laboratory to the manufacturing facility.

Ensuring that our medicines have a smaller impact on the environment does not stop with green chemistry. We also focus extensively on water use, waste and pharmaceuticals in the environment (PiE). Learn more about our [waste](#) and [water](#) efforts.



## Ecologically Sound Endotoxin Testing

In 2018, Lilly worked to validate an alternative method of endotoxin testing – a necessary step for our medicines – that does not require sourcing horseshoe crabs. Several species of crabs are under threat or endangered from habitat loss and overharvesting, which negatively affects the ecosystems inhabited by horseshoe crabs and other species. This new form of endotoxin testing is especially important during times of immense vaccine production triggered by pandemics such as COVID-19.

All eight of Lilly's manufacturing labs now have the capability to use the non-crab-sourced alternative rFC test reagent – and about 80% of our endotoxin tests use the recombinant version. Using the rFC process, Lilly has developed five medicines, including three COVID-19 antibodies, that have recently been authorized for use by dozens of global health authorities.

Lilly's industry-leading effort helped influence changes in the European pharmacopoeia in 2020 and Lilly continues to facilitate broader industry adoption and conversion to endotoxin testing alternatives that do not require the use of horseshoe crabs or other live animals.

## Green Logistics

We consider many sustainability factors in selecting product packaging, including material use and recyclability. Pharmaceutical packaging must meet stringent regulatory and internal standards. In some cases, this prevents us from using recycled content, as is the case with container closure systems that come into direct contact with our products. We continually seek to improve packaging design to reduce the amount of packaging used, use lower impact materials and ensure recyclability. Examples of some of our packaging initiatives include:

- **EndeavAir Project** – We have begun investigating how we can improve the sustainability of packaging used for transporting medicines by air and sea freight. Historically, we used a single-use insulated package. After researching and testing alternatives, we arrived at a reusable shipping container that improves performance and increases capacity, thereby reducing the number of shipments overall. We have implemented this new packaging solution at our sites in Japan and Spain, and aim to expand use to other geographies in the coming years.

- **Recycling of Data Loggers** – Every year, thousands of data loggers – small temperature measuring devices that ensure the quality of our pharmaceutical products – are used in logistics and then simply thrown away. We were able to develop a recycling program for these devices in cooperation with our manufacturer. In 2021 we were able to recycle nearly 200,000 data loggers, weighing approximately 26,000 pounds.

## Product End-of-Life

Unlike many consumer products that can be recycled or are composed of materials that can be reclaimed at the end of their usefulness, many of our medicines are, by nature, different. Public health regulations often prohibit the use of recovered materials from pharmaceutical products like those produced by Lilly. We continue to work with customers, industry partners and public health officials to address these product end-of-life issues.

We promote policy decisions that are efficient, effective and protect both human health and the environment. We also support educating patients and caregivers on proper disposal of medicines, as well as disposal of syringes, needles and other sharps used in home settings. We communicate this information to patients through product user manuals and The Lilly Answers Center, a hotline that answers frequently asked questions about our products.

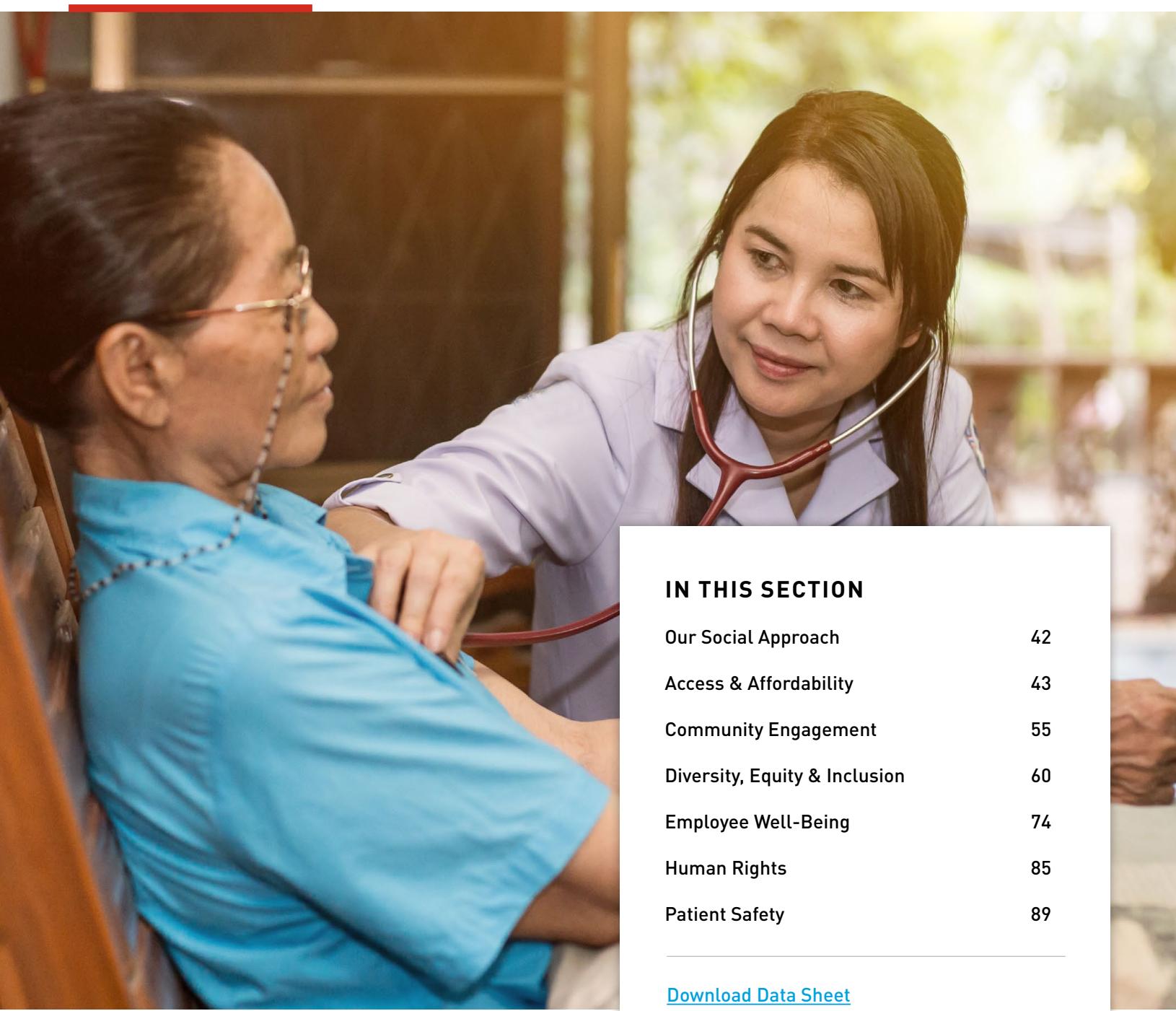
We are actively involved in the [Pharmaceutical Product Stewardship Work Group](#), a U.S.-based membership association of manufacturers of prescription and over-the-counter medicines that supports compliance with U.S. household disposal regulations for unused medicines and sharps. We also engage with other industry stakeholders on these matters in the EU, such as [\(European Federation of Pharmaceutical Industries and Associations \(EFPIA\)\)](#), as well as in Canada [\(Health Products Stewardship Association\)](#).

## Device Take-Back and Recycling Pilot

We are also committed to investigating ways to mitigate plastic waste by exploring potential new options to reduce end-product waste. In 2020, we initiated a device take-back pilot program in Germany. By partnering with several hospitals and physician offices in the Berlin area, we are able to collect injection devices from some of our diabetes products after they have been used by patients. These devices can then be transported to a local company that converts plastic waste to chemical feedstock for making new plastic. While still in its infancy, the pilot program is a first step in our efforts to increase the circularity of our devices and minimize their environmental impact. Although progress was slowed due to the COVID-19 pandemic's impact on hospitals, pharmacies and physician offices, we continued to advance our German take-back pilot in 2021 by partnering with physician offices to collect Trulicity devices after they were used by patients. We are also exploring opportunities for broader industry collaborations to identify and implement new processes and technologies for recycling of devices after patient use.

View Lilly's [environmental data from 2020](#), including our previous goals and progress through 2020. Additional historical data are available in our [reporting archives](#).

# Social



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[Download Data Sheet](#)

# Our Social Approach

Our approach to social impact starts with our medicines and our goal to expand access to quality health care. We work across global health systems to extend our reach by being part of the solution for complex challenges that disproportionately affect people living in settings with limited resources. We strive to provide an inclusive, high-performance workplace where our team members can bring their authentic selves to work every day, and grow and thrive. And in our communities, we invest our time, expertise and resources to drive social impact, with a focus on health. We also engage in targeted social issues that affect our business, our communities and employees, with an emphasis on racial justice and education.

## Goals and Highlights



### Access and Affordability

Reach 30 million people in resource-limited settings annually by 2030, through investments in people, medicines and health systems.



### Community Engagement

Lilly employees and retirees, along with match from the Lilly Foundation, contributed \$12.6 million to United Way in 2021.



### Diversity and Inclusion

Increase the number of women and minority group members in leadership; increase the current representation of Black/African Americans in our U.S. workforce from approximately 10% to 13%.



### Employee Safety

Achieve zero severe injuries; develop safety leadership capabilities, reduce our most significant risks that could have life-altering or fatal consequences and manage business continuity risk.



# Access & Affordability

## SASB Disclosures Covered:

[Access to Medicines \(HC-BP-240a.1, HC-BP-240a.2\)](#)

[Affordability & Pricing \(HC-BP-240b.2\)](#)

## Management Approach

Throughout our nearly 150-year history, Lilly has pioneered many life-changing medicines – including insulin, which has helped make diabetes a manageable disease; penicillin, which greatly reduced deaths from infection; fluoxetine, which revolutionized depression care; and COVID-19 treatments, which have provided additional tools in the fight against the global pandemic. Today, over 47 million people use Lilly's medicines.

Lilly employees from across the globe come together from diverse backgrounds to harness the power of biotechnology and aim to bring relief to millions of people with serious illnesses. We invest in innovation that helps solve some of the world's most significant health challenges.

But we know that our commitment to patients and society goes beyond the medicines we make.

We are deeply committed to equitable and affordable access to our medicines so that our breakthroughs can transform more people's lives. We're also committed to expanding our impact on society by addressing complex global health challenges, with a focus on people living in communities with limited resources.

Reaching across industry boundaries, we collaborate with leading partners to reach more people and help them feel better in their daily lives. Our collective work benefits individual patients and the entire global health system.

## IN THIS SECTION

- › [U.S. Access and Affordability](#)
- › [Improving Global Access and Health](#)

# U.S. Access & Affordability

## Pricing in the U.S.

Pricing medicines to ensure the right balance between patient access and sustained investment in life-changing treatments is complex. At Lilly, we know that pricing our medicines is one of the most important decisions we make as a company. When making pricing considerations, we use a value-based approach, taking into account the following:

- Customer perspective** – The unmet needs that medicines can fulfill for patients and caregivers and how people can affordably access the treatment.
- Company considerations** – The costs of research, development, manufacturing and support services for customers; business trends and other economic factors; as well as the medicine's potential market size, patent life and place within our larger portfolio of medicines.
- Competitive landscape** – The benefits of our medicine compared to alternative medicines, where our medicine fits in treating conditions and existing contracts between payers and our competitors.
- Other external factors** – Such as health system changes and policy guidelines.

Lilly also makes price adjustments (up or down) over a product's lifecycle that are based on the factors above as well as improvements in the clinical data supporting the drug's use.

We are committed to increasing transparency around the price of our medicines. We [publish list prices](#) for our medicines, as well as average out-of-pocket costs and financial assistance information.

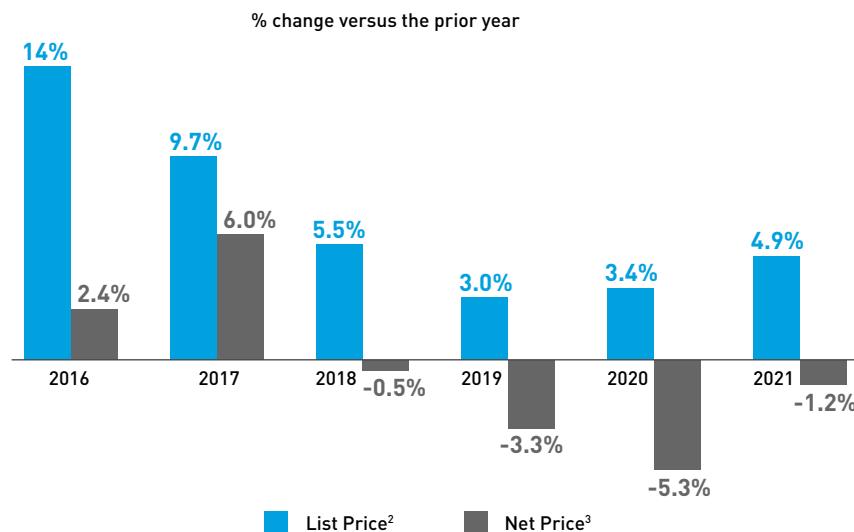
### List Price vs. Net Price

Lilly sets a list price for each of our medicines using the considerations noted above.

To expand patient access, we pay rebates and other discounts to payers, pharmacy benefit managers (PBMs), providers, the U.S. and state governments and other supply chain entities such as wholesalers and distributors. After paying these rebates and discounts, the final dollar amount that Lilly ultimately receives is called the net price.

From 2016 to 2021, these rebates and discounts have continued to increase for Lilly's entire U.S. portfolio while net prices for many of our medicines have continued to decrease.

## Comparison of Lilly List and Net Price Changes For U.S. Product Portfolio<sup>1</sup>: 2016-2021

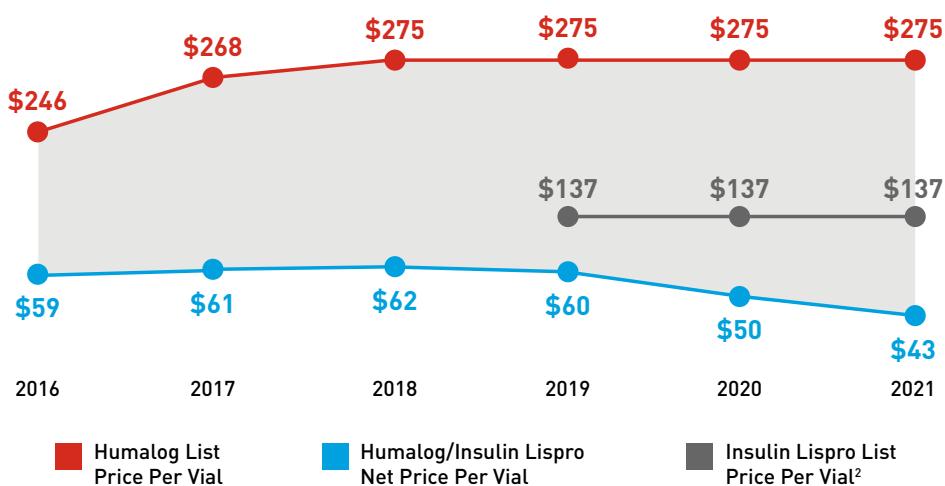


<sup>1</sup> U.S. Product Portfolio includes all human pharmaceutical products marketed in the U.S. for which Lilly is the holder of the new drug application (NDA). Bamlanivimab and etesevimab are not included because they are not currently marketed commercially. The U.S. Product Portfolio represents approximately 87% of our total U.S. human pharmaceutical revenue.

<sup>2</sup> List Price represents the weighted average year-over-year change in the wholesale acquisition cost (WAC).

<sup>3</sup> Net Price represents weighted average year-over-year change in net price, which is WAC minus rebates, discounts and channel costs.

## Humalog® List And Net Price Per Vial<sup>1</sup>



**Anyone is eligible to buy their monthly prescription of Lilly insulin for \$35 or less if they use commercial insurance, Medicare Part D<sup>3</sup>, Medicaid or have no insurance at all.**

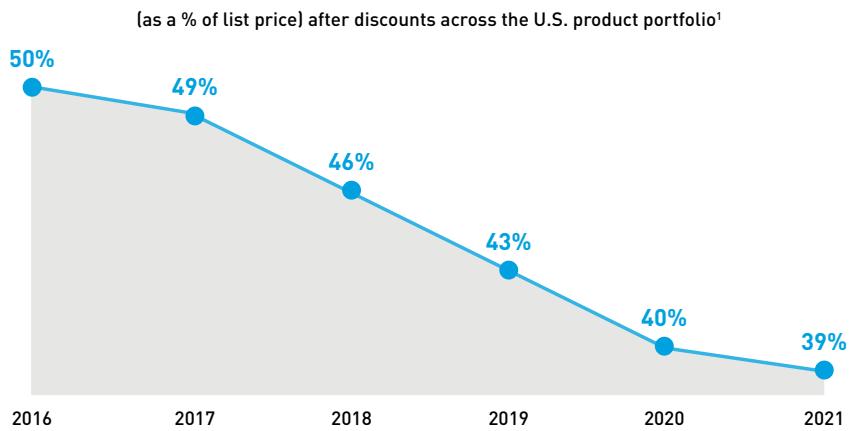
The last list price increase for Humalog vial was May 2017. List Price represents the weighted average wholesale acquisition cost (WAC). Net Price represents the weighted average net price, which is WAC minus rebates, discounts and channel costs.

<sup>1</sup> The average net price per vial, the amount Lilly receives after rebates and discounts, is calculated by dividing the total net vial sales (Humalog and Insulin Lispro vials), by the total vials sold.

<sup>2</sup> The new list price for Insulin Lispro per vial, \$82.41, went into effect in January 2022.

<sup>3</sup> Medicare Part D participants must be enrolled in a plan in the Senior Savings Model.

## Average Lilly Net Price



<sup>1</sup> The average net price percentage is calculated by dividing net sales, the amount Lilly receives after rebates and discounts, by the annual gross sales (total sales at list price, prior to all discounts).

## Lilly Affordability Solutions

Discovering new medicines that make life better for people around the world drives our company and our employees. Innovative medicines play a crucial role in reducing the burden of disease, improving lives and ultimately bringing down health care costs.

Changes in the U.S. health care system have created greater consumer cost-sharing and exposed a growing number of people to a medicine's full list price.

We actively advocate for and participate in the process of driving systematic changes. We support the restructuring of financial incentives for the entire pharmaceutical supply chain to ensure patients directly benefit from rebates and discounts we provide at their point of purchase. We are also taking important steps within our own control to increase access to Lilly medicines today.

Lilly offers a variety of affordability solutions through patient support programs and copay assistance across the major products of our portfolio, including medicines for diabetes, migraine, immunology diseases and cancer. For migraine and immunology, we've designed copay assistance programs to bring eligible patients' monthly out-of-pocket costs to as little as \$25 or lower. For cancer, we have created a Lilly Oncology Support Center that assists eligible patients in identifying affordability options related to their Lilly treatment.

### Insulin Affordability

For millions of people with diabetes, insulin is a life-saving medicine. Over the last century, this medical miracle has improved and extended countless lives around the world. Lilly takes its role as a leading diabetes company seriously – and that includes ensuring people have affordable access to treatments.

While many people in the U.S. have insurance coverage with affordable copays, others struggle to afford their out-of-pocket costs for insulin. Some people have large deductibles they must satisfy before insurance will cover their medicines, while others have no insurance at all. And, for many people, insulin is just one of several interventions used to control diabetes, such as blood glucose monitoring devices and supplies, and other medicines.

In recent years, we've taken numerous steps to help ensure people can afford their insulin at retail pharmacies regardless of their personal circumstances – including establishing automatic discounts at retail pharmacies and launching non-branded insulins with lower list prices.

Today, anyone is eligible to obtain their monthly prescription of Lilly insulin for \$35 or less – regardless of

the number of vials or pens – whether they are uninsured or use commercial insurance, Medicaid or a participating Medicare Part D plan. This follows the introduction of several affordability options including:

- **Lilly Insulin Value Program** – In April 2020, Lilly unveiled the Lilly Insulin Value Program, a new co-pay card that allows anyone with commercial insurance, or no insurance at all, to obtain their monthly prescription of Lilly insulin for \$35 at retail pharmacies. In September 2020, we [announced](#) our long-term commitment to this program.
- **Medicare Part D Senior Savings Model** – We also [participate](#) in the Medicare Part D Senior Savings Model, a federal government program that allows seniors enrolled in participating Medicare Part D plans to purchase their monthly prescription of Lilly insulin for \$35 during all phases of their Part D coverage – including deductibles, the coverage gap and co-pays. Lilly has committed all of our insulins to the Savings Model program, which went into effect in January 2021.
- **Insulin Lispro** – Lilly's non-branded insulin was first introduced in 2019 at half the list price of branded Humalog. On January 1, 2022, we lowered the list price of Insulin Lispro by an additional 40 percent, making its list price 70 percent lower than Humalog. Approximately one in three prescriptions for Lilly's U-100 mealtime insulin – Lilly's most commonly used insulin formulation – is for Insulin Lispro.

All of these programs are making an impact and helping at least 20,000 people each month better afford their insulin. Importantly, despite rising insurance deductibles, the average monthly out-of-pocket cost for Lilly insulin has dropped 44 percent, to \$21.80, over the past five years.

Our suite of affordability programs is available on [insulinaffordability.com](#) and through the Lilly Diabetes Solution Center at (833) 808-1234. The Solution Center is a call center staffed with experts who can help guide individuals to the affordability solution that best matches their needs, including connecting people with diabetes to charitable organizations that provide free Lilly insulin. Additionally, we are a financial supporter of [getinsulin.org](#), a tool launched in 2020 by the patient advocacy group, Beyond Type 1, that helps people easily find the most affordable insulin options in their area – regardless of brand or manufacturer. Both web- and app-based, getinsulin.org is a convenient one-stop shop for people who use insulin and is available in both English and Spanish.

These solutions are only helpful if people know about them, and Lilly has worked diligently to make people aware of their options. We published full-page advertisements printed in dozens of top English and Spanish-language newspapers to inform the public how they can lower their insulin costs. We have also published sponsored content and ads online, and participated in radio station interviews about Lilly's affordability solutions in markets throughout the U.S.

## Lilly Cares Foundation

In addition to the Lilly insulin affordability solutions noted above, Lilly also donates medicines to the [Lilly Cares Foundation](#), a separate nonprofit organization that provides Lilly medications for free to qualifying patients in the United States. [Eligibility](#) is determined by the Lilly Cares Foundation.

## Value vs Volume: Linking Cost to Patient Outcomes

When a patient seeks medical care, the health care system's top goal should be to improve their health. Medical interventions, including medicines, should be evaluated based on how well the patient's health may improve. This seems obvious, but it's not how our current payment system works.

Under the existing fee-for-service model that is common in the U.S., payments are based on the number of treatments or services provided, not whether a patient sees improvements in their health. However, as health care costs and rates of chronic disease continue to rise, there has been increased urgency to deliver care that brings greater value to both the patient and the health care system as a whole.

We believe that innovative value-based arrangements (VBAs) are an important part of the solution. VBAs allow Lilly to stand behind the health outcomes we expect our medicines to deliver when the medicines are used appropriately. Such arrangements are designed to link the cost of our medicine more directly to patient outcomes.

A VBA includes predefined patient health outcomes and/or associated performance metrics based on the observed impact of a particular medicine on the person taking it. Such metrics can include favorable test results, improved medication adherence, reduced re-hospitalization rates or reduction in overall disease management costs. This approach can transform the health care system to one that is about delivering value versus one about the volume of medicines purchased.

Lilly has been committed to driving VBAs since 2014 and in the U.S., more than 50% of revenue flowing through our access-based contracts has a value-based component – a goal we met in 2021, two years ahead of schedule. In addition, we have alternative access contracts in other global markets, many of which are value-based. We use each VBA as an opportunity to learn more about the real-world data we need to gather to make these arrangements more effective.

In many cases, VBAs improve access to a medicine for eligible patients and many patients may also get more personalized care, given medicines in these arrangements are generally made available based on how well they work in specific subpopulations. For payers, VBAs can help them better maintain affordability in novel ways and pay for medicines that deliver outcomes. For companies like Lilly, these arrangements can increase access to their medicines and reinforce data from clinical studies with real-world evidence. And over the long term, the results from these arrangements may help inform and improve future research and development efforts.

We believe VBAs have the potential to improve patient outcomes while lowering costs for the entire health care system, but they require increased collaboration between payers, health systems, employers, patients and industry to be successful. At Lilly, we continue to advocate for legislative and regulatory changes that support this transition. We believe this is one of the most important long-term changes we can make as an industry.

## Long Term Policy Solutions

Lilly is actively working with other stakeholders throughout the health care system, including Congress, to seek common-sense policy solutions to address gaps. Some of these include:

- **Rebate Pass-Through** – We continue to advocate for insurers to pass through our negotiated rebates directly to consumers at the point of purchase.
- **First Dollar Coverage** – We support efforts to exempt certain health care services for chronic conditions, including medicines such as insulin, from insurance plan deductibles.
- **Insulin Out-of-Pocket Caps** – We support legislation to cap out-of-pocket costs for Medicare Part D and privately insured patients. We believe a cap could provide a critical financial safeguard for patients and support the \$35 copay cap for insulin.

We believe these long-term, much-needed reforms could provide lasting relief to those who struggle to afford their medicines. In the meantime, Lilly intends to continue providing affordability solutions to people who need them.

## Large Employers Doing Their Part: Making Health Care More Affordable for Employees

Employers are spending more than ever to provide health benefits to their workers in the U.S. Yet many, especially those with chronic illnesses, struggle with affordability and access to the care they need.

If more employers – especially large employers – reduce cost-sharing for high-value therapies, they could change the insurance market in ways that could improve health and productivity while constraining costs.

Like all employers, Lilly works every year to minimize the rising costs of health care for our organization. For more than a decade, we've offered exclusively high-deductible plans to our employees. But we take certain steps to make sure our high deductibles don't lead our people to skip or ration the care they need.

We fund our employees' health savings accounts all at once at the beginning of the year. It shouldn't matter if someone gets sick around New Year's Day or Thanksgiving Day – we believe they should have money to help cover their health care costs.

- We exempt preventive and chronic disease medications from our health plan deductibles. This means Lilly employees, retirees and their families pay only 10% to 20% of these medicines' prices instead of the full retail price.
- For all medicines, Lilly's health plan has lowered costs by passing through rebates to patients at the point of sale. Sharing these rebates helped over 9,000 of our health plan members save \$260 on average in 2021 – or about \$2.4 million collectively.
- We provide all insulins to our eligible employees, retirees and family members at zero cost. This helps ensure our health plan members can stay fully adherent to their therapy.
- Employees and their eligible family members with diabetes can receive a free connected glucose meter and related supplies, along with real-time support from trained diabetes educators.

As we've expanded these cost-saving policies, both company-paid and employee-paid premiums for our plans have grown an average of just 3% annually – half as fast as the [trend among all U.S. employers](#).

We believe corporate leaders across the U.S. can make longer-term decisions and trade-offs to more effectively manage health benefits. Working together, employers can advance good ideas and help provide a better way to make U.S. health care and health insurance work for all Americans.

## Improving Global Access and Health

Medicines play an important role in making life better for people. When used appropriately, medications can help us live longer and healthier, slow the progression of disease, improve management of chronic conditions, enhance our quality of life and prevent or minimize complications – or even potentially eliminate the need for costly hospitalizations and surgeries. But medicines can often be out of reach for those who need them the most. Ensuring access to medicines is an important component of investing in health and well-being.

Our commitment to tackle complex global health challenges takes many forms. We work to develop and scale sustainable solutions while focusing on diseases where we have deep technical expertise.

### Pricing Around the World

We sell medicines in about 120 countries around the world. Each country values medications and innovation differently, and each must balance competing demands for finite resources, including other health care products and services, as well as meeting other social needs, such as education or infrastructure. At Lilly, we consider country-specific conditions when pricing medicines on a market-by-market basis to help ensure patients have affordable access to the innovative medications we develop. We support public policies to meet this same end. We strive to price our medicines to enable affordable access for appropriate patients, reflecting the value provided to patients, providers, payers, caregivers, the health system and society as a whole.

We explore new pricing and reimbursement models in different markets, and we advocate for policy changes that help increase access to medicines while protecting innovation and enabling development of new medicines. Value-based and outcomes-based reimbursement models are examples of approaches that can deliver greater health and economic value to health systems.

As a global company, we are particularly aware of the social and economic circumstances in many developing countries that may make access to medicines difficult. In response, Lilly is researching alternative business models, recognizing lower ability to pay in lower-income countries. We also support efforts to decrease the final price of medicines to patients, such as minimizing taxes and limiting markups applied in the supply chain.

## COVID-19 Antibody Pricing and Allocation

We believe cost should not be a barrier to access – including for patients who need Lilly's COVID-19 antibody therapies. Wherever possible, we negotiated contracts with governments to set patient out-of-pocket costs for our COVID-19 therapies at \$0. For instance, the U.S. government has committed that patients will have no out of-pocket costs for Lilly's antibody therapies, although health care facilities may charge a fee for the product's administration. We pursued tiered pricing arrangements for government purchases of our antibody therapies, based on the World Bank's gross national income (GNI) per capita data. The price we charge governments for bamlanivimab and etesevimab is \$2,100 per dose for wealthy countries, with lower prices for countries with less ability to pay. Furthermore, we provided more than 100,000 doses of our bamlanivimab and etesevimab COVID-19 therapies at no cost to Direct Relief for use in eight low-income to lower-middle-income countries.

## Lilly's Support of Universal Health Care Principles

In 2019, Lilly participated in the first-ever high-level meeting of the United Nations (UN) General Assembly focused exclusively on universal health coverage (UHC). The meeting featured heads of state, global health leaders and policymakers, who issued a collective call to elevate discussions of access to health care beyond ministries of health and to address the issue in a holistic way.

We support the principles of UHC and its importance in fulfilling the 2030 Agenda for Sustainable Development, which provides a framework for member countries, the private sector and non-governmental organizations to work together toward achieving peace and prosperity for people and our planet by realizing the UN's Sustainable Development Goals. UHC means that all individuals and communities have access to quality health care services, where and when they need them, without risk of financial hardship. Pharmaceutical companies are part of a much

larger health ecosystem composed of public and private providers, health care professionals, hospitals and clinics, laboratories, supply chain operators and health insurers, and we recognize that no single organization or sector can achieve UHC on its own. We believe the private sector is well-positioned to contribute to UHC goals as we provide products and services to improve lives for many millions of people across the globe.

## Intellectual Property

Intellectual property protections play a central role in driving innovations that result in better patient outcomes. For example, decades-long investments made by biopharmaceutical companies in new technologies, research and treatments helped prepare the industry to pivot quickly and develop therapies and vaccines in response to the COVID-19 pandemic. Sustaining a dependable intellectual property environment enhances the industry's ability to respond quickly to future public health challenges, promotes the pursuit of breakthroughs in areas of unmet need, like Alzheimer's disease and antimicrobial resistance, and emboldens investor confidence in keeping the engines of innovation operating at full speed.

Intellectual property improves patient access by expanding the innovation base. Lilly supports the removal of regulatory or pricing, reimbursement and access restrictions for generics and biosimilars when intellectual property protections expire. In addition, Lilly has a long-standing practice of not seeking or enforcing patents for medicines in least developed countries, as defined by the United Nations.

### Lilly 30x30

Through investments in people, medicines and health systems, we aim to improve access to quality health care for 30 million people living in settings with limited resources annually by 2030. We call this global effort Lilly 30x30. To achieve our goal, we are leveraging the company's resources and working with leading health organizations to increase access to Lilly medicines and address complex global health challenges. Our bold Lilly 30x30 goal will advance health equity across three areas of impact: our pipeline and external pipelines we help support, programs to increase access to Lilly medicines, and partnerships. In each of these areas, we are working to develop high-impact, scalable solutions.

### Governance of 30x30

To embed accountability throughout the company, Lilly 30x30 is governed by a steering committee of six Executive Committee members and the head of Social

Impact. Reporting to the CEO, this committee oversees management of key priorities and operational milestones to measure our progress and ensures the Lilly 30x30 program is strategically aligned with our business.

In 2021, Lilly created a new senior role within our Lilly International business unit to accelerate Lilly 30x30 activities. This role will help identify and implement new opportunities, including solutions to improve access to insulins in low- and middle-income countries.

### Measuring Patient Reach

To track our progress, we developed a measurement framework that allows us to estimate the number of people we reach through the full Lilly 30x30 portfolio. This includes a proportion of people we reach with our marketed products, people we reach via product donations, and the estimated number of people reached by the implementing organizations of our global health partnerships. We continue to develop new initiatives with broad reach to achieve our 2030 goal. In 2021, our estimated Lilly 30x30 reach was approximately 11.6 million people, an increase of about 6.6 million since 2015.

### Growing Numbers Reached through Lilly 30x30

#### 2030 Goal

# 30×30

Reach 30 million people in resource-limited settings annually by 2030

#### Progress

2015  5 Million

2020  7.3 Million

2021  11.6 Million

### Pipeline

In 2021, we continued to explore the repositioning and repurposing of internal assets and engaging with external organizations that develop innovation for diseases disproportionately affecting people living in settings with limited resources. Our research efforts remained focused on our current and legacy products, and mid- to late-phase assets. We also engaged external groups to explore potential opportunities and business development models that further support the development of our Lilly 30x30 pipeline.

#### Drug Development and Repurposing

Not every Lilly scientific discovery will go on to become a marketed medicine, but some could still yield value in other ways. For example, in response to the coronavirus pandemic, our Lilly 30x30 drug repurposing efforts uncovered an antibody previously studied in cancer that could be evaluated against new disease targets. Other examples include:

- **Lilly Collaboration with NIDA** - Lilly has entered into a [collaboration with NIDA](#) to explore the potential of some early-phase therapies that might be repurposed for the treatment of opioid use disorder (OUD). Although there are three drugs approved by the U.S. Food and Drug Administration for the treatment of opioid dependence, misuse of opioids remains a significant public health concern, and there is a high unmet need to develop new and effective treatments for opioid and other addictive disorders. Opioid and other addictive disorders disproportionately affect people with limited resources.

Lilly has provided NIDA with samples of four specific molecules that we initially studied for psychiatric disorders and diabetes. There is evidence to suggest these investigational therapies may hold the potential for other indications.

Lilly's own initial data, along with scientific review literature, show that these molecules may have effects on the brain-reward pathway by decreasing anxiety, improving mood, increasing satiation or dampening the rewarding effects of drugs of abuse.

- **Antimicrobial Resistance (AMR) Action Fund** - In 2020, [the Antimicrobial Resistance \(AMR\) Action Fund](#) was launched by over 20 leading biopharmaceutical companies, including Lilly. Joining forces with global charitable organizations and development banks, the AMR Action Fund aims to accelerate antibiotic development with the goal to deliver 2-4 new antibiotics by 2030. To launch the AMR Action Fund, Lilly loaned one of our finance executives to

serve as interim CEO, underscoring our commitment to strengthening and accelerating antibiotic development. Lilly continues to be a top-tier investor, with \$100 million commitment over the life of the Fund.

- **PASTEUR Act** - To further support AMR efforts, Lilly extended our support in 2021 to the bipartisan Pioneering Antimicrobial Subscriptions to End Upsurging Resistance (PASTEUR) Act. The bill seeks to advance needed reforms to encourage innovative drug development targeting the most threatening infections, improve the appropriate use of antibiotics and ensure domestic availability when needed.



## Programs

Through Lilly 30x30, we are strengthening our existing programs and developing new approaches to improve access to Lilly products and services for people living in settings with limited resources. These efforts include exploring alternative business models and expanding access strategies and patient support programs.

### Patient Support Programs

Lilly offers more than 125 patient support programs across 40 countries that reach nearly 1.5 million people annually. These programs, including strengthened insulin affordability efforts in the U.S., support people who take Lilly medicines as well as their caregivers and loved ones.

Our patient support programs fall into three categories:

- Supporting patients through reimbursement and product access issues

- Answering questions related to living with disease and managing health
- Providing information on Lilly medicines and training on Lilly devices.

To help expand access to our medicines, some of our support programs take a patient's income level and ability to pay into consideration.

### Alternative Access Programs

Lilly offers alternative access programs in addition to standard pricing, reimbursement and access models. Our alternative programs facilitate appropriate patient access to Lilly medicines by addressing specific challenges faced by institutional payers, patients or channel partners.

We are also exploring manufacturing and public-private, partnership-based solutions to expand access to our products in the countries where Lilly currently has no or limited presence.

### Partnerships

Through strategic partnerships and collaborations, Lilly and the Lilly Foundation work to strengthen local health care systems and improve access to care. In conjunction with other organizations, Lilly uses its technology and expertise to find innovative, sustainable and scalable solutions to help address pressing global health concerns, especially diabetes care. We work to establish cross-industry collaborations and develop and test models of care to reach as many people as possible.

Our global health work is largely focused on noncommunicable diseases (NCDs), which disproportionately affect people living in settings with limited resources. According to the World Health Organization, more than three quarters of NCD deaths annually – 31.4 million – occur in low- and middle-income countries. Even in the U.S., NCDs have a greater impact on underserved communities. It's not uncommon for someone in the U.S. with limited resources to live [10 to 15 years less](#) than someone in the U.S. with more resources living just 10 miles away.

Through our partnerships, we share data and lessons learned to help inform policy and advocate for the scale-up and replication of proven, cost-effective solutions.

## Global Health Partnerships Overview



16 active  
partnerships

**Focus countries:**

- China
- India
- Mexico
- Sub-Saharan Africa
- U.S.



**Focus areas:**

- Diabetes
- Cancer
- Health systems strengthening



25+  
partner  
organizations

### Notable Partnerships

- **Africa Health Worker Training Initiative** – In early 2020, we joined four other health care companies and the Bill & Melinda Gates Foundation to launch a new fund to increase access to community-based primary health care for nearly 1.7 million people in up to six African countries by 2022. Led by nonprofit partners [Last Mile Health](#) and [Living Goods](#), who have worked through networks in Kenya, Uganda, Liberia, Ethiopia and Malawi, the initiative has supported or digitally enabled more than 16,000 Community Health Workers (CHWs) to date, with new partnerships developing in Sierra Leone and Burkina Faso. Following the onset of the COVID-19 pandemic, both organizations quickly adapted their programming to support government-led response efforts focused on training and equipping CHWs to safely interrupt virus transmission while also maintaining essential health services. The COVID-19 pandemic helped validate the important role of CHWs, increased demand for digital health solutions and accelerated efforts for community health systems strengthening.
- **UNICEF** – In early 2022, Lilly and UNICEF [announced](#) a collaboration to help improve health for 10 million children and adolescents living with or at risk of chronic, non-communicable diseases (NCDs) through 2025. Lilly has committed \$14.4 million in support of UNICEF's life-saving work to address NCD risk factors, strengthen health systems, and enhance the ability of health care workers to care for patients

in Bangladesh, Malawi, Nepal, the Philippines and Zimbabwe. The countries were selected based on the potential to strengthen country-level health systems and models that provide care and support for children and adolescents with chronic conditions. This four-year commitment reflects the respective efforts of Lilly and UNICEF to work toward the [UN Sustainable Development Goals](#). Donations from Lilly will go directly to the U.S. Fund for UNICEF, a tax-exempt organization that supports UNICEF's global work.

- **Expanding Successful AMPATH Model** – Lilly and the Lilly Foundation have each provided support related to AMPATH, which has been working for 30 years in western Kenya to improve health for people with limited resources. Lilly's product donations related to the support of [AMPATH Kenya](#) total \$215 million – including \$36 million in medicines in 2021 – and are helping people living with cancer, diabetes and mental health disorders. Lilly and the Lilly Foundation provided support related to AMPATH's efforts to [establish new health sites](#) in Puebla, Mexico and Tamale, Ghana, with the potential to reach more than 7 million people by 2030. Lilly has committed support of more than \$2.8 million related to helping establish AMPATH in Puebla. The Lilly Foundation awarded \$600,000 related to support efforts to provide additional personnel in Ghana and \$520,000 to support the IU Center for Global Health's role as the coordinating secretariat of the global AMPATH Consortium.

- **Diabetes Impact Project in Indianapolis Neighborhoods (DIP-IN)**

**Neighborhoods (DIP-IN)** – In 2021, Lilly announced expansion of our support of [DIP-IN](#), committing an additional \$5 million to the project with the [Richard M. Fairbanks School of Public Health](#) at Indiana

University and other community partners. Initially launched in 2018, the goal of this effort is to drive long-term improvements in diabetes diagnosis and care in three Indianapolis neighborhoods where residents are predominantly people of color and there are high rates of diabetes. The program employs a holistic approach to diabetes prevention and control that includes residents, and neighborhood and clinic-based community health workers who help identify people with or at risk for developing diabetes and connect them with quality care. The pilot has the potential to scale to health systems in Indiana and across the U.S. and could reach more than 250,000 people by 2030.

- **Type 2 Diabetes in Mexico** – Lilly is working with

Mexico's Consejo de Salubridad General (National Health Council) and the Fundación México-Estados Unidos para la Ciencia ([FUMEC](#)) to strengthen the Mexican health care system and the treatment of chronic diseases, starting with type 2 diabetes. Launched in 2020, this project is developing information tools for better decision-making and engagement between patients and health care providers. The project uses an epidemiological surveillance system, called [SANENT](#) (National System for Analysis of Non-Communicable Diseases), which has the potential to benefit more than 5.7 million people by 2030.

- **Gestational Diabetes in Mexico** – Lilly is collaborating with the Carlos Slim Foundation and the Mexican Society for Public Health on a five-year effort

to improve outcomes for pregnant women with gestational diabetes and their babies. Through the collaboration, we are working to find a less expensive and better way to perform an oral glucose tolerance test to screen for gestational diabetes and help women who test positive avoid complications throughout their pregnancy. The partnership has delivered a number of important outcomes, including documenting the prevalence of gestational diabetes in Mexico – 13% – for the first time at the national level, and developing a simpler version of the oral glucose tolerance test.

- **Expanding One-Stop-Shop Diabetes Care Model**

**across Mexico and Latin America** – Lilly is working with Clinicas del Azúcar (Sugar Clinics) and MIT on a four-year effort to validate and then help expand a “one-stop-shop” diabetes care model and related

efforts that engage people in improving their health over the long term. Through the validation project, the efficacy of the model has been proven. Clinicas del Azucar plans to significantly expand the number of clinics and people served across Mexico in the coming years.

- **Training for metabolic diseases management in primary care in China** – Lilly is collaborating with Shanghai Medicine and Development Foundation to qualify trainers at provincial level sites, who will cascade training to 1,600 primary care level providers to improve treatment outcomes for patients with metabolic diseases nationwide, especially in resource-limited areas. Launched in 2021, this partnership is expected to improve metabolic outcomes for millions of patients by 2030.

### **Multi-Stakeholder Collaborations to Advance the U.N. Sustainable Development Goals**

We are members of several multi-stakeholder collaborations focused on tackling global health challenges including:

- [Access Accelerated](#) – A first-of-its-kind, multi-stakeholder collaboration focused on improving non-communicable disease (NCD) care globally. NCDs include cardiovascular diseases, cancer, chronic respiratory diseases, diabetes and mental illness
- [NCD Alliance](#) – A global thought leader on policy and practice related to NCDs
- [Shared Value Initiative](#) – A global community of organizations committed to driving the adoption and implementation of shared value strategies among leading companies, civil society and government organizations

### **Product Donations**

In 2021, Lilly provided more than \$3 billion in medicines to charitable organizations that offer free Lilly medicines to qualifying patients\*, including through the efforts described below.

- **Life for a Child** – Since 2009, Lilly has donated more than 3.2 million vials and cartridges of insulin related to support of the [Life for a Child](#) (LFAC) program. LFAC provides diabetes support to children and youth with type 1 diabetes in settings with limited resources. That support includes insulin, delivery devices, monitoring supplies, medical care, diabetes education, and complications screening and management.

In 2021, Life for a Child and Lilly announced plans to expand our support of LFAC to increase access to care

to approximately 150,000 youth annually over the next 10 years. To facilitate the expanded support, we will increase donations of mealtime and basal insulins and reusable pens, as well as financial support for the costs associated with arranging, packing and shipping to countries in conjunction with [Direct Relief](#).

- **Partnering with Relief Agencies to Increase Access to Insulin** – As part of Lilly's commitment to identify gaps in the U.S. health care system and find solutions to help people with diabetes live healthier lives, we announced in early 2020 that we would donate at least 200,000 KwikPens® to Direct Relief, Americares and Dispensary of Hope to stock insulin at nearly 300 U.S. free clinics through 2022. These donations will directly support people with limited resources living with diabetes who qualify for free clinic services. Separately, Lilly is donating \$2 million to fund grants available through two relief organizations: Direct Relief and Americares. These agencies will distribute grant funds to a wide range of eligible free clinics to increase access in underserved communities. Learn more about [our commitment](#).

Over the past five years, Lilly has donated more than 10 million insulin vials and pens to U.S. charitable organizations, including Americares, Direct Relief, Dispensary of Hope and the Lilly Cares® Foundation.

## Patient Assistance Programs

We also work with organizations who provide patient assistance programs, including:

- **Lilly Cares® Foundation Patient Assistance Program** – Lilly donates medications to the [Lilly Cares Foundation](#), a separate nonprofit organization. Lilly Cares' Patient Assistance Program provides qualifying patients in the U.S. with significant financial need prescribed Lilly medications at no cost. In 2021, Lilly Cares helped more than 172,000 people obtain prescribed medications across the therapeutic areas of diabetes, immunology, neuroscience, cancer, pain, endocrinology, cardiovascular and bone, muscle and joint. Over the past 20 years, Lilly Cares has helped more than one million patients with financial need receive medicines donated by Lilly.
- **China Primary Health Care Foundation** – In China, Lilly offers patient assistance programs for oncology and osteoporosis patients through the China Primary Health Care Foundation. In 2021, more than 5,000 new patients were registered and more than 20,000 patients were helped through the foundation's support programs.

\*Includes value of Lilly medicines provided to separate charitable organizations that offer free Lilly medicines to qualifying patients. Products valued at wholesale acquisition cost, or WAC.

## Global Health Highlights



**47 Million+**

people around the world use Lilly medicines in 2021



**\$7 Billion+**

investments in research and development in 2021



**30 Million**

people in resource-limited settings who Lilly aims to reach, each year, by 2030



**\$285 Million+**

committed to global health 2016-2030<sup>2</sup>



**3.2 Million**

insulin vials and cartridges donated for the Life for a Child program since 2009



**\$3 Billion+**

in medicines provided to charitable organizations that provide free Lilly medicines, including more than \$250 million in COVID-19 therapies<sup>1</sup>

<sup>1</sup> Includes value of Lilly medicines provided to separate charitable organizations that offer free Lilly medicines to qualifying patients. Products valued at wholesale acquisition cost, or WAC.

<sup>2</sup> Includes financial commitments from Lilly and \$13.5 million from the Eli Lilly and Company Foundation, a separate nonprofit organization, commonly referred to as the Lilly Foundation.



# Community Engagement

## Management Approach

Beyond our medicines, we invest our time, expertise and resources to drive social impact. We focus on improving health, as well as targeted social issues that affect our business, employees and the communities where we live and work – with an emphasis on racial justice and education. We encourage our employees to volunteer and give in ways that advance our purpose and theirs.

### Extending Our Community Impact

Beyond our corporate community engagement and employee volunteerism, we extend the reach of our impact through:

- **Eli Lilly and Company Foundation** – Lilly provides financial donations to the Eli Lilly and Company Foundation, Inc., commonly referred to as the Lilly Foundation. Established in 1968, the Lilly Foundation

is a separate tax-exempt organization that provides strategic and philanthropic support to other qualifying tax-exempt organizations consistent with Lilly's general philanthropic objectives. Visit [Lilly Foundation](#) to learn more.

- **Lilly Grant Office** – We provide financial support to projects that promote excellence in patient care and provide valuable information to the medical and patient advocacy communities. Visit the [Lilly Grant Office](#) to learn more

### IN THIS SECTION

- › [Corporate Volunteering, Partnering and Giving](#)
- › [Disaster Relief](#)
- › [Community Engagement Data](#)

# Corporate Volunteering, Partnering and Giving



## Volunteering

Empowering our diverse workforce  
to give back to our communities



## Partnering

Establishing key partnerships  
to extend the reach of our impact



## Giving

Raising funds to create lasting change in the  
areas of health, racial justice and education

### Volunteering

At Lilly, we actively encourage our employees to volunteer. We offer programs that help them serve their communities at home and abroad. During the COVID-19 pandemic, our employees continued to serve their communities, including virtually. We offer many opportunities for employees to engage, including:

- **Global Day of Service** – Every year, Lilly employees worldwide volunteer on a range of projects focused on health, education and improving communities around the globe. In 2021, more than 7,500 Lilly employees in

30 countries participated in Lilly's 14th annual Global Day of Service. In Indianapolis, 4,500 employees contributed over 22,000 hours of service to more than 200 in-person or virtual service projects. Projects included career coaching and resume building, donating blood, painting murals in support of racial justice and other park beautification projects. Since it launched in 2008, employees have donated more than 1.2 million service hours through Global Day of Service initiatives.

- **Connecting Hearts Abroad** – Lilly's global service program, Connecting Hearts Abroad, marked 11 years of service and social impact in 2021. Since launching, more than 1,500 Lilly employees have volunteered in 20 countries supporting communities with limited resources. Through sustainable programs, Lilly volunteers worked alongside marginalized and underserved communities and help address access and inequities in health care. Due to the continued effects of COVID-19, Lilly remained focused on two geographic locations while expanding our virtual programming with a diverse mix of projects. These projects included environmental, public health and medical projects in Honduras, as well as continuing a cancer advocacy program in Kenya to expand support for cancer survivors, patients, caregivers and advocates.
- **Connecting Hearts at Home** – Beginning in 2015, we created an avenue for employees to foster more meaningful relationships between Lilly and local organizations. The program leverages the skills and passion of Lilly employees to further the mission and goals of local agencies to help improve outcomes. In 2021, there were 56 Connecting Hearts at Home partnerships, including our Oncology team pairing with Cancer Support Community of Central Indiana, our International group pairing with Hawthorne Community Center and our Lilly Pride employee resource group pairing with Indiana Youth Group.
- **Racial Justice Commitment Volunteer Hours** – Lilly and the Lilly Foundation launched the Racial Justice Commitment in 2020 to help address racial injustices and increase opportunities and equity for Black Americans. As part of the effort, Lilly committed 25,000 employee volunteer hours over five years. In 2021, Lilly employees across the U.S. volunteered more than 10,000 hours to support organizations and efforts that aim to decrease the burden of racial injustice and its effects on communities of color. Learn more about the Racial Justice Commitment in the [Diversity, Equity and Inclusion](#) section of this report.

- **Nonprofit Engagement** – As of the end of 2021, Lilly employees were involved with more than 100 nonprofits in Central Indiana through board membership and other advisory role participation.
- **New Employee Service Project** – New employees who go through orientation at Lilly Corporate Center have the opportunity to get engaged in a service project where they can learn more about how Lilly improves lives and communities in Central Indiana while networking with fellow new employees. Through our partnership with United Way of Central Indiana, employees can choose to join a project from one of nine United Way agencies that make an impact in our community. After completing a project, we encourage new employees to stay engaged in the community.

### Community Partnerships

In order to expand our reach, we develop key partnerships with organizations and groups that align with our vision to strengthen communities around the world. Lilly and the Lilly Foundation seek out and support organizations that have demonstrated results in driving social impact.

In 2021, the [Lilly Foundation](#) provided grants to improve educational opportunities, make Indianapolis a better place to live, and to combat racial injustice and inequalities.

### Improving Educational Opportunities

The Lilly Foundation aims to advance exceptional and equitable K-12 STEM (science, technology, engineering and math) education in Central Indiana to increase the number of women and minorities pursuing STEM careers. 2021 Grant highlights include:

- More than \$2.8 million to the Indianapolis Public Schools Foundation to accelerate and enhance STEM curriculum, enrichment activities and career exploration for Indianapolis Public Schools students.
- \$1 million to Teach for America to support the organization's efforts to double the number of Teach for America Indy STEM teachers of color in K-12 by 2025.
- \$100,000 to the Girl Scouts of Central Indiana to create a STEM Center of Excellence and provide better support of high-quality STEM engagement for Girl Scouts and non-Girl Scouts in the Indianapolis community.

### Making Indianapolis a Better Place to Live

The Lilly Foundation works to make Indianapolis a better place to live and work by supporting select community development and cultural organizations. 2021 grant highlights include:

- \$250,000 to Conner Prairie to support the development of a permanent transformational museum exhibition and experience that will examine African American history.
- \$115,000 to the Benjamin Harrison Presidential Site to support its efforts to transform its grounds to be more accessible and its inaugural Juneteenth event in summer 2022.

### Combating Racial Injustice and Inequity

The Racial Justice Commitment, launched by Lilly and the Lilly Foundation in 2020, aims to address racial injustices and increase opportunities and equity for Black Americans.

As part of the effort, the Lilly Foundation pledged \$25 million over five years to support racial equity. In 2021, the Lilly Foundation awarded more than \$10 million in grants to support initiatives and projects to expose, challenge and eradicate racial injustice and inequity. 2021 grant highlights include:

- \$1,650,000 to the Greater Indianapolis Chamber of Commerce Foundation and CICP Foundation in support of the Business Equity for Indy Committee to address inequities in opportunities for Black Americans.
- \$800,000 to Eclectic Soul V.O.I.C.E.S. Corporation for the VOICES Community Arts Outreach Programs for the Day Reporting Program to support youth and their families with obtaining high school equivalence preparation and completion, as well as supporting the arts to help youth who have been involved in the juvenile justice system heal from trauma, grow and become economically self-sufficient.
- \$450,000 to the Boys and Girls Club of Indianapolis, Inc. to support the Juvenile Detention Alternative Initiative

Learn more about the Racial Justice Commitment in the [Diversity, Equity and Inclusion](#) section of this report.

## Giving

Lilly employees and retirees are provided opportunities to give to charitable organizations with matching gift opportunities through the Lilly Foundation. In 2021, the Lilly Foundation matched over \$6.5 million in employee and retiree contributions. These contributions help address complex societal challenges, including in the areas of health, racial justice and education.

## United Way

For more than a century, we have partnered with what is today the United Way of Central Indiana, and we partner with more than 400 United Way chapters in the communities where we live and work. The Lilly Foundation matches employee contributions through the Lilly United Way campaign dollar-for-dollar. In 2021, Lilly employees, retirees and the Lilly Foundation contributed \$12.6 million to over 400 United Way chapters. Over the history of our relationship, those contributions have totaled more than \$340 million.

## Disaster Relief\*

While it's impossible to prepare for every situation, the impact of a disaster may be mitigated with preparation. Disasters – whether natural or manmade – can change lives in an instant. Lilly works with leading disaster and humanitarian relief organizations to provide medicines and support people and communities to help them recover. These partnerships and initiatives include:

- **Direct Relief** – Since 2009, we've worked with global nonprofit [Direct Relief](#) to supply insulin and other medicines as part of their Hurricane Prep Packs, which are distributed in advance to health centers in hurricane zones throughout the U.S., Puerto Rico and the U.S. Virgin Islands. We also donated insulin and other medicines to Direct Relief's Strategic Emergency Stockpile initiative, which provides medical items that are urgently needed following disasters. In 2020, Lilly donated \$12.9 million in product to support Direct Relief's disaster preparedness initiatives. In 2021, we contributed an additional \$672,000 worth of product.
- **Healthcare Ready** – Lilly provided \$225,000 to expand Healthcare Ready's [Rx Open](#), an online, interactive map of open pharmacies during times of disaster, and Rx on the Run, which helps people document prescriptions and health care provider information in advance of or during a disaster. These Healthcare Ready tools help people get access to the information and medicines they need in times of disaster.

- **Partnership for Quality Medical Donations** – We are a charter member of [Partnership for Quality Medical Donations](#), a collaboration that brings together international medical-product companies and humanitarian organizations to advance the quality of product donations and create high levels of coordination before a disaster strikes, as well as help facilitate an effective, efficient response when it does.

- **Diabetes Solution Center** – We offer the Lilly [Diabetes Solution Center](#) to help people with immediate needs related to diabetes care, including those impacted by disasters and others who may need help affording their insulin.

[Learn more](#) about how we provide patient's guidance and assistance in disaster preparedness and relief.

## Disaster and Humanitarian Relief

- **Ukraine Crisis** – As of the publication of this report, Lilly has provided more than \$7.5 million of diabetes, cancer and COVID-19 therapies to [Direct Relief](#) and [Project HOPE](#) for Ukrainians. The Lilly Foundation committed \$250,000 each to Direct Relief and to [Americares](#) to support their respective relief efforts in the region. The Lilly Foundation is also matching eligible Lilly employee donations to all three organizations up to an additional \$500,000.
- **COVID-19 Pandemic** – Lilly provided nearly \$250 million of our COVID-19 therapies to Direct Relief, which provides these Lilly medicines free of charge to people in low-income and low-middle-income countries. Learn more about our [global response to COVID-19](#).
- **Haiti Earthquake** – In September 2021, we responded to the August earthquake in Haiti by donating 2,985 vials of insulin to Direct Relief.
- **Lebanon Humanitarian Crisis** – In November 2021, we responded to the crisis in Lebanon by providing insulin, mental health products and oncolytics to Direct Relief.

\*Includes value of Lilly medicines provided to separate charitable organizations that offer free Lilly medicines to qualifying patients. Amounts are reflective of wholesale acquisition cost (WAC) for the applicable product (or equivalent).

## Community Engagement Data



**10,000+**  
employee volunteer hours  
to support our  
Racial Justice  
Commitment in 2021



**\$10 Million+**  
in Lilly Foundation  
grants to support  
Racial Justice  
Commitment in 2021



**\$12.6 Million**  
donated by Lilly employees  
and the Lilly Foundation  
for more than 400  
United Way chapters



**\$30.5 Million**  
cash donations in 2021,  
including \$22.7 million  
from the Lilly Foundation



**3.2 Million**  
insulin vials and  
cartridges donated for the  
Life for a Child program  
since 2009



**\$800 Million+**  
spent with minority group  
members, women,  
veterans, LGBTQ+ and  
small businesses in 2021



# Diversity, Equity and Inclusion

## Management Approach

At Lilly, we believe in the power of diversity, equity and inclusion (DEI) to fulfill our purpose of creating medicines that make life better for people around the world. At our core, we know that by leveraging the varied backgrounds of our more than 35,000 employees – and by driving actionable and measurable strategies to improve DEI, including diversity within our clinical trials – we can better deliver scientific breakthroughs.

We are committed to fairness and nondiscrimination in our employment practices, and we deeply value diverse backgrounds, skills and global perspectives. Our long-standing values of integrity, excellence and respect for people foster an environment where team members are encouraged to speak up, share ideas and be fully engaged in our work while bringing their full authentic selves to work every day.

Lilly people have different experiences, perspectives and traditions, and we are committed to welcoming, respecting and valuing those differences. Because people are one of our priorities, we treat DEI like any other priority business objective. We set strategy, goals and metrics to drive progress on attracting, developing, promoting and retaining a diverse workforce. We take a

data-driven approach to DEI so that our business and employee base better reflect the world around us.

Over the past seven years, we have conducted in-depth employee research that has yielded important insights into employee-reported experiences. The research uncovered factors that employees say significantly influence their ability to contribute to their fullest potential. Our Employee Journeys research (explained further below) has led to a multifaceted People Strategy and companywide changes to improve our culture for everyone. Our People Strategy prioritizes DEI and enhances the employee experience to deliver on our employee value proposition, “Be part of a team that cares about you and our shared purpose to make life better.”

### IN THIS SECTION

- › Leadership Commitment
- › DEI Progress
- › DEI Programs and Activities
- › Employee Resource Groups at Lilly
- › Diversity-Driven Talent Acquisition
- › Clinical Trial Diversity
- › Racial Justice Commitment
- › DEI Data

## People Strategy

### Improve leadership, our people systems and our culture



Additional People Strategy goals include:

- Acquire, develop, engage and retain diverse talent
- Foster Lilly culture
- Build leadership excellence
- Enable critical capabilities
- Embed diversity, equity and inclusion across Lilly

Our commitment to DEI extends beyond our employees and into our broader business, including patient safety, clinical trials, access to and development of our medicines, and improving the diversity of our suppliers and partners.

## Leadership Commitment

Diversity, equity and inclusion at Lilly includes high-level governance, purposeful corporate culture and ongoing data analyses to inform our approach. Our CEO and Executive Committee consistently set expectations for inclusive leadership and hold leaders accountable for building diverse and inclusive teams. All executive officers have DEI goals included in their annual performance and compensation reviews.

In 2021, our executive leadership further integrated DEI within our human resources talent management organization. Lilly's senior vice president for human

resources and diversity, a member of our Executive Committee, reports directly to our chair and CEO and is ultimately accountable for DEI at Lilly. Our chief DEI officer is a vice president reporting to the senior vice president for human resources and diversity and is also responsible for leading our talent management functions. This allows us to fully embed DEI into how we recruit, develop, promote and retain talent. Our head of DEI is an associate vice president who reports to the chief DEI officer.

- **Clarity of purpose and expectations for everyone –** *The Red Book*, our code of business conduct, summarizes our approach to creating an inclusive, nondiscriminatory environment.
- **Data to inform and measure –** We began setting aspirational goals in 2017 as part of our commitment to increase the number of women in management globally and minority group members (MGMs) in U.S. management roles. We also established recruiting aspirational goals to improve the diversity of our new hires. In 2021, Lilly expanded its aspirational goals to include employees on our research career path and the upper levels of our professional career path. Once aspirational goals are set, we monitor our progress over time to inform our approach and report progress to our global workforce.

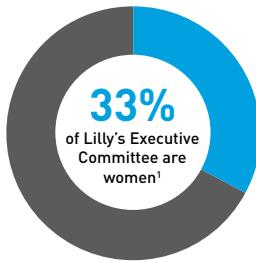
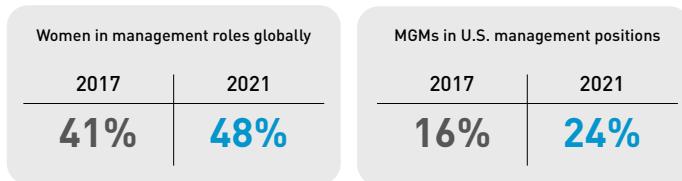
Senior leaders have long coached, mentored and sponsored employees to become future Lilly business leaders. In 2021, formal sponsorship efforts continued and expanded through new efforts in functional areas and employee resource groups. Sponsorship efforts have grown, and there were more than 300 one-to-one formal sponsorship relationships in 2021 with a continued focus on women and U.S. MGM talent.

## DEI Progress

Building a more inclusive culture requires sustained focus and action and the holistic integration of DEI into our entire business. Leaders at Lilly are expected to lead more inclusively by valuing differences, recognizing and overcoming bias and fostering a speak-up culture where all colleagues feel their ideas and contributions are welcome and valued. We gauge employee feedback through surveys and other mechanisms and hold leaders accountable for progress.

Our commitment to DEI is a core component of how we do business. Here are some examples of how this work is making a difference:

## DEI Highlights



<sup>1</sup> As of February 25, 2022

- Management-level aspirational goals: Between the end of 2017 and the end of 2021 the percentage of women in management positions globally increased from 41% to 48%. Representation of MGMs in U.S. management positions also increased during this time, from 16% at the end of 2017 to 24% at the end of 2021.
- In 2021, we increased representation of women across our workforce globally to 51%.
- Subsequent to the workforce data below, and as part of our board refreshment process, as of May 15, 2022, the company's board composition changed to include five women and six MGMs on our 13-member board of directors.

## DEI Programs and Activities

### Employee Journeys

We believe that fostering DEI begins with understanding, and we have approached DEI with the same rigor as our other business-critical priorities. Our Employee Journeys research has yielded important insights about the experiences of women, Black/African American, Latinx, Asian and LGBTQ+ employees at Lilly. In response to insights from our Employee Journeys research, we developed, among other programs, an education and awareness program to help build cultural literacy and understanding about expectations for employees to feel psychologically safe at work.

More than 3,500 leaders and 13,000 employees have participated in required training to gain greater awareness of how unconscious bias and microaggressions can potentially harm team cohesiveness and hurt employee engagement. Our Employee Journeys research has also resulted in growing energy around DEI, with a companywide network of DEI champions, initiatives and teams across business areas – and an expanding appreciation of the value of different perspectives. The results of this research are reviewed by our senior leaders, and we deploy actions and activities in response to these insights to improve our workplace culture.

We recognize that there is more work to do, but these initiatives are making an impact. In our 2021 employee Pulse surveys, we saw continued progress on key questions related to inclusion such as "My work group has a climate in which diverse perspectives are valued" and "My management is open to different ideas and perspectives regardless of who or where they came from." Additionally, we plan to expand our Employee Journeys work in the coming years to include other underrepresented groups such as our employees with disabilities.

### Supporting Diverse Employees

Our Employee Journeys research also helps to inform our efforts to support diverse employees. These efforts are focused on understanding and supporting diverse employees, giving them the opportunity to grow, advance and lead.

- Explore Your Career** – We have continued our global rollout of Explore Your Career, expanding this framework of tools and resources for our employees. Explore Your Career ensures broader access for all employees to tools that aid in career development and advancement. Participation rates have been strong globally, including robust participation from MGMs.
- Disability and Accessibility** – Lilly is committed to supporting employees around the world who work and live with disabilities. In 2019, we established a Global Disability Council with an initial focus on accessibility. We now have task forces and detailed action plans to improve accessibility in priority areas such as learning and development, facilities, digital tools and making internal communications and externally facing websites more accessible. In 2021, we signed the Business Disability Forum's Accessible Technology Charter and launched Access Lilly Software Solutions, providing guidance, tools and resources to help employees with disabilities thrive.

- **AccessLilly: Learning & Development** – The universally accessible, online programming we have introduced makes it more user friendly for everyone to use Lilly's learning and development offerings. We continue to update design standards for training courses to improve accessibility for people with disabilities or other access needs globally. Examples include ensuring that courses are compatible with assistive technologies such as screen readers for employees with visual impairment and providing transcripts for individuals with hearing impairments. Across Lilly, we intentionally design learning experiences and other communications technologies to be more inclusive and effective for everyone.
- **AccessLilly: Facilities** – We undertook a variety of activities to enhance accessibility in our facilities globally, including benchmarking best practices and approaches for improving technology and building navigation. We conducted accessibility assessments at sites in the UK, Ireland and Italy and are investing to improve accessibility for our employees and guests.
- **AccessLilly: Information Systems** – We've incorporated universal design standards in our guidance for the development of externally facing websites and are updating internal websites as well. We've also begun requiring captions for internal videos and virtual meetings.
- **Unconscious Bias** – We continue to offer a conscious inclusion program at Lilly, developed to help employees identify and overcome unconscious biases. Launched in 2017, the program is instructor-led and available on request.
- **Leadership Programs** – We've also introduced several signature programs to help develop top talent from diverse backgrounds. For example, in 2018, we introduced Emerge, a three-day program led by our CEO that is designed to develop underrepresented talent at Lilly. Four cohorts comprising Black/African American women, Latinx and Asian women, MGM men and LGBTQ+ employees have participated in this enterprise-level program since its inception. Lilly also offers established leadership development programs for women and early career multicultural talent, as well as leaders at all levels.

## Promoting Cultural Literacy and Psychological Safety

In response to insights from our Employee Journeys research, we developed Make it Safe to Thrive, an education and awareness program to build cultural literacy and an understanding about expectations for employees to feel psychologically safe at work.

We emphasize that all people, whether from majority or minority groups, can fully share their diverse ideas, experiences, knowledge and insights only when they feel safe from bias and stereotypes.

We also launched the online version of the Make it Safe to Thrive training, which is required for all U.S.-based employees and available to all employees worldwide. Feedback on the program has been positive and we updated the program in 2021 to respond to evolving challenges posed by the COVID-19 pandemic, divisiveness in the world and issues of racial justice and equity.

Our Global Diversity, Equity and Inclusion Office also developed a new 12-part webinar series called Make it Safe to Thrive: Bringing the Outside IN. Through a series of lunch-and-learns in partnership with external DEI experts, the webinar series provided insights on the disparate employee experiences with COVID-19, access to health care and other topics that impact our diverse communities. The series helped build understanding across the company and offered support, resources and strategies to combat inequities in our communities. More than 16,000 employees attended the webinar series, and due to its success, a new series is planned for 2022.

## Supporting DEI Goals through Technology Transformation

Lilly's Human Capital Management ("HCM") Transformation is also core to DEI and a key component of our People Strategy aimed at modernizing HR technology, processes and service delivery to enhance employee experience and help drive critical outcomes for the business. Improving our operational foundations support our company objectives by streamlining work, enabling leaders and increasing employee engagement.

From a technology perspective, we invested in a comprehensive, cloud-based human capital management software to replace our existing global HR information system as well as hundreds of other local HR systems around the world. The HCM Transformation emphasized standardization, increased transparency, self-service and data-driven decision-making.

Supporting Lilly's DEI objectives was one of our key requirements in selecting the new technology. Specific process changes include:

- Elimination of lead candidates in our internal job-posting process to drive more robust and diverse candidate pools and support equity for all
- Ability for employees to formally designate interest in specific job profiles
- Shift to competitive staffing (rather than succession planning) for many positions to drive more robust and diverse candidate pools
- More standardized onboarding experience, including the ability to assign peer coaches and mentors
- More standard expectations of manager responsibilities across the business areas and greater manager visibility and ownership of talent data and organizational management activities
- Ability for employees to easily self-identify at any time in the areas of gender, race, ethnicity, veteran status, disability, sexual orientation and gender identity

## Employee Resource Groups at Lilly

Employee resource groups (ERGs) are another important component of developing talent at Lilly. Our ERGs represent groups including women, MGMs, LGBTQ+ individuals, veterans and people with disabilities. ERGs offer our diverse workforce opportunities to build relationships, engage with senior leaders, advance our caring community, and offer unique insights and perspectives to improve our business.

More than 6,000 employees worldwide belong to one or more of our Lilly ERGs. Many geographies also have local organizations and U.S. and international ERGs work together wherever possible. In the U.S., most of our 11 headquarter-based ERGs also have associated field-based organizations. Ally organizations within Lilly are especially active in supporting women and LGBTQ+ employees at our company. Members of our Executive Committee provide executive sponsorship for each ERG.

Anyone from any background can join any ERG or ally group.

## Employee Resource Groups

### U.S. Based

- Africa, Middle East and Central Asia Network (AMECA)
- Black Employees at Lilly (BE@Lilly)
- Chinese Culture Network (CCN)
- EnAble US
- Early Career Professionals (ECP)
- Pride
- Japan International Leadership Network (JILN)
- Lilly India Network (LIN)
- Organization of Latinx at Lilly (OLA)
- Veterans Leadership Network (VLN)
- Women's Initiative for Leading at Lilly (WILL)

### International

- International EnAble
- Gen-L
- International LGBTQ+ Allies
- Gender Inclusion Network-Women's Initiative [GIN WILL]

## 2021 Highlights of Employee Resource Groups

- **Africa, Middle East and Central Asia Network (AMECA)** – In collaboration with Lilly India Network and Chinese Culture Network, AMECA sponsored Lilly's Asian American Heritage Month with several events for networking, connecting and sharing their cultures. AMECA collaborated with other Asian employee groups to host listening labs to create awareness of and identify solutions to address the rise of violence against Asians.
- **Black Employees at Lilly (BE@Lilly)** – BE@Lilly hosted several events to create awareness and take action to address issues that impact Black employees and their communities. These events included a COVID-19 vaccine awareness webinar to educate on the disproportionate effect of COVID-19 on Black employees and other minority groups, and the Lilly Day of Solidarity II to renew Lilly's commitment to racial justice, including a 2:1 giving match from the

Lilly Foundation with proceeds going to the NAACP Legal Defense and Educational Fund. BE@Lilly conducted professional development programs with a focus on female emerging talent, mentoring circles to help build diverse networks and peer connections, and Field Integration Team programming to address the needs of Black employees who work remotely across the United States.

- **Chinese Culture Network (CCN)** – CCN continued to increase awareness of and help find solutions to address the Asian employee experience. CCN sponsored its annual Expert to Leader Summit on cross-cultural leadership and mentoring. CCN grew to more than 1,000 members in 2021 and continues to grow with the integration of chapters at Lilly sites in New York, New Jersey, Philadelphia and San Diego. The CCN annual Lunar New Year Gala event drew more than 2,000 attendees.
- **EnAbleUS and International EnAble** – These organizations represent the interests of global employees with disabilities and provide them with support and resources on global accessibility behaviors and technology. Lilly was one of the first biopharmaceutical companies to join The Valuable 500, a global movement to put disabilities on the business leadership agenda. EnAbleUS implemented an enterprise-wide initiative called AccessLilly that drives accessibility improvements and greater productivity through digital tools, communications, facilities and learning and development. As part of AccessLilly, the Removing Barriers podcast was launched to educate employees and leaders on topics important to employees with disabilities. The Accessibility Champions Community was formed and has more than 120 trained champions to help create an environment of allyship and disability-confident employees. This year, Lilly joined other organizations and signed the Business Disability Forum Charter, where we pledged to ensure people living with a disability or who acquire a disability can apply for jobs, be employed and do business with Lilly. We also received the Zero Project Award, which is awarded to organizations demonstrating exceptional work to improve accessibility.
- **Early Career Professionals (ECP)** – ECP focuses on creating an inclusive culture where those new to Lilly feel connected, engaged and equipped to succeed professionally. All employees are welcomed to advance this mission.
- **Gen-L** – Gen-L focuses on serving employees outside of the U.S. at all stages throughout their career at Lilly and supporting a richer, more inclusive workplace for all. This ERG impacts the business by creating an

environment where employees of all generations feel connected, engaged and equipped to succeed.

- **Pride** – In 2021, Pride – in partnership with the Diversity Equity Inclusion Office, International Pride, Corporate Pride and Field Pride – supported the continuation of the LGBTQ+ Employee Journeys. The group conducted an innovation lab to brainstorm solutions around the LGBTQ+ “moments of truth” identified from the Employee Journeys research. Pride also hosted several well-attended events, including the Pride Summit and Ally Live events, to strategically drive LGBTQ+ engagement, increase allyship and educate employees on topics important to the LGBTQ+ community. Pride helped support the introduction of technology that allows employees in the U.S. and Puerto Rico to self-select both their sexual orientation and gender identity to better reflect and represent these dimensions of difference and added optional pronoun selection for employee profiles.
- **International LGBTQ+ Allies** – This group is a part of Lilly’s Pride network and promotes equal experience, treatment and safety for Lesbian, Gay, Bisexual, Transgender and Queer or Questioning people everywhere Lilly operates. The scope includes all countries outside of the U.S., and the group works to enable LGBTQ+ people to bring their authentic selves to work and to help them feel valued and included everywhere in the world. This ERG has worked to expand global awareness and education by hosting discussions of the LGBTQ+ journey across multiple international hubs, launching a podcast about allyship and starting an internal Yammer page where allies can engage in a safe space to learn and ask questions about LGBTQ+ topics.
- **Japan International Leadership Network (JILN)** – JILN educates employees and leaders on the value of the Japanese market and the capabilities Japanese employees bring to the broader Lilly community. In 2021, JILN hosted an annual Japan Day to focus on the growing Japanese market and hosted multiple lunch-and-learns to create cultural awareness and educate employees on how to create an inclusive workplace.
- **Lilly India Network (LIN)** – In 2021, LIN hosted Lilly’s annual global Diwali celebration with more than 3,000 attendees. The group also sponsored webinar events to bring leaders and employees together to discuss topics that impact the global Indian community. LIN membership expanded globally last year by partnering with the Lilly India affiliate and collaborating with Field LIN chapters across the U.S. LIN collaborated with CCN, AMECA and the Asian American Field Network affinity group to host the Stop the Asian

American Pacific Islander Violence event and to celebrate Asian Pacific American Heritage Month.

- **Organization of Latinx at Lilly (OLA)** – In 2021, OLA focused on increasing membership and cultural literacy by hosting more than 20 events throughout the year on topics important to the Latinx community including workshops during Hispanic Heritage Month. OLA launched talent development programs such as mentoring circles and a career accelerator to help leaders understand the Latinx culture along with Latinx employees' career aspirations and communication needs. Additionally, the Field OLA group launched the LatinXperts program to improve retention by increasing allyship and mentorship through multiple touchpoints with leaders in the company.
- **Veterans Leadership Network (VLN)** – The VLN successfully held events with record attendance in 2021. The network continues to partner with recruiting and retention efforts to improve veteran representation at the company, and to raise awareness of the unique set of skills and values that veterans can bring to Lilly. VLN hosted its annual Toys for Tots drive with collection boxes located throughout our Indianapolis campuses and other locations throughout the U.S. VLN also hosted a Hoosier Veterans and Families Center volunteer event to provide landscaping and other services to support homeless veterans and hosted interns from the Skill Bridge Program to help veterans transition from the military to civilian work.
- **Women's Initiative for Leading at Lilly (WILL)** – The WILL Ambassador program works to create advocacy for gender equity at Lilly by empowering women and men through training, networking and mentorship to elevate women's voices and perspectives in the business. WILL has more than 2,750 community members. WILL hosted more than 25 programs, initiatives and events to help understand, develop and advance women so they can best thrive and contribute to Lilly's purpose. The group partnered with Girls Inc., a community-based organization, to raise money to support Women's Equality Awareness Day. In collaboration with its international counterpart, the Gender Inclusion Network, WILL forged a "Better Together" global approach for greater impact, outreach and shared learning, including international roadshows and the successful execution of a GIN-WILL signature event that included over 1,600 attendees.
- **GIN WILL International** – The Gender Inclusion Network-Women's Initiative Leading at Lilly, known as GIN WILL International, sponsored a team

of women across global hubs at the Integrating Women Leadership Conference that hosts speakers to share best practices on how to improve female representation in leadership. GIN WILL works to establish an international presence to focus on allyship through initiatives like the Strategic Mentorship Program. This ERG also launched a podcast series that featured different Lilly leaders and employees around the world sharing experiences and learnings on how they are navigating both personal and professional challenges during the COVID-19 pandemic.

## Diversity-Driven Talent Acquisition

We believe cultivating diverse talent starts with the recruitment and hiring process and continues through the learning and development, advancement and retention of people with wide-ranging backgrounds and experiences.

Lilly has a history of promoting MGM representation in our hiring practices with a focus on continuous improvement. In 2018, we began establishing aspirational goals for recruiting to increase the representation of women and minority groups. In 2021, we set additional goals in certain areas for women globally, Black Americans, Asian and Latinx, and we are progressing toward achieving those goals.

Aspirational goals are important to our overall recruiting strategy and progress. At the end of 2021, women comprised 51% of our global workforce. Because we have achieved gender parity, we no longer have an aspirational recruiting goal for women. Maintaining our gains toward gender balance remains a key priority and we continue to focus on people development and retention.

Each year, we assess whether additional aspirational recruiting goals are appropriate.

## Our Approach to Diversity in Recruitment and Hiring

- **Diversity of Interview Panel and Candidates** – Since 2018, we have offered diverse slates of candidates to ensure that leaders look beyond their own perspective and cast the widest net for the best talent. In addition, we strive to provide diverse interview teams for open positions. This way, panels include individuals who may value different skills and strengths, leading to a more robust candidate calibration discussion. We believe a diverse panel improves equity, minimizes

group favoritism and reduces potential unconscious bias – and that candidates are more likely to accept an offer when they see diversity among leaders and interviewers. Every hiring manager is instructed to hire only the best-qualified candidate for each job.

- **Campus Recruiting** – Our campus recruiting team helps establish the Lilly brand at each of our target universities. We build strong interpersonal relationships with university leaders, faculty, career services and student organizations – including veterans and disability offices on campus.
- **Traditional Targeted Recruitment** – Targeted recruitment is the process by which organizations externally recruit and advertise opportunities to individuals with certain characteristics through various sourcing channels. We partner with national and local diversity conferences and a wide range of professional associations such as the National Society of Black Engineers (NSBE), the Society of Hispanic Professional Engineers (SHPE) and National Black MBA Association (NBMBAA) and top colleges and universities. This includes Hispanic Serving Institutions (HSIs) and Historically Black Colleges and Universities (HBCUs). (See [Racial Justice Commitment](#) for more on our work with HBCUs.)

- **Non-Traditional Recruiting: Diversity Sourcing** – Our diversity sourcing efforts help us identify non-traditional recruitment opportunities to set Lilly apart from our competition. Our programs include the Summer Experience Program and Community Partners Interview Day to connect diverse talent with Lilly opportunities, as early as high school. For certain roles, we are working to align better qualification criteria to the job, adjusting where appropriate to open opportunities for people who have certificates, are working on their bachelor's degree or have relevant work experience. We also host community partner events to connect with local community organizations and key community leaders to help recruit diverse talent.

Additional student programs include:

- **Summer Experience Program** – This program targets diverse students enrolled in college who are in their first or second year to give them an opportunity to leverage and build professional skills, develop a professional network and gain real-world experience.
- **Information and Digital Solutions High School Program** – This program targets local

underrepresented minority youth to create real-world opportunities while exploring and developing their interest in information technology.

- **Corporate Intern Program** – We provide opportunities for students seeking internships and full-time positions by actively recruiting at targeted colleges and universities across the country. We have opportunities for all levels of advanced education, including BA, BS, MS, MBA and Ph.D. The corporate intern program brings in around 300-350 students every year.

## Clinical Trial Diversity

Every time someone takes a medicine – even if it's over the counter – they are benefitting from the results of a clinical trial, a scientific study where researchers apply rigorous testing to ensure that medicine's safety and effectiveness.

Many factors impact [how someone will respond to a treatment](#), including their genetic background, ethnicity, gender and lifestyle. Because illness, including cancer, doesn't discriminate, diverse participants in clinical trials are critical to developing safe and effective medicines for everyone.

Unfortunately, minority populations have been historically underrepresented in clinical trials. Although minorities make up nearly 40% of the U.S. population, they constitute less than 20% of participants in the key clinical trials that lead to the approval of new medicines, according to a [2015 study](#).

Lilly has established clear, measurable goals to [increase diversity in our trials](#) to better understand how the medicines we develop work for the patients who will be taking them.

These goals include:

- Working to enroll trial participants who match the composition of the patient population that might use the trial's medicine.
- Creating a robust clinical trial strategy and reaching diverse populations.
- Intentionally selecting a diverse range of trial sites and investigators.
- Increasing diverse representation through partnerships and collaboration.

## Decentralized Clinical Trials

The global pandemic brought a new layer of complexity to clinical trial participation. With the goal of getting new medicines for people who need them, Lilly kept moving forward to study potential treatments across the portfolio. The company began identifying and implementing new ways to conduct research studies, and now, the learnings from remote clinical research – or decentralization of studies – is here to stay.

Time off work, travel to the site and other inconveniences of a typical clinical trial schedule can be a significant deterrent to patients deciding whether or not to participate. Decentralized clinical trials, or DCTs, use new services and technology to reduce the barriers some patients face. DCTs features include replacing some in-person appointments with telehealth visits, offering local or mobile service providers for things like blood tests or imaging scans, and using novel data collection methods such as electronic or wearable devices to capture results.

For example, in [oncology](#), our Verzenio adjuvant breast cancer study, we've made the trial more convenient with increased telehealth visits, the ability for patients to use local imaging facilities and, in some cases, shipping medicine directly to patients.

Lilly is continuing to invest in the expansion and creation of new capabilities based on learnings from ongoing clinical trials and emerging technology. By engaging more patients in research studies through additional accessibility and convenience, we expect to increase access to potential new treatments and expand the reach of clinical trials to people who may not have participated in the past, all while maintaining the integrity and quality of data generated from clinical trials.

## Racial Justice Commitment

We believe Lilly has a responsibility as a major employer to act on issues that affect our employees, business and communities. Bringing our purpose to life, driving change and addressing inequities has always been a part of our fabric. After the murder of George Floyd, we felt compelled to use our influence to do even more.

In 2020, Lilly and the [Lilly Foundation](#) launched the Racial Justice Commitment to help decrease the burden of racial injustice and its effects on communities of color. As part of this effort, Lilly pledged 25,000 volunteer hours and the Lilly Foundation committed \$25 million over five years. The Racial Justice Commitment aims to drive change across five areas: internal people development, health equity, social impact, diversity partners and family sustaining jobs.

## Racial Justice Commitment Progress

Since launching the effort, we have made important progress:

### Internal People Development

- In October 2020, Lilly [pledged](#) to further increase the current representation of Black American employees from approximately 10% to 13% in our U.S. workforce to align more closely with U.S. demographics of the patients and communities we serve. This won't happen overnight, and numbers may fluctuate in the short-term, but we are accelerating our strategies to get there.
- Lilly is actively developing programs to enable more jobs that sustain families for Black Americans and individuals from other marginalized communities through our Skills First initiative – the goal of which is to eliminate the requirement for a bachelor's degree for some jobs at Lilly.
- Lilly developed a [Professional Apprenticeship Program](#), which provides individuals without college degrees access to roles at Lilly that they may not have had through traditional recruiting means. More than 20 people have participated thus far, with larger cohorts planned for 2022 and beyond.
- Lilly developed and launched a new nationally registered Department of Labor Craft Apprenticeship Program, which will provide skill-based, on-the-job training for people while they earn a technical certification or associates degree at Ivy Tech Community College in Indiana. Lilly job roles that could be filled through students participating in this program include positions at our manufacturing sites such as maintenance mechanics, HVAC mechanics, instrument technicians and welders.

### Health Equity

- Lilly committed \$5 million over five years to Direct Relief to establish the [Health Equity Fund](#) in the U.S. Through this fund, health centers and free and charitable clinics, in both urban and rural areas, will be offered the opportunity to apply for grants from Direct Relief of up to \$250,000 annually. Direct Relief will make grants aimed at strengthening the capacity of these organizations to provide high-quality, culturally appropriate health care and focus on social determinants of health for the underserved populations cared for by these organizations.
- In 2021, Lilly accelerated its efforts to improve [diversity in its clinical trials](#), including for oncology

and Alzheimer's studies using a decentralized clinical trial approach.

- In 2021, Lilly announced the expansion of our support of the [Diabetes Impact Project in Indianapolis Neighborhoods \(DIP-IN\)](#), committing an additional \$5 million to the partnership that includes the Richard M. Fairbanks School of Public Health at Indiana University and other community partners. Initially launched in 2018, the goal of this partnership is to drive long-term improvements in diabetes diagnosis and care in three Indianapolis neighborhoods where residents are predominantly people of color.



## Social Impact

- In 2021, Lilly employees completed 10,015 hours of 25,000 volunteer hours pledged over five years by Lilly as part of our Racial Justice Commitment.
- The Lilly Foundation awarded [more than \\$10 million in grants](#) in 2021 to combat racial injustice and inequity in Indianapolis. Funding to date has supported the launch of the Indianapolis Urban League Entrepreneurship Center to assist minority entrepreneurs with developing, sustaining and growing small businesses in Central Indiana and surrounding counties. Grants also supported the creation of the Business Equity for Indy Committee, a joint committee of the Indy Chamber of Commerce and the Central Indiana Corporate Partnership.
- Lilly committed more than \$90 million to Black-led venture capital firms supporting Black, Latinx, women and LGBTQ+ startups. These commitments include

an investment in [Jumpstart Nova](#), a Black-owned venture capital firm that aims to invest exclusively in Black-founded and -led companies at the forefront of health care innovation. Additional commitments include funding to the [Unseen Capital Health Fund](#), which focuses identifying, funding and support underrepresented founders of early-stage health care companies and those building solutions for marginalized communities, and [Sixty8 Capital](#), an Indianapolis-based Black-owned venture capital firm.

## Diversity Partners

- In 2020, Lilly set a goal to double its national annualized spend with Black suppliers by 2022. Lilly has increased its national spend with Black businesses by more than 50% in the past year, and we are on track to meet our goal of doubling the 2020 annualized spend with Black business enterprises in 2022. To reach this goal, Lilly mentored seven Black suppliers through the Lilly Mentor Protégé program, participated in an "Elevate Black" matchmaking program with Black suppliers in conjunction with Diversity Alliance for Science, and will implement Supplier Diversity training for employees in early 2022. Read about our additional progress on [supplier diversity](#).

## Family Sustaining Jobs

- Lilly joined [OneTen](#), an organization that will combine the power of other committed American companies to upskill, hire and promote one million Black Americans over the next 10 years into jobs that can sustain families, with opportunities for advancement. To fulfill our OneTen goals, we launched multiple programs aimed at hiring Black Americans and underrepresented minorities, including people without college degrees.
- While Lilly previously had a robust recruitment pipeline with many Historically Black Colleges and Universities (HBCUs), we have expanded our outreach, establishing two new recruiting relationships with Morehouse School of Medicine and Charles R. Drew University of Medicine and Science. For the first time, we will be hosting an HBCU Day at Lilly Corporate Center in Indianapolis in 2022. Students from six HBCUs, where Lilly has not been as active in recruiting in the past, will participate.

Visit Lilly's [Racial Justice Commitment](#) webpage for more information.

## DEI Data

See our [2021 EEO-1 data](#).

### 2021 Data:

#### Board Diversity Update

Subsequent to the workforce data below, and as part of our board refreshment process, as of May 15, 2022, the company's board composition changed to include five women and six MGMs on our 13-member board of directors.



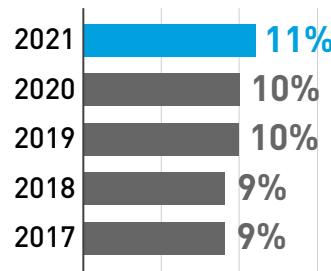
#### Workforce Diversity

#### U.S. Workforce Ethnic Diversity

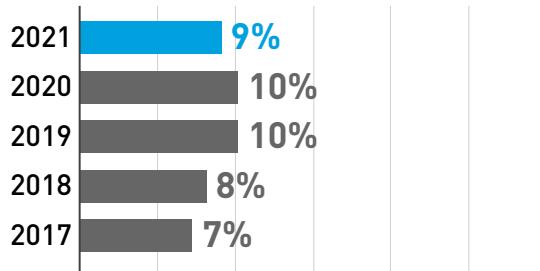
##### Minority Group Member (MGM) Employees\*



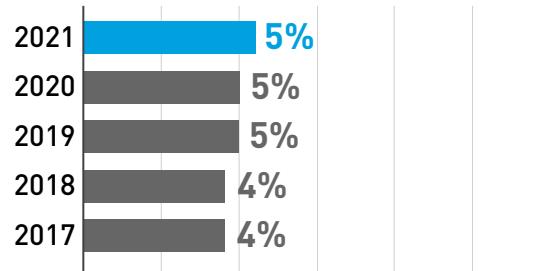
##### Asians



##### Black/African Americans



##### Latinx



##### Other



##### Minority Group Members in Management Positions (U.S.)



\* Numbers may not add due to rounding.

## Gender Diversity at Lilly

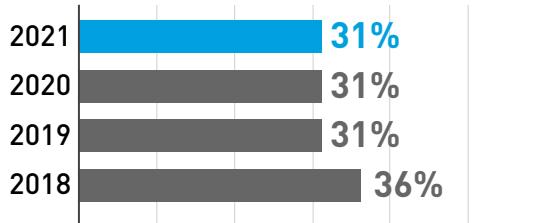
Women in U.S. Workforce



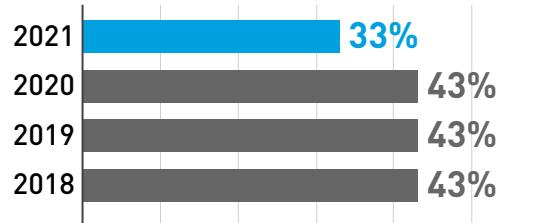
Women in Global Workforce



Women on Board



Women on EC Team



Women in Management  
(all M levels)



## U.S Workforce Ethnic Diversity

	2018	2019	2020	2021
Minority Group Member (MGM) * Employees	23%	27%	27%	28%
Asians	9%	10%	10%	11%
Black/African Americans	8%	10%	10%	9%
Latinx	4%	5%	5%	5%
Other	2%	2%	2%	3%

\*numbers may not add due to rounding

## Minority Group Members in Management Positions (U.S.)

	2018	2019	2020	2021
Minority Group Members in Management Positions (U.S.)	19%	22%	22%	24%

## Gender Diversity at Lilly

	2018	2019	2020	2021
Women on Board	36%	31%	31%	31%
Women on EC Team	43%	43%	43%	33%
Women in Management (all M levels)	42%	45%	46%	48%
Women in Global Workforce	48%	50%	50%	51%
Women in U.S. Workforce	49%	50%	50%	50%



# Employee Well-Being

SASB Disclosures Covered: [Employee Recruitment, Development & Retention](#) (HC-BP-330a.1; HC-BP-330a.2)

## Management Approach

At Lilly, we want our company to be a welcoming place that people want to join, and where they can enjoy meaningful work, build successful careers and make important contributions to society. We offer a competitive total rewards program – pay, benefits and learning and development opportunities – which is foundational to our employee well-being strategy.

We strive to foster a healthy and vibrant work environment while also enriching our employees' lives with their families and in their communities. This includes keeping our employees safe. We focus on creating a company-wide culture where best-in-class safety practices are consistently followed. To do this,

we assess and continuously strive to improve our safety performance across the entire enterprise to promote the well-being of employees and to help safeguard communities where we operate.

### IN THIS SECTION

- › Employee Well-Being at Lilly
- › Pay and Benefits
- › Learning and Development
- › Recruiting and Retaining Top Talent
- › Supporting Employees through COVID-19
- › Employee Engagement
- › Employee Safety

# Employee Well-Being at Lilly

We take a broad view of well-being that enables employees to live their best life. We strive to foster an environment that encourages our exceptional employees to feel comfortable being themselves.

We focus on five key areas that guide our companywide efforts and investment in supporting well-being: creating a healthy workplace, promoting physical wellness and behavioral health, improving financial literacy and maintaining social connectedness. While local cultures, regulations and market dynamics influence offerings in each country, our employee well-being strategy is global.

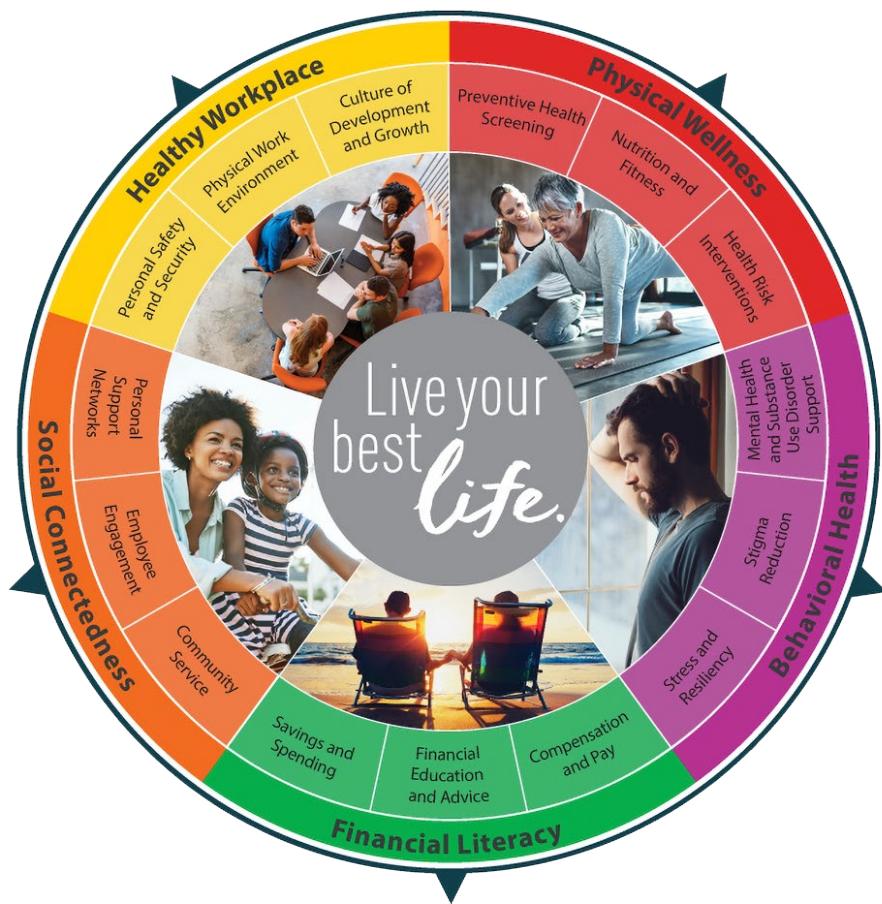
In the U.S., we offer health plan coverage to employees and their eligible dependents, and our coverage for preventive health services goes well beyond established federal health care requirements. Lilly's myBestLife program offers a set of tools and resources to help employees better manage their health, as well as support them in living a healthier and more active life. Efforts to support our employees' physical and emotional health include:

- At our Indianapolis headquarters, we offer two on-site medical clinics where employees are encouraged to access annual preventive screenings and routine lab work.
- Fitness centers at our Indianapolis headquarters offer individual and group exercise and we provide access to a national network of more than 10,000 fitness centers located across the U.S. at no additional cost to our employees and their eligible family members. In response to the pandemic, we added a virtual fitness benefit so that employees and their eligible family members can exercise at home. We also provide showers and bike racks for Indianapolis employees who commute to work by bicycle.
- Lilly partners with our food-service vendors to offer a wide range of healthy dining choices and snacks, and we provide access to a dietitian and frequent fitness challenges such as the popular "Maintain Not Gain" holiday team competition.
- We offer an Employee Assistance Program (EAP) – at no additional cost – to help with the stresses and challenges of life. Employees in the U.S. can talk to counselors, lawyers and specialists to help with self-care and care for their families.

- Health, above all, includes mental health. In 2021 we renewed our focus on mental health through various employee communications and events, a dedicated mental health clinician, and the introduction of a mental health advocacy program. We offered quarterly webinars with topics such as Science of Care, Getting Better Sleep, Preventing Burnout and Being Purpose Driven to help employees and families manage stress, anxiety and new challenges they are facing. Employees also had the opportunity to learn resilience skill-building to manage stressful times through mindfulness, meditation and self-compassion. More than 200 employees were trained to recognize signs of emotional stress through our new Mental Health Advocacy training program offered in partnership with our EAP provider and our EnAbleUS employee resource group. Through scenarios and role-playing, employees learned to better discern the difference between important, urgent and emergent mental health scenarios.
- New mothers receive maternity leave benefits and access to lactation rooms, and new adoptive, foster and birth parents and their partners are eligible for one of the industry's leading parental leave benefits. Our corporate headquarters has two on-site child development centers, and we offer back-up care options and parenting education opportunities.
- We promote financial well-being through a variety of online financial resources, and we offer individual financial counseling on-site or by phone at no out-of-pocket cost to employees.
- Since 2011, we have designated all U.S. sites as smoke-free.

Many of our benefits are also available to spouses, domestic partners and qualified dependents to promote well-being for the entire family. Additionally, Lilly affiliate sites around the world offer extensive wellness programs aimed at providing a holistic approach to employee health, safety and well-being.

## Employee Well-Being Framework



## Pay and Benefits

Our pay and benefits programs are designed to attract and retain a diverse, highly motivated workforce, while reinforcing our care for employees and shared purpose to make life better. Lilly's compensation programs reward employee contributions and overall business success, and our benefit programs provide the flexibility to meet employees where they are in life and support overall well-being. We strive to deliver our total rewards with a global mindset, differentiating programs only where local business needs or markets necessitate.

We are committed to ensuring pay equity for all employees. For more than 20 years, we have regularly conducted pay equity studies of our workforce in the U.S. and have more recently started conducting studies of our workforce outside of the U.S. While infrequent, we have made pay adjustments as warranted based on these analyses. We believe that pay equity is critical to our success in supporting a global, diverse and inclusive workforce.

While our rewards programs vary around the world, we take a holistic approach to employee benefits. These may include flexible work arrangements; on-site conveniences such as cafes, fitness centers and child development centers; competitive time-off programs including two company shutdown periods in the U.S. to encourage employees to fully disconnect; retirement benefits including pension and retiree health care benefits in some countries; and health and disability programs that are available to eligible employees when they need support.

We emphasize diversity, equity and inclusion in our global benefits programs. We have worked locally with our affiliates to remove certain exclusions as a part of our commitment to support a global standard of care. Examples include eliminating certain barriers to coverage for same sex partners, newborn babies, certain sexually transmitted diseases, suicide and self-inflicted injury. In the U.S., we announced a new partnership with Included Health to offer concierge health care navigation to our LGBTQ+ community, added a surrogacy benefit and expanded adoption benefits, updated fertility benefits to

eliminate the need for an infertility diagnosis, enhanced gender affirming surgery coverage and modernized the definition of family for purposes of time-off benefits.

We also offer the Inspire employee recognition program to reward and recognize employees at Lilly locations globally. The program includes supervisor-to-employee, peer-to-peer and years-of-service recognition. Employees may recognize colleagues and congratulate and support coworkers' successes through the companywide recognition feed, providing a consistent and meaningful recognition experience for employees around the world.

Learn more about our approach to [DEI](#) and how we're working to make [employee health care more affordable in the U.S.](#)



## Learning and Development

We invest in employees' growth by providing resources for career and leadership development. We want every individual at Lilly to reach their fullest potential, which is why we strive to offer the tools and resources to support them on their journey and help them contribute at their highest level to fulfill our company's purpose.

We offer the training our employees need to do their jobs in the highly regulated pharmaceutical industry. We also provide training about corporate policies, such as those contained in our code of business conduct, [The Red Book](#).

And we work to cultivate a culture of lifelong learning by encouraging employees to seek ongoing education and growth experiences to help them build rewarding careers.

Lilly's work encompasses business areas and functions across the entire breadth of our value chain – discovery, development, manufacturing and marketing. With broad technical and support functions, we offer employees opportunities to grow and develop their careers across areas of interest and geographies. We provide internal learning and development programs to help employees navigate these opportunities, identify career objectives and acquire the right skills.

### Learning and Development Programs and Tools

Explore Your Career is Lilly's global framework and suite of resources designed to help employees grow and lead every day – and to help retain talent. Explore Your Career offers the opportunity for employees to "raise their hand" to receive a talent assessment, which provides development suggestions for deepening skills and taking on new or expanded leadership roles. Explore Your Career contains tools and guidance for employees and their managers to assess career interests, map career plans and develop capabilities. The program will expand to additional employees in geographies outside the U.S. in 2022.

LillyU, which features the online LinkedIn Learning platform, is another opportunity extended to all employees. Lilly employees are curious innovators and love to learn. LinkedIn Learning courses are taught by real-world practitioners around the globe who inspire and engage learners in several languages, including English, Spanish, German, French, Japanese, Mandarin and Brazilian Portuguese. This makes it widely accessible to Lilly's global team of employees. The platform provides relevant, up-to-date learning opportunities across business, creative and technology topics.

Lilly has prioritized strengthening our data skills and capabilities. The Lilly Data and Analytics Institute was launched to upskill employees and leaders across the company. Through foundational courses, custom scenario-based simulations and hands-on tool-based programs, Lilly is deepening its culture of data-driven decision making and equipping teams to tap more deeply into the power of analytics.

Another significant advancement in employee development, inclusion and engagement in 2021 was a global conference that ran "around the clock" to help

all employees learn how to leverage technology to build connections across the Lilly enterprise. The event demonstrated how to use available tools and resources to improve productivity, collaboration, inclusivity and well-being – whether employees were working on site or remotely.

Effective leadership is a critically important part of a thriving organization. We're expanding our investment in leadership development for leaders at all levels of the company and across the globe. The aim is to help supervisors develop skills and strategies to lead inclusive, collaborative and high-performing teams. In addition to the online LinkedIn Learning platform available in multiple languages, we further expanded our instructor-led offerings to target leadership development and skill-building in 2021. New programs and tools launched in 2021 focus primarily on inclusive leadership in a hybrid environment. During the pandemic Lilly accelerated its leadership development opportunities, and used this time to facilitate more global connections. Lilly was able to reach more leaders – globally and cross-functionally – than in the pre-pandemic timeframe. We continue to apply the best of this pandemic-era learning to grow leadership skills.

Lilly supports continuing education through several programs, including a U.S. tuition assistance program available to all employees and sponsored graduate degree programs available to a smaller number of individuals. In 2022, to make participation easier, Lilly will transition the tuition assistance program from an employee reimbursement model to a Lilly pre-pay model, while also increasing the annual amount of the benefit by more than 40%. Lilly also provides training that meets criteria for professional re-certifications, such as engineering and accounting.

We strive to develop top talent from diverse backgrounds through several signature programs. In 2018, we introduced Emerge, a three-day program led by our CEO that is designed to develop Minority Group Member (MGM) talent at Lilly. Four cohorts comprising Black/African American women, Latinx and Asian women, MGM men, and LGBTQ+ employees have participated in this enterprise-level program since its inception. Lilly also offers established leadership development programs for women and early career multicultural talent, as well as leaders at all levels.

We continue to evolve design standards for training courses to improve accessibility for people living and working with disabilities and other access needs. Examples include ensuring courses are compatible with assistive technologies such as screen readers for employees with visual impairments and providing transcripts for individuals with hearing impairments. Across Lilly, we intentionally design learning experiences and other communications technologies to be more inclusive.

Learn more about how we [develop diverse talent and offer an inclusive workplace](#).

## 2021 Learning and Development Data



### 70 hours

Average of **70 total training hours** per employee on an annual basis (65 hours technical/compliance-focused and 5 hours development-focused)



### 14,600 employees

More than **14,600 Lilly employees** viewed content on the LinkedIn Learning platform, and the average time per viewer nearly two hours.



### 26,230 courses

Employees completed **26,230 courses**



### Popular content

The most popular content categories in 2021 included **data analytics, inclusion, communication and leadership**.

# Recruiting and Retaining Top Talent

We believe cultivating talent begins with the recruitment and hiring process and continues through education, development and advancement of people with wide-ranging backgrounds and experiences.

We strive to find the best talent, with a focus on [diversity-driven talent](#) and ensuring that the best candidate is hired for each job. Lilly also offers several programs where we bring talent in at different points in their career. This includes science-related positions in Lilly Research Laboratories (LRL) through offerings that include:

- **Accelerated R&D Leadership Program** – A two-year rotation program launched in 2019 to bring in MD/MBA and Ph.D./MBA talent from highly regarded MBA schools who have the passion to lead at the intersection of business and science. [Christalyn Rhodes shares her story.](#)
- **Postdoctoral scientist program** – This initiative aims to hire more than 30 postdoctoral scientists by the end of 2022. Positions include mentorship by senior scientists throughout LRL.
- **Medicines Innovation Hub Talent Development Academy** – A set of programs focused on scientific talent recruitment and development that includes early career scientists, potential leaders and experienced scientists for rotations within the organization.

Through our employee well-being and learning and development offerings noted above, we are committed to retaining talent. In light of COVID-19 and what is commonly called the "Great Resignation," Lilly has taken extra steps to help employees find meaning and connection in their careers and work.

In 2021 we began the process of further upskilling our HR partners to assist in education efforts of employees and managers around retention. The Science of Retention series focuses on three main areas: the psychology of retention and helping employees choose to stay; the leading and lagging indicators of retention and what to do about each; and how to bolster employee engagement. We've leaned heavily on a new resource for 2021 called the Engagement Conversation Toolkit, which is an easy-to-use handbook managers can use to conduct frequent "stay interviews." These conversations are meant to identify barriers for employee retention that are specific to the individual so that the manager can promptly and

more effectively address any underlying or ongoing circumstances that may be causing challenges for the employee.

Explore Your Career, our global learning and development framework noted above, helps drive retention through extensive career learning and development opportunities. Additionally, through our Total Rewards program, we are in the process of revisiting and realigning job titles and levels within our career paths to provide more opportunities for career progression.

In early 2022 we launched Discover, a 12-month new employee onboarding program with multiple touchpoints designed to foster integration into the Lilly culture, to accelerate learning in their new roles and to create connections that further a sense of belonging at Lilly. Discover was shaped in part by external benchmarking, feedback from employees and learnings from onboarding remotely during the COVID-19 pandemic.

## Attrition Rate

Lilly's 2021 voluntary attrition rate for 2021 was 8.8%, with an involuntary rate of 4.2%, for a total attrition rate of 13%. (These data are for full-time employees only, not fixed-duration employees.)

# Supporting Employees through COVID-19

As the world faced the COVID-19 global pandemic, we acted quickly to protect both the health of employees and our ability to supply medicines to patients. The pandemic has forced us to work in new ways, and we are committed to supporting one another as we all continue to adapt. Most employees transitioned to remote work and were offered expanded reimbursement to enable a safe home working environment.

Supervisors were encouraged to be more flexible with respect to work arrangements and time off in recognition of the unique demands of both work and home. We developed a manager resource curriculum – including a handbook and training – to help supervisors learn how to better support employees and lead their teams in a hybrid and/or remote environment. For employees whose jobs required continued onsite work, Lilly enhanced benefits, such as premium pay and meal provisions. In addition, a new mobile app, Lilly Passport, was introduced to help employees self-screen for COVID-19 symptoms or close contact prior to coming to work each day.

Additional actions taken to support employees in the U.S. included:

- We expanded our paid time-off programs to allow the use of 88 paid hours toward COVID-19 related needs, such as childcare due to school closures and elder care.
- Health care benefits were increased to include COVID-19 testing and treatment along with expanded use of telehealth.
- Backup childcare programs were expanded to allow up to 20 days of care per child, and our two Indianapolis-based child development centers remain open throughout the pandemic.
- We hosted a socially distanced summer camp program to afford working parents greater balance, allowing them to focus on work while their children were cared for in a safe environment.
- We supported employees with a suite of enhanced family care programs offering access to and discounts for sitters, nanny placement services, elder care support, homework and tutoring help.
- We delivered numerous well-being offerings, including our signature Week of Well-Being program, which was offered globally for the first time, and ongoing programming such as Coffee & Conversations sessions to support strong mental health, self-care and resiliency.
- In Indianapolis, where our headquarters is located and we are a major employer, we focused on making a difference. We joined other companies in offering employees with medical expertise time off to help in our communities.
- At the outset of the pandemic, Lilly responded quickly to create a COVID-19 diagnostic testing lab and began analyzing samples taken in Indiana health care facilities in partnership with the Indiana State Department of Health. And, with employee volunteers, we created a temporary free drive-through COVID-19 test site for front-line health care workers, first responders, essential workers and individuals at high risk for complications from COVID-19. Testing was later expanded during the peak of the crisis in 2021 to include employees and their families.

## Employee Engagement

Our quarterly employee engagement survey, the Pulse survey, has been administered in some form since 1995.

Each quarter, 25% of employees are randomly invited to participate in the Pulse survey.

Our most recent survey in 2021 asked employees more than 80 questions related to meaningful work, rewards and recognition, well-being, job satisfaction and retention. The Pulse survey evaluates employee perceptions of 13 different dimensions, including engagement, which is a composite dimension of several questions. The survey questions were updated in 2019 based on current research, business priorities, key-stakeholder input and trending benchmarks.

The data are reviewed quarterly by leaders and reports are available at the manager levels. The data are confidential and reported in aggregate, and individual level data is not shared or reported. Reports are created based on demographic filters, including level, job function and tenure as well as gender, race, ethnicity, age and location.

Over the past three years, our response rate has been between 60-70%, with more than 21,000 employees responding to the survey in 2021. The survey is available in 19 languages. During 2021, we also added a Micro-Pulse survey, which was administered to small, randomized groups of 500-1,000 employees, which further tested just-in-time concepts, such as preferences of working on-site vs. remote, facilities, benefits and communication strategies. This continues to be a key platform to listen to employees and enable their voices to be heard.

### 2021 Employee Engagement Data

Lilly uses its Pulse survey as one way of measuring employee engagement. Global Pulse survey data from 2021 showed an Overall Engagement Score of 77% and an Overall Team Lilly Include score of 81%. The Team Lilly Include score comes from a set of questions that comprise an inclusion index. For example: "I feel like I really belong in this company." "Overall, there is a free exchange of views in my organization; people are not afraid to say what they really think." "I can be myself around here."

### 2021 Employee Engagement Data



# Employee Safety

Keeping our people safe and healthy, whether at home or at work, is a top priority and aligns directly with our values. We realize the journey toward excellence in safety never ends, and we are constantly evaluating approaches to improve our safety programs and integrate injury prevention into everyday work.

We focus on creating a companywide culture where best-in-class safety practices are consistently followed. To do this, we assess and continuously strive to improve our companywide safety performance to promote the well-being of employees and to help safeguard communities where we operate.

At Lilly, we measure both leading and lagging indicators when assessing our overall safety performance. We have found that tracking leading – or predictive – indicators, such as ergonomic risk, safety culture scores and precursors for life-altering and fatality risks, contributes greatly to our company safety performance. Using these indicators in conjunction with lagging indicators, such as our injury rates, we can paint a comprehensive picture of the areas that most affect employee safety across Lilly. This approach allows us to both influence change where needed and track our safety progress in concrete ways over time.

## Employee Safety Goals

Since we first began setting global safety goals in 2007, we have achieved significant improvements in our injury and illness rates. We continue to evaluate and set challenging employee safety goals to ensure we are making improvements in the most impactful areas.

In 2021, Lilly established new safety metrics connected to our safety priorities and improving safety culture. Our priorities include developing safety leadership capabilities, reducing our most significant risks that could have life-altering or fatal consequences and managing business continuity risks, including those associated with process safety management. Additionally, we established a new safety goal – to achieve zero severe injuries – with a focus on continuous improvement. In 2021, our severe injury rate was 0.41 injuries per 500 employees, an improvement of approximately 20% from the 2020 rate of 0.51. We strive to achieve year-over-year improvement in this performance as we work toward achieving an injury-free workplace.

With an eye on predictive indicators to improve our safety performance and culture, we track several leading metrics aligned with our priorities:

- **Life-Altering Injury and Fatality Near Miss Rate –** Near miss events that involve the potential to result in a life-altering injury and fatality.
- **Safety Leadership Score –** Safety culture score calculated from our global employee Pulse surveys.
- **Lab Inspections –** Execution of lab inspections in Lilly Research Laboratories to help drive leadership engagement and identify and mitigate risks.
- **Affiliate Field Safety Discussions –** A requirement for leaders to engage in driving and ergonomic safety discussions with our field-based employees.

We continue to track and report injuries as required by local regulations (e.g., OSHA); however, for internally tracked injury metrics, we utilize the severe injury rate, which is based on the ASTM Standard for Reporting Injuries and Illnesses. This metric is applied globally and provides insights into our safety program performance. We also track the number of process safety deviations in our manufacturing sites and the number of life-altering injuries and fatalities globally.

## Promoting a Culture of Safety at Lilly

We know that to reach our goals for safety performance, Lilly must continue to instill and promote a best-in-class safety culture. We use a well-known model – the DuPont™ Bradley Curve™ – to measure our progress. In addition, we've added safety leadership questions to our employee Pulse surveys to support continued efforts to improve our safety performance.

In 2021, we advanced several key initiatives including:

- Integrating safety culture requirements into our internal HSE auditing program.
- Continuing to drive safety culture improvements through the DuPont Sustainable Solutions (DSS) Safety Perception Survey (SPS).
- Expanding our internal safety culture training program by implementing Safety Management Fundamentals for new leaders across our manufacturing sites.

## Working Safely from Home

During the COVID-19 pandemic, we prioritized employee safety and ensured the reliable supply of our medicines to the people who need them by shifting many employees to remote or home-based work. We increased focus on well-being and support for employee mental health, and we have proactively reduced ergonomic risks for employees working at home.

We launched our Ergo Answers@Home program, which includes educational resources, links employees to ergonomic experts and shares ergonomic success stories. Employees working from home can complete an online assessment tool to learn how to reduce their ergonomic risk, and we provided many employees with home office equipment and ergonomic accessories. We continue to promote the use of an IT software to prompt employees to take pauses and safety breaks based on computer use and enable employees and their supervisors to monitor their ergonomic risk level.

## Life-altering Injury and Fatality Elimination

We continue to advance safety efforts and progress at Lilly facilities, with a focus on addressing injuries at every level, including life altering injuries and fatalities and our areas of highest risk.

We are proud of our progress to reduce injuries to employees, but we recognize that lower injury rates don't necessarily correlate to fewer life-altering injuries and fatalities. Over the last several years, we applied more rigor toward the Life-altering Injury and Fatality Elimination (LIFE) metric. In 2021, we prioritized global cross-functional implementation of training on LIFE for employees and processes to identify, investigate and mitigate LIFE risks. LIFE near-miss events and key learnings are shared broadly through our HSE Alert process and data are used to identify and implement risk reductions across the organization. We regularly benchmark with peer companies to share events and new methods for controlling LIFE risks to continuously identify opportunities to improve safety.

Achievements of the LIFE team in 2021 include:

- Upgrading anti-collision technology on powered industrial vehicles such as forklifts and riding pallet trucks.
- Launching a LIFE awareness campaign in global manufacturing, designed to develop transformational leadership safety communications.

- Revising our LIFE strategy to emphasize elimination, substitution and engineering controls for reducing LIFE risks.
- Implementing our new Safe Use of Mobile Electronic Devices While Driving procedure, including an internal awareness campaign called Worth the Wait.

## Addressing Our Highest Risks

Our manufacturing sites have adopted engineering controls such as automated storage and retrieval systems, dock restraint systems, automated guided vehicles and anti-collision systems to further minimize warehouse risks. A global priority on electrical safety has resulted in multiple solutions being implemented to reduce potential exposure to our electrical workers, including a comprehensive electrical safety assessment performed at our global manufacturing sites. Additionally, our "live equipment troubleshooting" procedure focuses on improving equipment and machine safety. Near-miss data are continually collected and shared, and mitigation techniques are standardized where appropriate.

## Managing Our Process Safety Risks

Some pharmaceutical manufacturing processes use hazardous chemicals subject to process safety management standards established by the U.S. Occupational Safety and Health Administration, U.S. Environmental Protection Agency and EU directives and regulations. Over two decades ago, Lilly developed a globally integrated process safety management (GIPSM) program to manage process safety risks that goes beyond regulatory expectations to include chemicals not governed by these standards. Process safety management aspects are integrated within product development and manufacturing processes utilizing hazard analysis and risk elimination, procedural and training requirements, change management oversight and many other controls designed to minimize the risk of a catastrophic event.

By maintaining a sustained focus on process safety programs and HSE improvements, we have significantly reduced the risk posed by the most serious potential process safety events. In 2021, we continued to advance our process safety management program, including:

- Developing resources designed to educate newer employees in technical roles on historical lessons learned from Lilly's Process Safety program.
- Completing an external assessment of our GIPSM program and developing actions that will continue into 2022, focusing on process safety resourcing,

developing enhanced facility siting engineering standards and improving the application of Layers of Protection Analysis (LOPA) for higher potential consequence scenarios.

- Expanding key elements of our process safety programs into oversight processes for external contract manufacturing operations.
- Joining the American Chemistry Council's (ACC's) process safety committee and the European Process Safety Center (EPSC) to provide access to additional process safety best practices and subject matter experts.



## Sales and Marketing Motor Vehicle Safety

Our sales and marketing employees represent approximately 35% of our global workforce. Their jobs require them to spend significant time driving, exposing them to risks of collisions and injuries that are challenging to mitigate. In 2009, we launched a motor vehicle safety program as part of our global HSEDirections program, designed specifically for Lilly employees who are on the road daily visiting physicians, hospitals, clinics and other customers. Investing in our motor vehicle safety program has resulted in a decrease over time in collisions and a significant reduction in motor vehicle-related injuries.

Lilly's vehicle collision rate is calculated using the percent of vehicles experiencing a collision. By the end of 2019, we had already reduced our vehicle collision rate to our 2020 goal of no more than 12%. We continued to see further reduction in collisions throughout 2020, influenced largely by less field activity during the COVID-19 pandemic. In 2021, we focused on safely returning our global work

force to the field with an increased emphasis on driving without distractions, renewed emphasis on supervisor-led safety coaching sessions and continuous improvements in country-specific driver safety programs. Our 2021 global collision rate was 8.6%. This was likely influenced by periods of less field activity and drive time during the COVID-19 pandemic.

### Safe Use of Mobile Electronic Device While Driving Procedure

At Lilly, we believe that no one should ever be hurt doing their job. The use of mobile electronic devices while driving increases the potential for motor vehicle collision and personal injury. For this reason, all employees across the company are subject to a global procedure that prohibits, with limited exceptions for brief and urgent scenarios, the use of mobile electronic devices while driving any company-owned or leased vehicle, while conducting company business driving any vehicle or while driving on company property.

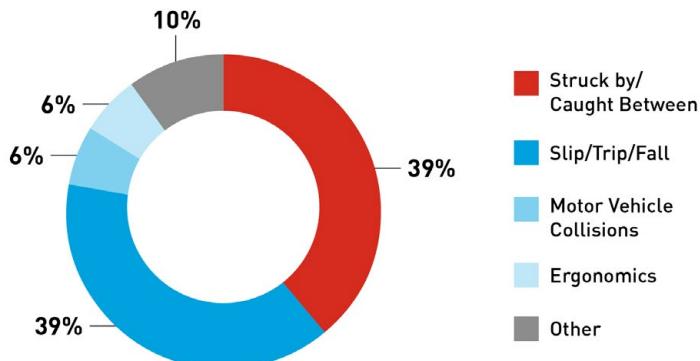
### Contractor Safety

Lilly's Global Facilities Delivery organization is responsible for the delivery of the major capital expenditures for the company at our facilities globally. In 2021, these capital projects had over 2 million exposure hours across approximately 20 different projects. Our contractor injury rate (based on OSHA recordkeeping criteria) was 0.6 incidents per 100 workers, which is significantly lower than the 2020 construction industry national average of 2.5 incidents per 100 workers, which is the [most recent data](#) available from the U.S. Bureau of Labor Statistics at the time of this update to our ESG Report.

Our safety management system starts with the objective of compliance to all regulations in the jurisdictions in which we work. However, our approach to safety goes beyond compliance with the belief that all accidents are preventable. We employ strict qualification criteria for contractors before they are awarded work and, once they are selected, we require ongoing job-specific training and oversight. Throughout all projects, we stress that safety is the top priority, before cost and schedule. We emphasize job-specific task planning, continuous recognition of changing conditions and safety observation reporting.

# Safety Performance Data

## Severe Injury Categories in 2021



## 2021 Data

Safety Performance	2020	2021
Severe injury rate <sup>1</sup>	0.51	0.41
Contractor injury rate <sup>2</sup>	0.90	0.60
Fatalities	0	0
Safety leadership score <sup>3</sup>	89%	87%

1. Per 500 employees (ASTM E2920 standard for recording occupational injuries and illnesses).

2. Per 100 workers (OSHA total recordable injury rate calculation).

3. Percent favorable responses to safety leadership questions on Lilly's employee Pulse Surveys.

View Lilly's historical safety measurements and data from 2015-2020 in our [2020 ESG Report](#). Additional historical data can be found in our [reporting archives](#).



# Human Rights

## Management Approach

One of our long-established core values – respect for people – guides us to maintain and uphold an environment built on mutual respect, openness and individual integrity. This includes our concern for all people who touch or are touched by our company – patients, customers, employees, shareholders, partners, suppliers and communities. Our purpose of making life better guides our commitment to ensure employees, partners and suppliers uphold our values and respect human rights as we work together to improve lives.

Lilly signed on to the United Nations Global Compact in 2009 and is committed to the [UNGC's Ten Principles](#) on respecting internationally proclaimed human rights, labor, environment and anti-corruption.

### IN THIS SECTION

- › Ethical Foundation
- › Workplace
- › Supplier Code of Conduct
- › Safeguarding Patients
- › Protecting People's Privacy
- › Speaking Up

## Ethical Foundation

Lilly is committed to upholding high standards of corporate conduct. We earn the trust and respect of our customers, regulators and the general public through the manner in which we conduct our business and their resulting experiences. We believe in supporting the inherent rights of all people, regardless of where they were born, where they live, ethnicity, race, gender, sexual orientation or disability.

Our code of business conduct – called [The Red Book](#) – and our policies, compliance management systems, HR performance and promotion systems, training programs and communications initiatives are designed to work together to reinforce a culture of integrity and ethical behavior. This commitment to act legally and ethically, following both the letter and the spirit of the laws, regulations, policies and procedures that govern our business, includes various aspects of human rights.

Learn more in [Business Ethics](#).



## Workplace

Making life better starts with everyday acts of respect and inclusion for all people. We work together to create an environment where people feel valued and where they can use their diverse backgrounds, experiences, skills and perspectives in support of our purpose.

Across our own operations, we support human rights by:

- Offering fair and competitive employment practices, including wages and benefits

- Promoting a safe and healthy workplace
- Fostering a more diverse, equitable and inclusive work environment, where discrimination, harassment and retaliation are not tolerated
- Cultivating diverse talent – through the recruitment and hiring process, learning and development, and the advancement and retention of people with wide-ranging backgrounds and experiences.

Learn more in [Employee Well-Being](#) and [Diversity, Equity and Inclusion](#). And see our recent [recognitions](#) that include a perfect score on the Corporate Equality Index from the [Human Rights Campaign Foundation](#) and being named among the World's Most Ethical Companies by [Ethisphere](#).

### Lilly's Support of Workers' Rights

Lilly fully supports standards that are upheld in U.S. law that both adults and children should be free from compulsory or coerced labor, and that people should have the right to associate freely and bargain collectively.

#### Forced and Child Labor

Lilly maintains a longstanding practice of complying with local minimum age laws and requirements and does not employ child labor, or forced or compulsory labor, in any of our facilities globally.

#### Freedom of Association and Right to Collective Bargaining

Lilly recognizes the importance of freedom of association in the workplace and respects the right of our employees to join associations of their own choosing. We interact with works councils and unions in several countries, and we support these bodies and work productively with them. The vast majority of our workers globally are not covered under traditional collective bargaining agreements.

In some countries where we operate, governments mandate working conditions such as salary increases, minimum wages, bonuses, number of weekly working hours, vacation time and overtime rates. These vary by country, and we follow these mandates wherever they apply.

Several of our affiliates have employee councils that meet regularly with management to discuss workforce-related issues that directly impact them, such as company policies and organizational changes. As laws and guidelines change wherever we operate, we will continue to work with employees, advocacy groups and governing bodies to maintain compliance and respect the right of free association.

## Supplier Code of Conduct

Our suppliers help us earn and maintain trust and respect. We also expect our suppliers to uphold Lilly values and standards as outlined in our [Supplier Code of Conduct](#). In 2011, we revised our global standards and procedures to include specific language about human rights, including our expectation that our vendors abide by Lilly's human rights standards.

We rely on our suppliers and contract manufacturing operations to ensure the ongoing availability of our medicines. As our manufacturing base has grown, we've taken significant steps designed to reduce our exposure to risks inherent in managing a global supply chain.

We continue to strengthen efforts to monitor our supply chain for quality and health, safety and environmental (HSE) risks. We have taken steps to educate and engage our suppliers directly on HSE issues and to help them build expertise around HSE topics. This includes our ongoing work as part of the [Pharmaceutical Supply Chain Initiative](#) (PSCI), which helps outline what the pharmaceutical industry expects from its supply chain. Lilly was an inaugural member of PSCI, which created and maintains the [Pharmaceutical Industry Principles for Responsible Supply Chain Management](#). These principles address five areas of supplier performance standards: ethics, labor, health and safety, environment and management systems. Lilly's Supplier Code of Conduct reflects the PSCI principles.

We require that our suppliers source materials responsibly and abstain from procuring materials from [conflict areas or sources](#) including the Democratic Republic of Congo.

See [Supply Chain Management](#) to learn more.

## Safeguarding Patients

From early discovery through drug development, as well as while a product is on the market, Lilly works to ensure the safety and effectiveness of our medicines. Our R&D efforts and clinical trials are developed and administered in ways that support our commitment to human rights.

## Bioethics

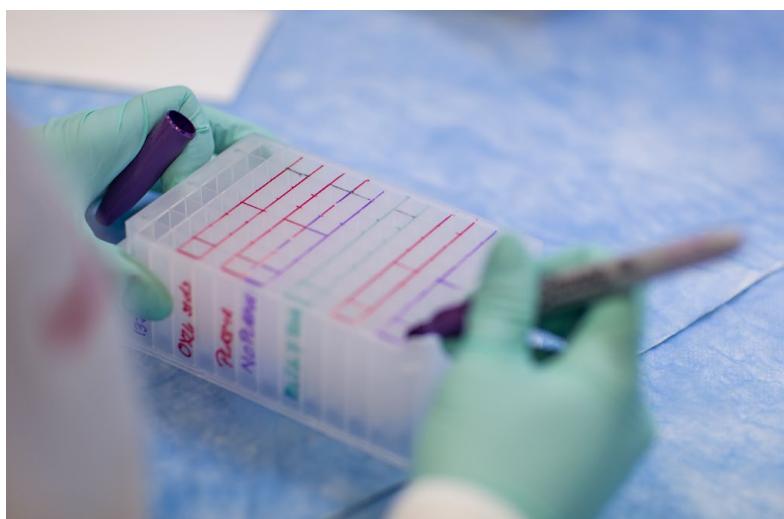
We conduct Lilly clinical research and development activities consistent with bioethics principles and sound scientific methodologies, focusing on the safety and well-being of research participants.

Lilly was one of the first pharmaceutical companies to establish a standing bioethics committee in 1999.

Our [bioethics program](#) is designed to address the increasingly complex and fast-paced ethical challenges of global pharmaceutical research, development and commercialization. Our focus is to protect and advocate for the rights and well-being of research participants and patients as well as the integrity of the scientific process and its applications for health care.

Our bioethics program provides Lilly employees with resources including the [Lilly Bioethics Framework for Human Biomedical Research](#), position papers on major bioethical issues, information on how to request a bioethics consultation, and bioethics education and training opportunities.

Learn more about our approach to [Bioethics](#).



## Clinical Trials

One of the primary responsibilities of Lilly researchers and the medical professionals who conduct our clinical trials is the safety of study participants. Participant safety and well-being is monitored throughout each clinical trial. In addition, Ethics Review Boards, a team of people independent from the research, review every clinical trial to ensure appropriate steps are taken to protect the rights and welfare of participants before enrollment, and they maintain independent oversight over each clinical trial throughout its duration. Learn more in [Patient Safety](#).

We believe diverse representation in clinical trials is critical and helps our researchers ensure we develop medicines that can be as effective as possible for the patients who use them. Many factors impact how someone will respond to a treatment, including their genetic background, ethnicity, gender and lifestyle, so it's important to enroll a diverse range of people in clinical

trials for our medicines. Learn more about how we approach [diversity in our trials](#).

Lilly applies a single global standard to the conduct of medical trials involving human subjects. This standard is based on well-respected ethics guidance and other requirements including:

- The World Medical Association's [Declaration of Helsinki](#)
- The Council for International Organizations of Medical Sciences' [International Ethical Guidelines for Biomedical Research Involving Human Subjects](#)
- The International Conference on Harmonisation's [Guideline for Good Clinical Practice](#)
- The Pharmaceutical Research and Manufacturers of America's [Principles on Conduct of Clinical Trials](#)
- Applicable laws and regulations of the country or countries in which a study is conducted.

Lilly conducts clinical studies in countries or communities in which the benefits of research can be made reasonably available for research participants and the host country or community. Learn more about our approach to [continued access to investigational medicine](#) and [multinational clinical studies](#).

## Protecting People's Privacy

Lilly is committed to the ethical management of all personal information whether it is that of a customer, an employee or any other individual. Our privacy program reflects our commitment to being open and honest about how we collect, manage, use and disclose personal information, and we're intentional about protecting it. We take reasonable precautions to protect personal information against loss, theft, misuse, unauthorized access, disclosure, alteration or destruction.

Learn more about how Lilly [respects privacy](#).

## Speaking Up

We don't compromise on issues of integrity. Lilly policy encourages all employees and our suppliers to report known or suspected issues, concerns or behavior that could harm Lilly or those we serve. We foster a culture where all individuals are empowered to speak up and engage with management to identify and implement appropriate continuous improvement.

We recognize that speaking up, even if anonymously, is our right and our responsibility, and that taking no action when action is warranted can have serious consequences. We encourage employees and suppliers to share concerns openly and honestly – including on issues of human rights – knowing that Lilly will not tolerate acts of retaliation for reporting inappropriate conduct, preventing unlawful practices or participating in an investigation.

Learn more about our approach to [Business Ethics](#).



# Patient Safety

## SASB Disclosures Covered:

[Safety of Clinical Trial Participants \(HC-BP-210a.1\)](#);  
[Counterfeit Drugs \(HC-BP-260a.1, HC-BP-260a.2\)](#)

## Patient Safety Management Approach

From early discovery through drug development, as well as while a product is on the market, Lilly works to ensure the safety and effectiveness of our medicines.

The safety and integrity of our products begins with the procurement of materials and extends throughout the production process. This includes strong Health, Safety and the Environment (HSE) practices with suppliers who provide us with materials for research and development, as well as with the contract manufacturers who make our medicines and other pharmaceutical products. We continue to work to stem the tide of counterfeit medicines and we partner with other organizations aligned with upholding patient safety and deterring counterfeiting.

## IN THIS SECTION

- › Global Patient Safety
- › Safety of Clinical Trial Patients
- › Upholding Product Quality
- › Preventing Counterfeit Medicines

## Global Patient Safety

Beginning with the discovery of a potential new medicine, and for as long as it is available to patients, our goal is to ensure that the benefits and risks of a medication are continuously monitored and well-understood by regulators, health care providers and patients.

Our Global Patient Safety organization, consisting of more than 300 physicians, pharmacists, nurses and other healthcare professionals is dedicated to the collection, monitoring, evaluation and reporting of safety information. Lilly collects adverse event reports and other safety information from around the world in an adverse event database and new safety findings are communicated to patients, health care professionals and regulators. In addition, Lilly Global Patient Safety physicians partner with Global Manufacturing and Global Quality colleagues to ensure the safety of our medicines through the evaluation of manufacturing specifications, manufacturing changes and deviations.

Lilly's Global Patient Safety organization also maintains a robust system to monitor and ensure our devices are acceptably safe and effective from development to end of life cycle.

Read additional information about our [patient safety](#) efforts.

### Reliable Product Availability

The mission of our Global Manufacturing organization is to provide a reliable supply of high-quality medicines. Because we manufacture medicines that people rely upon and that can be critical for health, we know that we have a responsibility to safeguard the materials needed to manufacture these medicines and the supply chain logistics that help ensure their availability.

Our Manufacturing Policy Committee oversees the maintenance of Lilly's inventory of essential raw materials. Before these materials are received by Lilly, our raw material and component suppliers are evaluated for technical competence and their ability to provide high-quality, efficacious raw materials. Learn more about our [third-party risk management](#).

As an additional safeguard, we have mitigation plans in place for our drug product components, which include the active pharmaceutical ingredient and all other components used to manufacture finished drug products. Our manufacturing, packaging and distribution capabilities also help safeguard the supply of Lilly medicines and our ability to provide safe and effective finished drug products, or the final packaged

medicines, to patients and health care providers. Our product serialization solution, first implemented in the U.S. in 2018, and with ongoing implementation in other countries, adds an additional level of security to our distributed products.

## Safety of Clinical Trial Patients

We work to find new and improved medicines through rigorous research, including clinical trials. We believe diverse representation in clinical trials is critical and helps our researchers ensure we develop medicines that can be as effective as possible for the patients who use them. Many factors impact how someone will respond to a treatment, including their genetic background, ethnicity, gender and lifestyle, so it's important to enroll a diverse range of people in clinical trials for our medicines. Learn more about how we approach [diversity in our trials](#).

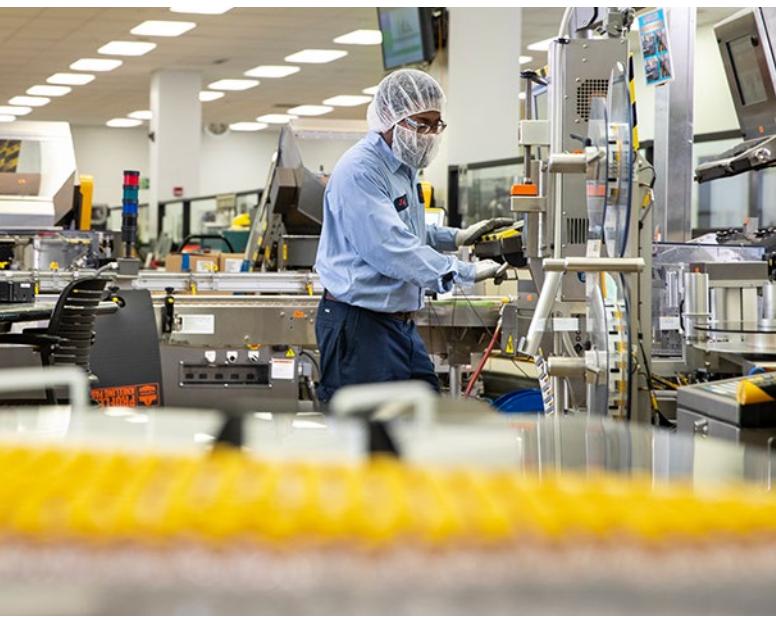
One of the primary responsibilities of Lilly researchers and the medical professionals who conduct our clinical trials is the safety of study participants. Participant safety and well-being is monitored throughout each clinical trial. In addition, Ethics Review Boards (ERBs), a team of people independent from the research, review every clinical trial to ensure appropriate steps are taken to protect the rights and welfare of participants before enrollment, and they maintain independent oversight over each clinical trial throughout its duration.

Before enrolling in a clinical trial, participants are given information about the study through a process called informed consent, which continues throughout the duration of the study. The informed consent document describes the study's purpose, length, procedures, risks and benefits, and other information that all participants should know. This document is not a contract, and participants may withdraw from a study at any time, for any reason.

Lilly sponsors clinical trials but relies on a variety of partners to conduct the trials. In addition to the medical professionals at research sites – called clinical trial investigators – we partner with service providers, technology providers, research monitors and other providers, as needed, to effectively conduct our research. These partnerships are essential for appropriate oversight. For example, research monitors work with investigator sites to validate and confirm clinical trial data, and technology providers deliver items such as electronic trial diaries or digital devices to collect biomarker data (for example, pulse, breathing rate, body

temperature, etc.). We conduct robust assessments of these parties to ensure they meet Lilly standards for research and data privacy, and we oversee their activities throughout the clinical trial to ensure quality and data integrity.

During the clinical trial, researchers monitor patient safety by collecting any adverse events that occur. Lilly reviews these adverse events across trial participants to identify potential safety concerns, to inform researchers, participants and regulators, to appropriately manage the care of the research volunteers, and to inform the benefit-risk profile of our products in development.



## Upholding Product Quality

Lilly is deeply committed to manufacturing high-quality medicines for patients who need them, and the safety and quality of our products is a high priority. We take our obligations seriously and have rigorous quality systems in place to ensure compliance with regulatory requirements.

Our Global Quality team is an independent organization within Lilly composed of about 2,500 scientists, pharmacists and other quality professionals. The most senior Quality leader reports directly to our CEO to ensure independence and objectivity. Global Quality is involved throughout the product life cycle, working across all phases of drug development and manufacturing. The goal of the team is to provide effective guidance and quality

oversight, collaborating with colleagues in R&D and manufacturing to comply with applicable regulatory and internal standards and controls.

Global Quality manages and updates the Lilly Quality System, an integrated system of standards, business processes, organizational controls and oversight designed to help assure high-quality medicines are delivered to patients. The Lilly Quality System, which also includes sales and marketing activities for the U.S., maintains standards that support delivering balanced, objective, substantiated and current information to our customers. The Lilly Quality System, supports and reinforces the Lilly values and our commitment to operating ethically and responsibly. We work to create an environment where employees are empowered to speak up and share concerns. Learn more about our [Business Ethics](#).

Lilly receives general surveillance inspections to examine our adherence to Good Manufacturing Practices (GMP), Good Clinical Practices (GCP) and quality standards, as well as pre-approval inspections in support of new products. Lilly regularly hosts inspections by global regulatory bodies of our manufacturing facilities, as well as inspections in areas such as our marketing affiliates and clinical areas.

Lilly utilizes a robust process to evaluate possible quality defects and safety issues that may be identified through internal testing, an event that potentially impacts product, quality, or a complaint. Any such incident that poses a risk to the patient is escalated, promptly investigated and triaged by technical subject matter experts, quality management and patient safety physicians. Investigation outcomes are utilized for continuous improvement of our processes.

If a market action, such as product recall, is necessary, Lilly executes an established process with agreement from respective health authorities to promptly and efficiently remove affected material and communicate the decision to minimize the risk to patients. In some cases, incidents of potential or confirmed counterfeit Lilly product within the legitimate supply chain can prompt a recall of authentic Lilly product. In these circumstances, the authentic Lilly product does not pose a risk. Lilly partners with health authorities and law enforcement agencies to determine if a recall of the material is needed to prevent counterfeit medicine from harming patients and to ensure the integrity of the legitimate supply chain.

## Total Recalls

2018	2019	2020	2021
1	1	0	5 <small>(1 recall due to counterfeit medicine)</small>

### Global Quality also oversees the following activities to safeguard product quality:

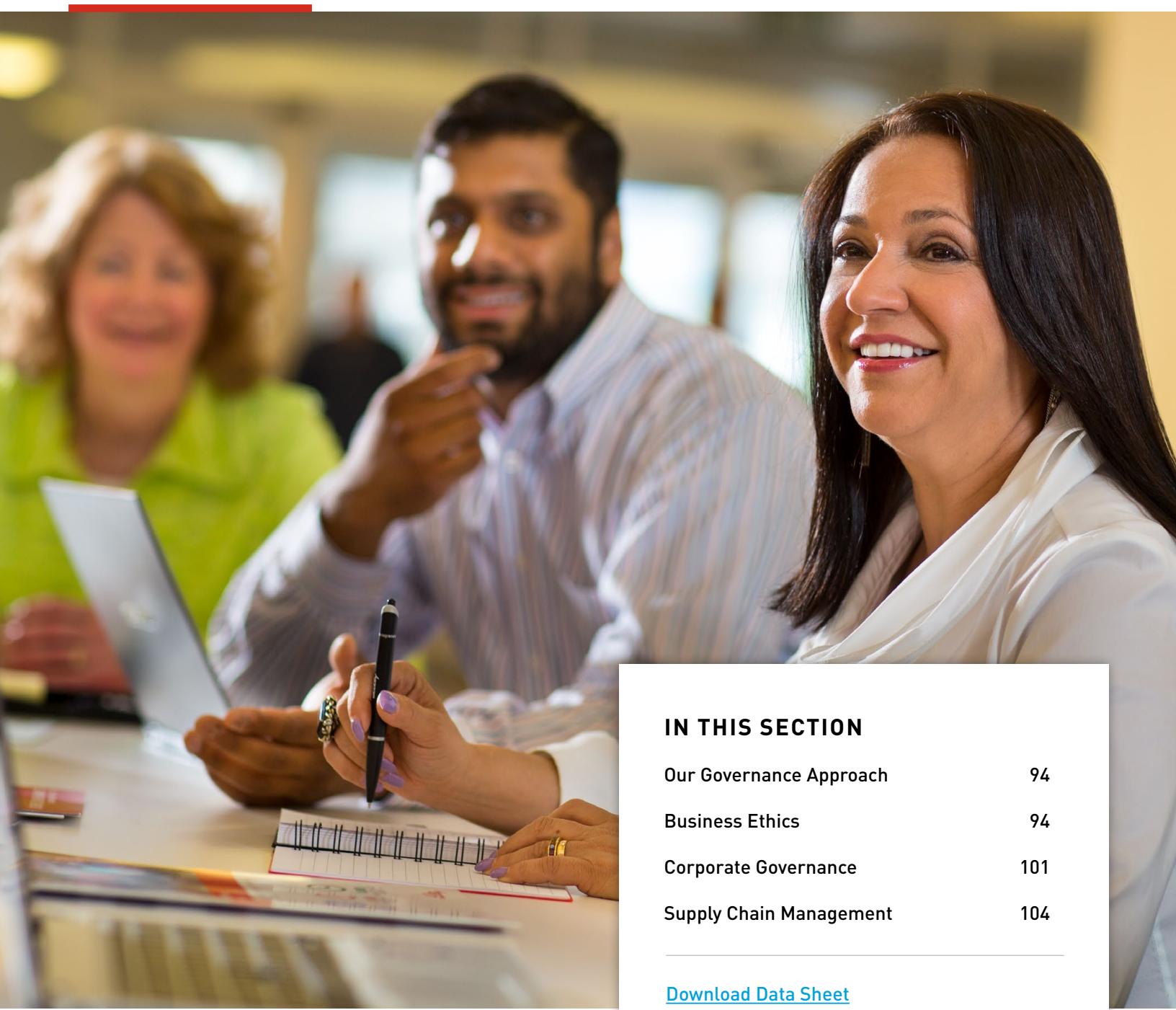
- Testing and Assurance Checks** – Testing and assurance checks are performed throughout the manufacturing process, starting with testing raw materials and components to in-process testing of active pharmaceutical ingredients to final product testing to conform to regulatory and internal specifications.
- Authorization and Regulation of Products** – The Lilly Regulatory Affairs organization is responsible for the content of product submissions and any communications related to review and approval of products. Regulatory Affairs also manages post-approval product registrations, labeling, promotional materials and associated regulatory policy.
- Quality Management Training** – At Lilly, we have a robust CGMP (current good manufacturing practices) training program to ensure that our employees working in GMP areas are prepared to perform their responsibilities effectively. This includes an annual CGMP update training that covers current quality-related topics, industry trends and regulatory updates.
- Medical Device Certifications** – For our medical devices, we maintain certification to the current ISO 13485 standard and participate in the Medical Device Single Audit Program (MDSAP). In this program, multiple regulatory authorities can accept the audit from a notified body on their behalf.

## Preventing Counterfeit Medicines

Counterfeit or illegitimate medicines are a threat to patient safety around the world and often undermine the regulated supply chains from which patients expect to receive safe, Lilly-manufactured products. Our product protection strategy was formally established in the early 2000s. Since that time, we have emerged as a leader and trusted partner in the area of product protection, both within the industry and with government and law enforcement agencies worldwide. Lilly's product protection strategy has evolved to address various threats to products and issues that emerged around the globe such as counterfeiting, tampering, theft and diversion.

Read [additional details](#) on the counterfeit or illegitimate medicine problem and the roles of Lilly, patients and governments in combating this issue.

# Governance



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[Download Data Sheet](#)

# Our Governance Approach

Our company was founded nearly 150 years ago on the Lilly family's core values of integrity, excellence and respect for people, and these values continue to guide all that we do today. We are committed to upholding our high standards of corporate conduct in all business dealings around the world. We believe that a strong system of corporate governance is critical to promoting the long-term interests of our shareholders and other company stakeholders.

## Business Ethics

### SASB Disclosures Covered:

[Business Ethics](#) (HC-BP-510a.2);

[Ethical Marketing](#) (HC-BP-270a.2)

## Business Ethics Management Approach

At Lilly, we are committed to upholding high standards of corporate conduct in our business dealings around the world. Our code of business conduct – called [The Red Book](#) – and our policies, compliance management systems, HR performance and promotion systems, training programs and communications initiatives are designed to work together to reinforce a culture of integrity and ethical behavior.

Bioethics – which focuses on the ethics of health care, biomedical research and biomedical public policy – is an integral component of corporate integrity in the pharmaceutical industry. Our bioethics program is a part of our global Ethics and Compliance organization and works to drive the integration of bioethics principles into Lilly's standards, decisions and actions. We embrace a comprehensive approach to bioethics, providing a variety of resources and educational offerings to help employees navigate ethical scenarios and apply bioethics principles in their daily work.

A key component to our culture of ethics and integrity is transparency around how we work. Lilly collaborates with health care professionals and organizations focusing on improving the health and quality of patients' lives. We believe being transparent about our relationships with these external groups, advocacy organizations and other stakeholders helps Lilly build trust and respect for how we work with others to benefit the people we serve.



### IN THIS SECTION

- › [Ethics and Compliance](#)
- › [Anti-Corruption Compliance](#)
- › [Respecting Privacy](#)
- › [Bioethics](#)
- › [Transparency, Disclosure & Political Engagement](#)

# Ethics and Compliance

Our comprehensive approach to ethics and compliance includes proactive risk assessments, trainings and communications designed to prevent fraud or other violations of Lilly's policies, as well as reporting, auditing and monitoring to detect potential compliance gaps. We assess risks in our business functions and the geographies where we operate to help business leaders understand, prioritize and mitigate risks related to ethics, compliance and fraud. We have a robust investigation process, and we develop corrective and preventive action plans to address issues as appropriate. We also use available data to improve our programs to help leaders assess the risks they face.

We have aligned our anti-corruption due diligence process, privacy program and bioethics work, and we have dedicated teams supporting these programs within our Ethics and Compliance organization to reflect the evolving business and external environment in which we operate.

The senior vice president of enterprise risk management and chief ethics and compliance officer oversees this work and is responsible for developing and operating our ethics and compliance program, managing a diverse organization that works across the business in all geographies. This individual reports to the CEO and provides regular updates to the Ethics and Compliance Committee of the Board of Directors, and each year the full Board reviews the company's overall state of compliance.

## Our Code of Conduct, Policies and Procedures

Our code of conduct, policies and procedures are designed to reinforce our [core values](#) and provide guidance on how we expect business to be conducted. They include processes for interacting with health care providers, government officials and others, and they are designed to be consistent with codes issued by other relevant organizations, including the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), the Pharmaceutical Research and Manufacturers of America (PhRMA), European Federation of Pharmaceutical Industry Associations (EFPIA), and the Japan Pharmaceutical Manufacturers Association (JPMA).

Our global procedures and processes support the ethical marketing and promotion of our products and require the review and approval of this content by relevant subject matter experts. We investigate potential violations of these procedures and, when appropriate, take corrective and preventive actions including reporting to regulatory authorities as appropriate.

In 2019 and 2020, we received no warning letters or untitled letters from the Office of Prescription Drug Promotion (OPDP), U.S. Food and Drug Administration (U.S. FDA) Center for Drug Evaluation and Research (CDER) or the Advertising and Promotional Labeling Branch (APLB) U.S. FDA Center for Biologics Evaluation and Research. In 2021, we received one untitled letter from the Office of Prescription Drug Promotion regarding an Emgality campaign.

We regularly update and disseminate our compliance-related expectations through [The Red Book](#), our code of business conduct. Available in 20 languages, this document and associated training are designed to support a judgment-based approach emphasizing the company's values and the importance of ethical decision-making. The code of conduct and associated training includes our [11 corporate policies](#):

- Our Ethical Foundation
- Conducting Research and Development
- Respecting People
- Assuring Quality
- Ethical Interactions: Communicating Honestly
- Ethical Interactions: Preventing Corruption
- Maintaining Financial Integrity
- Respecting Personal Information and Privacy
- Managing and Protecting Information
- Protecting People, the Environment and Our Assets
- Speaking Up: No Retaliation.

## Ethics Training and Communications

We recognize the impact of people and the role of human behavior on our organization's culture, and we aim to integrate these elements into our ethics and compliance program as part of our strategy to promote ethical behavior and decision-making. We believe all employees can play a role in the success of our ethics and compliance program, so we consider training, development and communications to be essential components of nurturing a culture of integrity and ethics throughout our business.



## Training and Development

Each year, we require our employees to complete training in ethical business practices. This includes requiring all Lilly employees and key contractors to complete training on [The Red Book](#) and certify they have read, understood and will abide by its requirements. More than 99 percent of employees completed this annual training in 2021. Most employees also receive additional targeted ethics and compliance training related to their specific role. Employees who do not complete required ethics and compliance training receive HR discipline as appropriate. Additionally, each year senior leaders are required to confirm their organizations are compliant with the code of business conduct and applicable policies and procedures.

As part of our focus on nurturing a culture of integrity, we supplement our ethics and compliance training with case studies and behavioral ethics research. Our goal is to help our leaders and employees understand the role pressure can play in rationalizing poor decisions and techniques they can use to mitigate this risk for themselves and within their teams. Additionally, we share details of real situations to reinforce with employees the behaviors and best practices that have led to ethical decision-making as well as the lessons learned from past missteps. We want to help employees apply our principles, policies and procedures in their day-to-day work.

We also regularly provide high-potential employees with development assignments within the Ethics and Compliance function. We gain valuable insights from these participants, and we believe they return to their roles in the business with a renewed understanding of our commitment to integrity and the programs in place to support it.

## Communications

We further strengthen our culture with robust communications to help ensure employees are aware of their responsibilities under our policies, know where to find resources to help them do their jobs, and understand lessons we have learned as an organization. We provide leaders with additional resources designed to help them recognize their vital role in creating an environment that encourages ethical behavior. We also regularly publish articles on our internal website to communicate and support our commitment to integrity, as well as ethical decision-making and interactions.

For the past several years, we've been on a journey to build and nurture a culture where people notice and speak up about mistakes or concerns, ask questions when they don't know the right course of action to take and listen when someone raises a concern or question. Our Speaking Up: No Retaliation policy supports this effort, and we've created a comprehensive set of resources to help employees understand how we define retaliation, why we do not tolerate it in any form and the channels available to them to support speaking up.

## Tracking Our Progress

We track our progress in many ways, including reviewing the results of our annual employee survey. Results from the 2021 survey show that approximately 96% of survey respondents say they would report a suspected ethical violation if observed, and they know how to access the proper channels to make a report.

## Reporting, Monitoring and Auditing

To help identify possible compliance issues, we maintain an internal disclosure system that includes a mechanism for anonymous reporting (where permitted by local law). We also review business actions through a system of monitoring and audits.

- **Internal Reporting** – Lilly employees are required to report known or suspected violations of the law, [The Red Book](#), company policies or official orders or decrees applicable to our business. We recognize speaking up is our right and responsibility, and we encourage employees to report any ethical concerns or issues, including harassment and discrimination. The Lilly Ethics and Compliance Hotline is staffed by an independent firm, 24 hours a day, seven days a week and is available [online](#) to employees and the public globally (subject to local law) or [via email](#). The hotline [website](#) also lists up-to-date local toll-free phone numbers for most countries, where available. Translation services are available, if needed, and

reports may be made anonymously (subject to local law). Employees are actively encouraged to bring concerns to supervisors, leaders and representatives of ethics and compliance, legal and human resources. As our Speaking Up: No Retaliation policy states – we share concerns openly and honestly, knowing that Lilly will not tolerate acts of retaliation.

- **Monitoring** – We maintain a risk-based ethics and compliance monitoring program. Key components of the program include a global monitoring strategy, risk assessments, monitoring plans and standardized tools and processes for reporting metrics to our business and functional leaders.
- **Corporate Auditing** – Our internal corporate auditing functions conduct financial, nonfinancial and quality audits of Lilly affiliates, functions, manufacturing, research and certain third parties to evaluate compliance with our policies and procedures. These audits include reviews of our anti-corruption program, privacy and other policies related to ethical interactions (e.g., off-label promotion).

## Investigations and Corrective Actions

We take seriously reports of known or suspected violations of company policies and procedures, and we investigate claims of potential wrongdoing that are brought to our attention. We seek to identify and address inappropriate conduct as early as possible and to prevent future recurrences. Our global investigation team receives specialized training and conducts investigations according to a standardized process designed to satisfy applicable global and local procedural and privacy requirements.

Listed below are statistics on high-risk allegations brought to our attention in 2021 and evaluated through a consistent process. These statistics concern allegations determined to be of the highest risk to the company and include potential violations of policies and procedures related to finance, sales, marketing, manufacturing, quality and conduct.

- In 2021, we investigated and closed 319 high-risk allegations\*, and confirmed that a violation had occurred 64.9% of the time. Outcomes related to violations are listed below:
- Individuals disciplined, up to and including termination, 45.9%
- Individuals received corrective feedback or other outcome, 54.1%

\*One allegation equals one individual. If a situation involves more than one individual, that matter may be recorded as multiple allegations. Statistics calculated as of March 2022.

During investigations of high-risk matters, our team works to identify the root cause of the issue. Following the investigation, we help business area owners identify and implement corrective and preventive actions designed to address the issue as well as prevent a recurrence. We monitor the effectiveness of these actions, adjust as needed and track and report our progress.

## Anti-Corruption Compliance

Lilly's commitment to operating with high ethical standards includes complying with applicable anti-bribery and anti-corruption (ABAC) laws and regulations, and it extends to business relationships, dealings and activities all over the world. Our global policies prohibit bribery, fraud and other acts of dishonesty, including that we do not offer, provide, authorize or accept anything of value – or give the appearance that we do – to inappropriately influence a decision or gain an unfair advantage. This also extends to our work with third parties. We use a risk-based anti-corruption due diligence process to evaluate certain third parties, as appropriate, before engaging them, including the following:

- third parties who may be authorized by Lilly to interact with health care providers or government officials on the company's behalf
- prospective recipients of grants and donations
- prospective business development partners.

When appropriate, as determined through our risk evaluation process, third parties are required to follow anti-corruption policy and procedure requirements and participate in anti-corruption training. As part of our ongoing monitoring efforts, we conduct independent ABAC assessments of certain third parties, which often includes site visits and transaction testing. We also conduct an annual global anti-corruption risk assessment to identify potential risks and develop appropriate risk mitigation plans.

In addition, employees who are in positions most likely to interact with third parties are required to complete additional scenario-based training above and beyond our code of conduct training each year. This training, which includes anti-corruption training, is designed to reinforce our policies, procedures and processes that promote ethical interactions. In 2021, more than 99 percent of required employees completed this additional training. Employees who do not complete required ethics and compliance training receive HR discipline as appropriate.

## Respecting Privacy

Privacy is a top priority for Lilly, as reflected by our longstanding global privacy program. At its core, our privacy program reflects our commitment to being open and honest about how we collect, manage, use and disclose personal information. We are intentional about protecting personal information and strive to use the minimum amount necessary to do our work. We share personal information with those who are authorized and have a legitimate business need to see it, and we insist our suppliers and third parties to handle personal information in accordance with our privacy expectations and applicable laws and regulations.

At Lilly, we expect our employees, suppliers and anyone working on our behalf to work responsibly and protect the personal information that is entrusted to us. These expectations are stated in our global Respecting Personal Information and Privacy policy, as well as Respecting Privacy procedure, and are emphasized in enterprise-wide training on the responsible use of personal information.

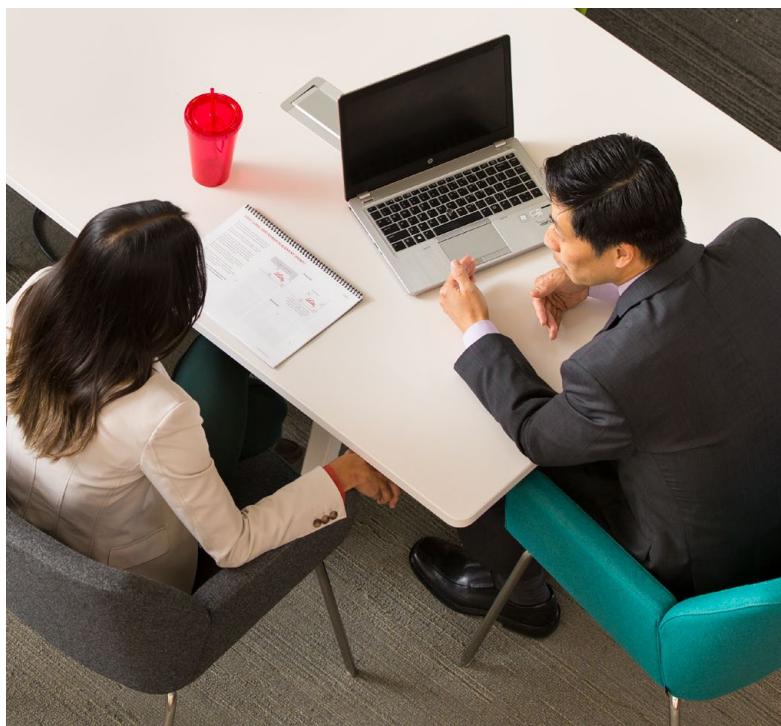
### Privacy Governance

The Global Privacy Office oversees the privacy program for our operations around the world and is led by our chief privacy officer, working with a team of global privacy experts. The chief privacy officer reports directly to the senior vice president, enterprise risk management and chief ethics and compliance officer, reflecting a governance structure emphasizing the ethical use of personal information and data. As the volume of data grows exponentially and as comprehensive data privacy laws proliferate in the U.S. and worldwide, privacy has become a Board-level priority. The privacy team regularly conducts risk assessments to appropriately focus resources to mitigate risk and informs leadership about new laws, related risks and potential impacts of noncompliance, as appropriate. The privacy team also partners with the corporate audit team to stay abreast of developing privacy requirements and identify key privacy risks.

## Bioethics

Our investment in bioethics capabilities reflects our company values and purpose to improve people's lives and communities around the world. We were one of the first pharmaceutical companies to establish a standing bioethics committee in 1999. Our [bioethics program](#) is designed to address the increasingly complex and fast-paced ethical challenges of global pharmaceutical research, development and commercialization. Our focus is to protect and advocate for the rights and well-being of research participants and patients as well as the integrity of the scientific process and its applications for health care.

Our bioethics program provides Lilly employees with resources including the [Lilly Bioethics Framework for Human Biomedical Research](#), position papers on major bioethical issues, information on how to request a bioethics consultation, and bioethics education and training opportunities. In 2021, we introduced a new global procedure that consolidated the ethics requirements from multiple documents and includes the principles we follow to help ensure that we conduct medical research in an ethical manner. The procedure applies to all employees engaged in medical research. We also sponsor an annual bioethics lecture. Additionally, our staff and the Bioethics Advisory Committee provide input into policy decisions that have bioethical implications, and we collaborate externally to establish best practices in applying bioethics across the industry.



## Governance of Bioethics

Our bioethics program reports into the senior vice president, enterprise risk management and chief ethics and compliance officer and works closely with the office of the chief medical officer. Our bioethics staff, which has specialized training and expertise, provides education and training for the cross-functional Bioethics Advisory Committee, which includes external bioethics experts. This committee serves as a resource for Lilly employees and is a place where they can seek guidance on bioethics considerations, discuss potential alternative courses of action and receive recommendations on potential paths forward. Throughout these interactions, by applying the principles in the Lilly Bioethics Framework, bioethics contributes to our research study design, informed consent processes and content, selection of countries for clinical trial sites, requests for access to investigational treatments outside of clinical trials, animal care and use, engagement of special populations (e.g., pediatrics), as well as timing and content of research publications, among other matters. [Learn more](#) about our broader governance of ESG issues.

## Bioethics Program

Our bioethics program has four core activities: consultation, education and training, development of bioethics positions, and collaboration.

- **Bioethics Consultations** – Our bioethics staff provides consultations for employees seeking advice regarding bioethics and research ethics issues. These consultations are intended to increase awareness about bioethics, empower employees to raise concerns and help them reason through challenging issues.
- **Bioethics Leadership Academy** – The Bioethics Leadership Academy (BELA) provides Lilly employees with a specialized curriculum in bioethics. Employees who are selected to participate in BELA dedicate a portion of their working time to developing skills in bioethics, focusing on building basic bioethics awareness, applying bioethics principles and participating in ongoing bioethics activities and consultations.
- **Lilly's Bioethics Framework and Positions** – Our [Bioethics Framework for Human Biomedical Research](#) and our [Principles of Medical Research](#) provide a bioethics foundation for the company's biomedical research, promoting alignment with broadly accepted ethics principles and Lilly's core

values of integrity, excellence and respect for people. The framework, which consists of four basic principles and 13 essential elements for conducting ethical human biomedical research, guides the development of bioethics position statements and informs advice provided by our bioethics committee and staff.

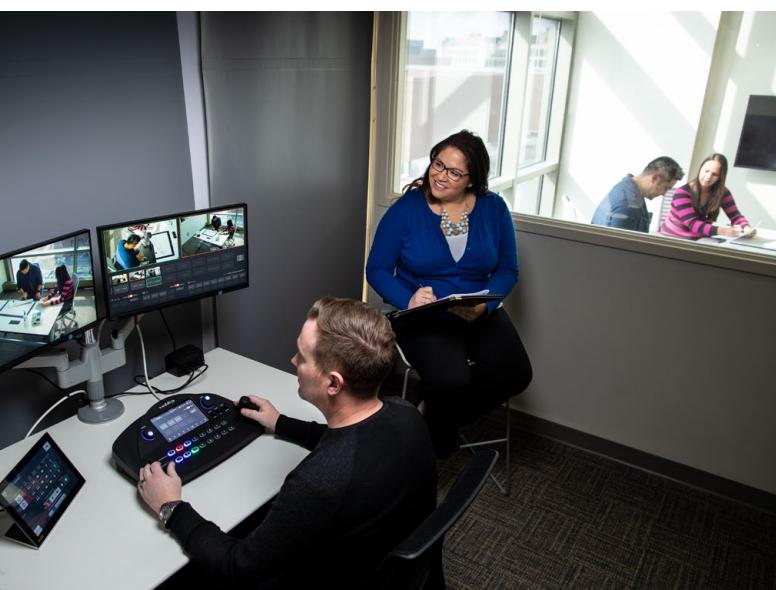
### Fostering Industry Collaboration in Bioethics –

Externally, our bioethics program aims to work with other companies to establish best practices and to bring an industry perspective to bioethics discussions. We are a founding member and were a driving force behind the establishment of the Biopharmaceutical Industry Bioethics (BIB) Forum, established in 2016. The BIB Forum promotes collegial, non-competitive discussions regarding the application of bioethics concepts in the biopharmaceutical industry and the sharing of best practices. We are also a co-leader of the Bioethics Working Group created in 2020 by IFPMA as part of its Ethics and Business Integrity Committee (eBIC). This group focuses on developing industrywide positions on bioethics topics to establish common principles for behaviors intended to protect patients and research participants. Lilly is also a sponsor of the Multi-Regional Clinical Trials (MRCT) Bioethics Collaborative organized by the MRCT Center of Brigham and Women's Hospital and Harvard.

## Protecting Research Subjects' Rights in Clinical Trials

Our bioethics program advocates for the rights and well-being of research subjects and patients who use our medicines. Lilly applies a single global standard to the conduct of medical trials involving human subjects. This standard is based on well-respected ethics guidance and other requirements including:

- The World Medical Association's [Declaration of Helsinki](#)
- The Council for International Organizations of Medical Sciences' [International Ethical Guidelines for Biomedical Research Involving Human Subjects](#)
- The International Conference on Harmonisation's [Guideline for Good Clinical Practice](#)
- The Pharmaceutical Research and Manufacturers of America's [Principles on Conduct of Clinical Trials](#)
- Applicable laws and regulations of the country or countries in which a study is conducted.



Lilly conducts clinical studies in countries or communities in which the benefits of research can be made reasonably available for research participants and the host country or community. Sometimes an investigational medicine is not locally commercially available at the conclusion of a clinical study and as a result, clinical study patients who are benefiting from an investigational medicine are not able to access the treatment. Therefore, under certain conditions Lilly may offer continued access to an investigational medicine after a patient's participation in a clinical study has ended. Learn more about our approach to [continued access to investigational medicine](#) and [multinational clinical studies](#).

## Transparency, Disclosure and Political Engagement

We support various transparency initiatives globally, provided that such initiatives:

- are respectful of local laws related to intellectual property, trade secrets, competition and privacy
- disclosure of information does not undermine our ability to compete effectively
- information is communicated with appropriate context in an easily understood manner.

We seek to collaborate with policy makers, industry colleagues and key stakeholders to align on approaches that achieve these objectives.

### Clinical Trials Data Transparency

Lilly has a history of commitment to the transparency of our clinical studies and we recognize that responsible sharing of clinical study data can enhance public health. Since 2014, Lilly has enhanced our transparency initiatives in alignment with the [PhRMA/EFPIA Principles for Responsible Clinical Trial Data Sharing](#). Currently, Lilly registers and posts results of clinical trials on clinicaltrials.gov in addition to any legally required clinical trial registries. For Phase 2 and 3 trials that completed after 2019, Lilly submits results to [clinicaltrials.gov](#) one year after the completion of the trial regardless of the medicine's approval status.

Lilly makes anonymized patient-level data available from Lilly-sponsored trials on marketed drugs for approved uses following acceptance for publication. Lilly is one of several companies that provide this access through the website [vivli.org](#). Qualified researchers can submit research proposals and request anonymized data to test new hypotheses.

In 2013, Lilly began conducting pilot projects creating summaries of Phase 2 and 3 clinical trial results in patient-friendly language using simple, everyday terms. In 2021, Lilly continued creating plain language summaries of Phase 2-4 clinical trial results and making English versions available to study sites. Lilly is developing a translation process to enable the posting of plain language summaries to the European Union Clinical Trial Information System (EU CTIS). For the EU CTIS, the summaries will be translated into the local language(s) where the studies took place.

### Payments to Physicians and Healthcare Organizations

Read about [our approach](#) to payments to health care professionals and health care organizations.

### Political and Policy Participation

Read about [our disclosures](#) on political and policy participation.

# Corporate Governance

## Management Approach

We are committed to good corporate governance, which promotes the long-term interests of shareholders and other company stakeholders, builds confidence in our leadership and strengthens accountability by the Board of Directors and management. Our Board recognizes that one of its key responsibilities is to ensure that Lilly is governed in a manner that provides both independent oversight and efficient and effective decision-making. Over the years, our Board has instituted a number of governance best practices to ensure effective independent oversight. We believe that it is vitally important to earn the confidence of all our stakeholders as we remain dedicated to our purpose of making lives better around the world. Learn more about the general principles of corporate governance by which Lilly operates in our [Corporate Governance Guidelines](#).

The Board takes an active role in its oversight of our corporate strategy. Each year, the Board and executive management closely examine Lilly's strategy including key risks and decisions facing the company. Decisions reached are updated throughout the year as the Board reviews the company's financial performance, the performance of our business units and progress in our product pipeline. Our Board and management are also actively engaged in the assessment, management and oversight of environmental, social and governance (ESG) matters pertinent to our business. We identify issues that matter most to our business and develop robust strategies to address them. We also engage with a variety of stakeholders and incorporate their feedback as appropriate.

Learn more about Lilly's [governance structure, Board of Directors and Executive Committee](#).



## ESG Governance

Our approach to ESG governance includes Board oversight, management accountability, corporate policies and management systems and stated public policies and positions on key ESG topics. These ESG topics are well integrated into our business strategy and operations. We seek to continuously improve in these areas, as we believe they are foundational to our long-term success and our ability to promote the interests of shareholders and other company stakeholders.

### Board Oversight

The Directors and Corporate Governance Committee (DCGC) of the Board is responsible for identifying and bringing to the attention of the full Board, as appropriate, current and emerging social, environmental, political and governance trends and public policy issues that may affect the business operations, performance or reputation of the company. In addition, the DCGC oversees matters of corporate governance, including Board performance, non-employee director independence and compensation, corporate governance guidelines and shareholder engagement on governance matters. View our Directors and Corporate Governance Committee [charter](#). In addition, the Compensation Committee is responsible for oversight of human capital management matters, including diversity, equity and inclusion.

The Board is engaged in strategic ESG oversight, receiving regular updates on ESG matters at Board meetings, reviewing and approving the company's long-term goals and weighing in on significant strategic investments.

### IN THIS SECTION

- › [ESG Governance](#)
- › [Health, Safety and the Environment \(HSE\) Governance](#)

Additionally, key enterprise-level risks are overseen by the full Board and our enterprise risk management process is overseen by the Audit Committee of the Board. Company management is charged with managing risk through robust internal processes and controls. The enterprise level risks are reviewed annually at a full Board meeting, and relevant enterprise risks are also addressed in periodic business function reviews and at the annual Board and senior management strategy session.

#### ESG Governance Committee

Central to our ESG oversight is our ESG Governance Committee, chaired by our associate vice president for Environmental Social and Governance and composed of senior leaders from Health, Safety and the Environment (HSE), Human Resources, Ethics and Compliance, Legal, Treasury, Procurement and Investor Relations. This committee reports to our senior leadership Executive Committee and has a broad ESG mandate that includes leading the coordination of Lilly's ESG strategy, evaluating Lilly's ESG approach compared to peers and the broader environment, leading formal, periodic ESG strategy updates, institutionalizing ESG topics throughout Lilly and facilitating execution of ESG reporting activities.

#### ESG in Executive Compensation

We reinforce the importance of ESG by including expectations in each executive officer's performance plan. Delivery against these expectations is a factor in determining base pay increases and equity award values that our executive officers receive. This approach provides accountability for ESG performance and allows for adjustments in forward-looking compensation based on the level of ESG achievement. For example, each executive officer has performance objectives tied to diversity, equity and inclusion. For other ESG topics such as environmental, performance objectives are established for the individuals most accountable for these topics, such as the senior vice president of manufacturing.

## Health, Safety and the Environment (HSE) Governance

Health, Safety and the Environment (HSE) management at Lilly is integrated through a formal structure, including the following groups, individuals and programs:

- **Global HSE Committee** – Includes senior executives from key areas of the business, the committee ensures proper oversight and plays a central role

in monitoring corporate HSE strategy, compliance and performance against goals, as well as continuous improvement.

- **Vice president responsible for corporate engineering and global HSE** – A member of the Global HSE Committee works closely with HSE and other functional leaders to ensure an appropriate and thoughtful response to HSE risks and opportunities, monitor emerging and evolving issues, approve appropriate metrics and goals and oversee compliance with all HSE regulations, policies, procedures and standards worldwide.
- **Manufacturing HSE Committee** – Supports HSE efforts and drives ongoing improvement throughout manufacturing.
- **Process Safety Management Committee** – Ensures Lilly maintains a sustainable, compliant and industry-leading Process Safety Management & Combustible Dust Program, and sets the strategic direction and continuous improvement plan for reducing process safety risks.
- **Pharmaceuticals in the Environment Governance Committee** – Sets strategic direction, provides long-range oversight, supports effective internal collaborations and recommends resources for the programs that control active pharmaceutical ingredient discharges from manufacturing sites.
- **Lilly Research Laboratories HSE Lead Team** – Promotes HSE aspects across research and development.
- **Executives and lead teams** – In each of our business groups, as well as manufacturing, Lilly Research Laboratories and general and administrative functions, who oversee performance for HSE in those areas.

## HSE Policy Statements, Procedures and Standards

Lilly has brief, principle-based policy statements that are implemented in two ways:

1. through our global procedures, which describe underlying principles and general expectations
2. through our global standards, which provide auditable, detailed requirements.

These key governance documents and our related management systems together detail Lilly's HSE management and performance expectations.

Lilly's global policy statements, procedures and standards articulate our commitments and guide our efforts. They include the following:

#### HSE Policies

- Our Global Policy on Protecting People, the Environment and Our Assets** – We strive to maintain a secure workplace and to protect people and the communities in which we operate and serve. We are focused on improving our health and safety practices to promote the well-being of our people. We are committed to conducting business in a responsible and environmentally sustainable manner. We are committed to a robust security culture to protect our people and brand from harm, and our assets from loss, theft or damage. Each of us is responsible for implementing our security practices and applying them in our daily activities.

#### Global Procedures

- Health, Safety and the Environment** – Outlines general principles and sets general requirements in the areas of employee responsibility, management responsibilities, business continuity planning and reporting of HSE incidents.
- Safe Use of Mobile Electronic Devices While Driving** – Established criteria and limitations for the use of mobile electronic devices while operating a Lilly vehicle, including driving on Lilly property, and conducting company business.

#### Global Standards

- Management System Standard** – Defines requirements to ensure a robust process is in place within each part of the organization to effectively manage compliance with Lilly HSE Standards, applicable regulatory requirements and other HSE standards.
- Environmental Standard** – Establishes requirements to identify and manage the environmental and energy-related aspects of our operations.
- Health and Safety and Process Safety Standards** – Provides requirements for identifying and evaluating workplace hazards and establishing control measures to eliminate or reduce the risk of injuries and illnesses.
- Global Engineering Standards** – Establishes requirements for the design and operation of facilities and equipment to ensure compliance with internal

and external requirements and responsibly manage environmental aspects of operations.

- Product Stewardship Standard** – Provides a systematic approach to managing product and process risks throughout the product life cycle, from research and discovery to product end-of-life.

With respect to the importance of climate-related risks, our CDP response provides comprehensive discussion of how the risk of climate change is considered and governed. Read our latest [CDP response](#).

## Management Systems

At Lilly, business areas including manufacturing, research and development, affiliate locations and general administrative functions, are required to operate with an HSE management system that adheres to the Lilly HSE Standards. The general elements of the Lilly HSE Management System are consistent with third-party standards such as the International Organization for Standardization (ISO) 14001, ISO 45001 and the American Chemistry Council's Responsible Care Management System (RCMS®) standards. Our global HSE management system is periodically reviewed by an independent, accredited auditor to ensure it conforms to the RCMS.

## Audits

We conduct HSE audits of Lilly sites and functional areas for each of our Global HSE Standards as well as regulatory requirements. Our five-year audit plan is updated annually and identifies which areas to audit each year based on risk, with areas associated with high-risk operations being audited more frequently. This approach results in audits of approximately 20 to 30 percent of our sites and functional areas globally each year. All audit results are shared with senior management, and areas are required to respond to all audit observations and track action plans.

# Supply Chain Management

SASB Disclosures Covered: [Supply Chain Management](#) (HC-BP-430a.1)

## Management Approach

Ensuring our high-quality medicines are available wherever and whenever patients need them is one of our top priorities. We are committed to maintaining the safety and integrity of our medicines, which begins with the procurement of materials and extends throughout the production process. Through integration of Lilly-owned facilities and external suppliers, we aim to manufacture our medicines in an efficient, effective and safe manner. The Lilly Quality System supports this integration and is the foundation for our quality standards and processes throughout the product development life cycle, including auditing and assessing third-party risk.

In addition to our efforts internally, we promote strong health, safety and environmental (HSE) practices with our suppliers and contract manufacturing operations (CMOs). We also work to mitigate [counterfeit medicines](#) and ensure we comply with governmental efforts around conflict minerals.

A significant portion of Lilly's environmental and social impact is embedded in our supply chain. We are committed in policy and action to supporting our suppliers and CMOs as they work to continuously improve their operations.

We believe that doing business with a diverse set of suppliers also helps Lilly accelerate innovation and deliver strong results. We seek out fresh perspectives and insights by partnering with minority group-owned, women-owned and small businesses to meet our wide range of internal and external needs.



## Supply Chain Governance

We view our supply chain as an extension of our operations and strive to instill our company's operating principles within our supplier network. We support the United Nations Global Compact (UNG) principles, adhere to human rights and labor laws, comply with anti-corruption practices, endeavor for a diverse supplier base and promote sustainability efforts designed to minimize our environmental footprint.

We rely on our suppliers and CMOs, including those that supply us with research and development materials and active pharmaceutical ingredients (APIs), to ensure the ongoing availability of our medicines. As our manufacturing base has grown, we've taken significant steps designed to reduce our exposure to risks inherent in managing a global supply chain.

We continue to strengthen efforts to monitor our supply chain for quality and HSE events and risks. We institute additional procedures for monitoring suppliers that may pose higher risks, and we intervene quickly when appropriate. Both quality and HSE considerations are integrated into Lilly's process for evaluating potential new contract manufacturers, and formal assessments are conducted routinely for existing contract manufacturers.

We have also taken steps to educate and engage our suppliers directly on HSE issues and to help them build expertise around HSE topics. This includes our ongoing work as part of the [Pharmaceutical Supply Chain Initiative](#) (PSCI), a non-profit business membership organization founded in 2006, which counts Lilly as one of its inaugural members. In 2021, Lilly HSE professionals

## IN THIS SECTION

- › [Supply Chain Governance](#)
- › [Third-Party Risk Management](#)
- › [Partnerships and Leadership](#)
- › [Supplier Diversity](#)

led the Industrial Hygiene PSCI supplier capability building sub-committee and served on several of PSCI's supplier capability building committees. PSCI, along with its member companies, created and maintains the [Pharmaceutical Industry Principles for Responsible Supply Chain Management](#) (the PSCI Principles). The PSCI Principles provide our industry with consistent supplier performance standards in the areas of ethics, labor, health and safety, the environment and related management systems. At Lilly, we have aligned several codes, policies and procedures with the PSCI Principles including:

- Internal [product stewardship](#) requirements that detail our approach to managing risk across the supply chain.
- The Lilly [Supplier Code of Business Conduct](#), which applies to all suppliers
- Relevant procurement standards
- Standard contract language applicable to providers of contract manufacturing services.

Learn more about our [HSE governance](#).

## Conflict Minerals

We are concerned with [human rights](#) violations that occur throughout the world. This includes the ongoing conflict in the Democratic Republic of Congo (DRC) and surrounding countries which is understood to be financed in part by the mining and trade of certain minerals, including tungsten, tantalum, tin and gold. We are committed to ensuring that we understand our supply chain and the potential upstream impacts of our supply and purchasing decisions as they relate to the minerals at issue.

From 2014 to 2021, Lilly filed annual reports with the U.S. Securities and Exchange Commission (SEC) relating to the conflict minerals rule. As a part of this reporting process, we examine the raw material content of all our global commercial products and seek to identify their origin and source. Our goal is to develop a better understanding of our supply chain and avoid the inadvertent support of businesses associated with human rights violations.

Our expectation is that our suppliers source their materials responsibly and abstain from procuring materials from areas or sources that might promote conflict in the DRC. We expect our suppliers to conduct their own due diligence regarding the source of any materials they provide to us to ensure those materials

are conflict-free. We filed our [latest conflict minerals disclosure](#) documents with the SEC in May 2022.

We are committed to understanding the origin of these materials and will take appropriate action to avoid the inadvertent support of businesses associated with human rights violations. Learn more about our approach to [human rights](#).

## Third-Party Risk Management

We engage with third parties to provide differentiated services, enable our focus on our core competencies, achieve cost savings and gain operating efficiencies. Working with third parties may increase potential risks such as service disruptions, data and security breaches, reputational harm, penalties and fines. Mitigating potential risks and protecting Lilly's reputation is a company wide responsibility that includes third party participation.

With leadership from a Center of Excellence, we have established a third-party risk management program focused on identifying and managing potential risks posed to the organization by working with third parties. Lilly's program has five foundational operating model components: governance and delivery, policies and standards, management processes, tools and technology, and risk metrics and reporting. We focus on the following risk areas: anti-corruption, information security, privacy, information systems quality, animal welfare and business continuity. Additional risk areas will be phased in as the program evolves. The third-party risk management program covers the full third-party risk management lifecycle including due diligence activities that are conducted pre-contract and ongoing monitoring activities that are conducted post-contract through the life of the engagement.

### Assessing and Auditing Third-Party Operations

To ensure we meet the expectations of the Lilly Quality System, our Global Quality Auditing and Compliance Team conducts annual risk-based audits to oversee both internal Lilly manufacturing sites and external third-party operations. We regularly assess the results of these audits to identify areas for improvement. Lilly manufacturing sites conduct internal risk analyses of each purchased material (raw materials, APIs, intermediates, packaging materials, and GMP consumables) based on global quality standards. The risk analyses evaluate the supplier, complexity of the supply chain and how the material will be used at our internal

sites to determine an overall risk classification. The overall risk classification helps inform the actions needed to approve a new supplier, and the ongoing requirements that we will apply to the supplier. We have similar quality standards and oversight activities for contract manufacturers as well.

For managing HSE risks, our manufacturing procurement contracts ask suppliers to support the [PSCI Principles for Responsible Supply Chain Management](#), which set out the relevant practices any business operating within the pharmaceutical supply chain is expected to uphold in the areas of ethics, human rights and labor, health and safety, environment and management systems. Lilly also expects our suppliers to conform to the HSE expectations outlined in our [Supplier Code of Business Conduct](#). Standard contract language also requires that manufacturing suppliers, if requested by Lilly, agree to submit to audits that assess compliance with the expectations.

## Partnerships and Leadership

We are an active member of external associations and consortiums aimed at enhancing the security, quality and safety of pharmaceutical supply chains. Team members of Lilly's Global Quality Auditing and Compliance group actively participate in [Rx-360](#) and [International Pharmaceutical Excipients Council](#) (IPEC) working groups to provide input into industry guidelines and standards and align our processes with our peers. We currently hold a seat on the board of directors at Rx-360 and participate in several of the consortium's working sub-groups to help ensure we stay informed of and help set industry best practices. During 2022, we are continuing the use of Rx-360 Supplier Audit Reports to supplement our internal audit plan during high demand periods, which includes audits from when we were not able to engage with suppliers due to the COVID-19 pandemic. This allowed for improved risk evaluation

to help protect our patients around the world. Some highlights of our involvement with Rx-360 include:

- At the end of 2019, due to Lilly's leading role driving Rx-360's mission of pharmaceutical supply chain security and patient safety, Lilly was recognized as the Company of the Year by Rx-360 during its annual member meeting.
- In 2020, Lilly co-authored a [Remote Audit Best Practice Guide](#) for members to utilize as they face difficulties in auditing supply chains due to the COVID-19 pandemic.
- In 2021 Lilly participated in the validation testing of the now-launched auditsPLUS® system interactive database, which provides users of the Rx-360 program new and enhanced tools to help reduce their audit burden.

## Supplier Diversity

We believe that doing business with a diverse set of suppliers helps the company accelerate innovation and deliver strong results. By actively seeking out the fresh perspectives and insights of diverse and small businesses to meet our needs across the value chain, we strengthen both our own company and firms across our supply chain.

Supplier diversity programs provide opportunities to small and diverse businesses that have historically been underrepresented in corporate purchasing. The programs we've created help us deliver on our purpose while also helping improve the economic status of small and diverse suppliers.

The impact of our supplier diversity efforts extends beyond our immediate spend. Our suppliers hire employees and additional suppliers, which supports jobs throughout the supply chain and in local communities.

## Economic Impact



### Direct impact

The impact we have on our direct suppliers



### Indirect Impact

The impact of Lilly's diverse suppliers who purchase goods and the services they use



### Induced Impact

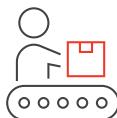
The change in the economy due to spending by employees in Lilly's supply chain

A supplier is considered diverse when at least 51% ownership and control are held by an ethnic minority group member (MGM), a woman, someone who is LGBTQ+ or disabled. Small suppliers are defined by the U.S. Small Business Administration's (SBA's) [small business size standards](#).

Given the importance of advancing supplier diversity, we have developed a comprehensive strategy comprising three key elements: commitment and partnership with advocacy organizations, community engagement, and compliance with government and enterprise goals to increase spend with small and diverse suppliers.

We met or exceeded our targets for all six government categories in 2021 from a dollar goal perspective despite many challenges posed by the COVID-19 pandemic. These categories are small business, woman-owned small business, small disadvantaged business, veteran-owned small business, service-disabled veteran-owned small business and business located in a HUBZone. We continued to mentor small and diverse suppliers by expanding support programs with the aim of helping our suppliers build stronger business practices. We hosted multiple virtual matchmaking events to connect qualified suppliers with our procurement professionals and to enhance our partnership with advocacy groups.

## 2021 Supplier Diversity Spend



**\$578 Million+**

spent with 1,141 suppliers  
classified as small businesses



**\$597 Million**

spent with 487 suppliers,  
large or small, classified as:

- minority-owned
- woman-owned
- disability-owned
- LGBTQ+ owned

In 2021, we spent more than \$578 million with 1,141 suppliers classified as small businesses. We spent \$597 million with 487 suppliers, large or small, who were classified as minority-owned, woman-owned, disability-owned and/or LGBTQ+ owned businesses. During its most recent audit in 2016, the U.S. Small Business Administration recognized Lilly's efforts to promote and maintain supplier diversity as "outstanding" – the highest possible rating.

As part of our Racial Justice Commitment, we increased our spend with Black-owned businesses by over 50% to \$220M in 2021. This positions us well toward meeting our goal of doubling our spend with Black-owned businesses in 2022 from our original 2020 baseline.

We also re-launched the Lilly Mentor Protégé program by mentoring seven Black-owned businesses through an eight-month structured development program. The objective of the program is to develop small/diverse suppliers by sharing Lilly methodologies and industry best practices to increase the protégés' readiness for future business opportunities. Through this program, the supplier builds their network and capabilities for working with Lilly and more broadly with other customers. Of the seven Black-owned businesses in the program, two were new suppliers in 2020, three were added in 2021 as a result of the program, and the remaining two suppliers are pursuing opportunities at Lilly in 2022.

Externally, we continued to provide strategic leadership influence by serving on various boards and committees with a number of advocacy organizations, including being a leader on the Business Equity for Indiana – Procurement Roundtable, which is advocating and advancing diverse suppliers. To better support small/diverse supplier communities and the Racial Justice Commitment, we also formed four new corporate partnerships in 2021.

Lilly offers supplier diversity training for procurement and employees. In 2022, we rolled out supplier diversity training for management. The training underscores the positive broader economic impact of creating a level playing field for small and diverse suppliers to compete and win business contracts.

## Local Suppliers

Lilly is also committed to working with smaller local suppliers where Lilly has facilities, including in Indiana, California, Massachusetts, New Jersey, North Carolina and Puerto Rico. We actively engage with local suppliers and through local advocacy organizations, including:

- Mid-States Minority Supplier Development Council
- Puerto Rico Minority Supplier Development Council
- Great Lakes Women's Business Council
- National Association of Women Business Owners (NAWBO) in Indianapolis
- Indy Chamber Hispanic Business Council
- Indy Chamber Business Equity for Indy Procurement Roundtable
- Indy Black Chamber of Commerce
- Greater Durham Black Chamber of Commerce
- Indianapolis Urban League's African American Quality of Life Initiative.



## 2021 Supplier Diversity Impact



**\$1.5 Billion**

in economic impact in the U.S.,  
including Puerto Rico



More than  
**\$620 Million**

in earnings by people in the jobs  
in Lilly's supply chain and  
their communities



More than  
**10,600 Jobs**



Jobs generated in our diverse  
supply chain include:

- professional
- scientific
- technical services

# Transparency



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[Download Data Sheet](#)

# Transparency

We believe transparency is important to ensuring accountability for our sustainability strategy, programs and performance. We disclose relevant information and progress around the management of our ESG priorities and aim to stay up to date with relevant sustainability and social impact reporting frameworks and standards that best meet the needs of our stakeholders.



## SASB Index

This report outlines how our existing disclosures align with the recommended metrics for the SASB Biotechnology & Pharmaceuticals standards. All data are for the year ended December 31, 2021, unless otherwise noted.

SASB Code	Accounting Metric	Response
<b>Safety of Clinical Trial Participants</b>		
HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	<a href="#">Patient Safety</a>
HC-BP-210a.2	Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)	Not Disclosing
HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Not Disclosing

## Access to Medicines

HC-BP-240a.1

Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index

[Access and Affordability](#)

HC-BP-240a.2

List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)

Lilly does not have products on the PQP

## Affordability &amp; Pricing

HC-BP-240b.1

Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period

Zero. Lilly does not pay for delays.

HC-BP-240b.2

Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year

[Access and Affordability](#)

HC-BP-240b.3

Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year

Not Disclosing

## Drug Safety

HC-BP-250a.1

List of products listed in the Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database

[MedWatch: The FDA Safety Information and Adverse Event Reporting Program](#)

HC-BP-250a.2

Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System

[FDA Adverse Event Reporting System \(FAERS\) Public Dashboard FDA](#)

[MedWatch](#)

HC-BP-250a.3

Number of recalls issued, total units recalled

[Patient Safety](#)

HC-BP-250a.4

Total amount of product accepted for takeback, reuse, or disposal

Not Disclosing

HC-BP-250a.5

Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type

Not Disclosing

## Counterfeit Drugs

HC-BP-260a.1

Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting

[Patient Safety](#)

HC-BP-260a.2

Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products

[Patient Safety](#)

HC-BP-260a.3

Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products

Not Disclosing

## Ethical Marketing

HC-BP-270a.1

Total amount of monetary losses as a result of legal proceedings associated with false marketing claims

Not Disclosing

HC-BP-270a.2

Description of code of ethics governing promotion of off-label use of products

[Business Ethics](#)

## Employee Recruitment, Development &amp; Retention

HC-BP-330a.1

Discussion of talent recruitment and retention efforts for scientists and research and development personnel

[Employee Well-Being](#)

HC-BP-330a.2

(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid level managers, (c) professionals, and (d) all others

[Employee Well-Being](#)

## Supply Chain Management

HC-BP-430a.1

Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third party audit programs for integrity of supply chain and ingredients

[Supply Chain Management](#)

## Business Ethics

HC-BP-510a.1

Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery

Not Disclosing

HC-BP-510a.2

Description of code of ethics governing interactions with healthcare professionals

[Business Ethics](#)

# Activity Metrics

SASB Code	Activity Metric	Response
HC-BP-000.A	Number of patients treated	<a href="#"><u>Our ESG Strategy</u></a>
HC-BP-000.B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	<a href="#"><u>Current Medicines</u></a> <a href="#"><u>Medicines in Development</u></a>

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

As a member of the UN Global Compact, Lilly supports the United Nation's Sustainable Development Goals (SDGs) and works to advance these goals within our sphere of influence. We are inspired by the global vision that the SDGs represent — and we are committed to doing our part to contribute. You can learn more about our efforts toward the SDGs in these areas of the report.



**Our Action:** We make life better for more than 47 million people around the world who use Lilly medicines. Through investments in people, medicines and health systems, we also aim to reach 30 million people in resource-limited settings annually by 2030. Additionally, in accordance with the Doha Declaration on the TRIPS Agreement, Lilly doesn't pursue or enforce patents in the least developed countries.

[Access and Affordability](#),

[Community Engagement](#),

[Patient Safety](#),

[Employee Well-Being](#)

**Our Action:** We're committed to improving educational opportunities for children living in underserved communities in Indianapolis. Lilly and the Lilly Foundation focus on early childhood education, supporting quality schools and STEM (science, technology, engineering and math) education.

[Community Engagement](#)

**Our Action:** We continue to build a dynamic, diverse and inclusive company by embedding diversity, equity and inclusion into our leadership, systems and culture. DEI is core to our business success because it fosters innovation and allows us to connect more closely with our customers.

[Diversity, Equity and Inclusion](#),

[Employee Well-Being](#),

[Human Rights](#)



**Our Action:** Water is a critical resource that Lilly is committed to using wisely. We continue to assess our water risks as we focus on conserving water, reducing our intake and improving water quality. One-hundred percent of Lilly sites will meet predicted no-effect concentrations (PNEC) for Pharmaceuticals in the Environment by 2030.

[Water](#),

[Waste](#)

**Our Action:** By 2030, 100% of purchased electricity at Lilly will come from renewable sources and we will be carbon neutral in our own operations (Scope 1 and 2 emissions). Additionally, we're enhancing the tracking and reporting of greenhouse gas emissions across our value chain.

[Climate](#)

**Our Action:** At Lilly, we're committed to maintaining a safe workplace and providing opportunities for employees to learn and develop. We also believe that doing business with a diverse set of suppliers helps the company accelerate innovation and deliver strong results. In 2021, we spent more than \$578 million USD with 1,141 suppliers classified as small businesses.

[Employee Well-Being](#),

[Supply Chain Management](#)



**Our Action:** We're partnering with industry peers and other organizations with proven track records to deliver community-based health care to 1.7 million people in up to six African countries. We also work with leading disaster relief organizations to provide medicines and support people and communities to help them recover.

[Access and Affordability](#),

[Community Engagement](#)

**Our Action:** Lilly and the Lilly Foundation launched the Racial Justice Commitment, which aims to address racial inequality and injustices, starting with our Indianapolis community and expanding on the work we are doing inside our company to work toward equity for all.

[Community Engagement](#),

[Patient Safety](#),

[Diversity, Equity and Inclusion](#)

**Our Action:** We optimize the fuel efficiency and reduce the GHG emissions generated by our sales force fleet by choosing vehicles with better fuel economy, and promoting driving and work practices that emphasize safety and fuel savings. We strive for energy efficiency and the use of renewable electricity to support our operations.

[Climate](#)



**Our Action:** We strive to embed environmental innovation early in the product development lifecycle through our focus on green chemistry and end-product engineering. By 2030, 100% of plastic waste will be repurposed for beneficial use, with at least 90% recycled or reused, and zero waste to landfill from routine operations.

[Waste](#),

[Product Stewardship](#)

**Our Action:** By 2030, 100% of purchased electricity at Lilly will come from renewable sources and we will be carbon neutral in our own operations (Scope 1 and 2 emissions). Additionally, we're enhancing the tracking and reporting of greenhouse gas emissions across our value chain.

[Climate](#)

**Our Action:** Currently, about 80% of our endotoxin tests – a mandatory quality test for our medicines – use a synthetic compound rather than bleeding horseshoe crabs. We assess our water risks and focus on conserving and reducing water use and improving water quality.

[Water](#),

[Product Stewardship](#)



**Our Action:** We train all of our employees in ethical business practices and have systems in place to detect violations of laws, regulations and company policies, including those related to anti-corruption. We also expect our vendors to abide by Lilly's human rights standards and our Supplier Code of Conduct.

[Business Ethics](#),

[Corporate Governance](#),

[Human Rights](#)

**Our Action:** Through strategic partnerships, Lilly and the Eli Lilly and Company Foundation work to advance government priorities, strengthen local health care systems and improve access to care. Lilly also establishes key partnerships to extend the reach of our impact and engage in targeted social issues that affect our business and employees, with an emphasis on health, racial justice and education.

[Access and Affordability](#),

[Community Engagement](#)

# TCFD Metrics

TCFD Metrics	Response
Governance	
Describe the board's oversight of climate-related risks and opportunities	<a href="#">CDP Climate report: C1.1, C1.1a, C1.1b</a> <a href="#">Climate</a>
Describe management's role in assessing and managing climate-related risks and opportunities	<a href="#">CDP Climate report: C1.2, C1.2a</a> <a href="#">Climate</a>
Strategy	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<a href="#">CDP Climate report: C2.3, C2.3a, C2.4, C2.4a</a> <a href="#">Climate</a>
Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	<a href="#">CDP Climate report: C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4</a> <a href="#">Climate</a>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<a href="#">CDP Climate report: C3.2, C3.2a, C3.2b</a> <a href="#">Climate</a>

## Risk Management

Describe the organization's processes for identifying and assessing climate-related risks

[CDP Climate report: C2.1, C2.1a,](#)

[C2.2, C2.2a](#)

[Climate](#)

Describe the organization's processes for managing climate-related risks

[CDP Climate report: C2.1, C2.2](#)

[Climate](#)

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

[CDP Climate report: C2.1, C2.2](#)

[Climate](#)

## Metrics and Targets

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

[CDP Climate report: C4.2, C4.2a,](#)

[C4.2b, C9.1](#)

[Climate](#)

Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

[CDP Climate report: C6.1, C6.3,](#)

[C6.5, C6.5a](#)

[Climate](#)

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

[CDP Climate report: C4.1, C4.1a,](#)

[C4.1b, C4.2, C4.2a, C4.2b](#)

[Climate](#)

# UN Global Compact Index

## 1. Statement of continued support by the Chief Executive Officer

[CEO Letter](#)

## 2. Description of actions: Human Rights

### Principle 1:

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

[Human Rights](#)  
[Access and Affordability](#)  
[Patient Safety](#)  
[Community Engagement](#)

### Principle 2:

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

[Human Rights](#)  
[Lilly Code of Business Conduct](#)  
[Supplier Code of Conduct](#)

## Labor

### Principle 3:

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

[Human Rights](#)  
[Employee Well-Being](#)  
[Business Ethics](#)  
[Corporate Governance](#)

### Principle 4:

the elimination of all forms of forced and compulsory labor;

[Human Rights](#)  
[Corporate Governance](#)  
[Supplier Code of Conduct](#)

### Principle 5:

the effective abolition of child labor; and

[Human Rights](#)  
[Corporate Governance](#)  
[Supplier Code of Conduct](#)

## Principle 6:

the elimination of discrimination in respect of employment and occupation.

[Employee Well-Being](#)  
[Diversity, Equity and Inclusion](#)

## Environment

## Principle 7:

Businesses should support a precautionary approach to environmental challenges;

[Corporate Governance](#)  
[Climate](#)  
[Product Stewardship](#)  
[Supply Chain Management](#)  
[Waste](#)  
[Water](#)  
[CDP Climate Change Response](#)  
[CDP Water Security Response](#)

## Principle 8:

undertake initiatives to promote greater environmental responsibility; and

[Corporate Governance](#)  
[Climate](#)  
[Product Stewardship](#)  
[Supply Chain Management](#)  
[Waste](#)  
[Water](#)  
[CDP Climate Change Response](#)  
[CDP Water Security Response](#)

## Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

[Product Stewardship](#)

## Anti-corruption

## Principle 10:

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

[Corporate Governance](#)  
[Business Ethics](#)  
[Supply Chain Management](#)  
[Lilly Code of Business Conduct](#)  
[Supplier Code of Conduct](#)

### 3. Measurement of outcomes

[Environmental](#)[Social](#)[Governance](#)[ESG Metrics](#)[SASB Index](#)[TCFD Index](#)[CDP Climate Change Response](#)[CDP Water Security Response](#)

# ESG Data, Reports and Policies

## ESG Data

- Download our full [2021 ESG data](#)
- View Lilly's [environmental data from 2020](#), including our previous environmental goals and progress through 2020
- See additional historical environmental and full ESG data in our [reporting archives](#)
- View our latest [EEO-1 report](#)

## Reports

- [2020 ESG Report Summary and Data](#)
- [ESG reporting archive](#)
- [2021 Year in Review](#)
- [Annual Report and Proxy Statement archive](#)
- [2022 CDP Climate Change Report](#)
- [2022 CDP Water Security Report](#)
- [Bureau Veritas Assurance Statement with Verified Data](#)
- [2021 EEO-1 Report](#)

## Sustainability Bond

- [2021 Sustainability Bond Allocation Report](#)
- [Press Release: Lilly Prices First Sustainability Bond to Advance Global ESG Strategy](#)
- [Sustainability Bond Framework](#)
- [Second Party Opinion](#)
- [USD Tender offer and Marketing Notice for Euro/GBP Bonds with a Sustainability Bond Tranche](#)

## Policies

- [Public Policies](#)
- [Business Ethics Policies](#)
- [Lilly Business Code of Conduct \(\*The Red Book\*\)](#)
- [Supplier Code of Conduct](#)
- [Protecting People the Environment and Assets](#)
- [Human Rights Policy](#)
- [Privacy Program](#)
- [Tax Principles](#)
- [Principles of Medical Research](#)
- [HCO and HCP Transparency](#)

## Other Resources

- [Key Facts](#)
- [Clinical Development Pipeline](#)
- [Current Medicines](#)
- [Executive Committee](#)
- [Board of Directors](#)
- [Recognitions](#)
- [Investor Information](#)
- [Position Statements](#)

# About Our ESG Report

This report represents our sustainability performance for 2021. Data and other updates contained in this digital report are focused on the 2021 calendar year and include our global operations, unless otherwise noted. We also discuss data and trends from previous years where relevant. This report does not include joint ventures, partially owned subsidiaries or outsourced operations. To extend Lilly's reach and impact, the company established the Eli Lilly and Company Foundation, commonly referred to as the Lilly Foundation, in 1968. The Lilly Foundation is a private, tax-exempt organization that makes strategic and philanthropic investments consistent with Lilly's purpose and is referenced in our reporting.

Lilly provides medicines to separate charitable organizations that offer free Lilly medicines to qualifying patients. Throughout this report, products are valued at wholesale acquisition costs, or WAC.

Lilly follows structured processes to collect, evaluate, calculate and validate the data included in this report. We consider external standards in deciding what data to collect and report. Our global health, safety and the environment management (HSE) system is periodically reviewed by an independent, accredited auditor to ensure conformance with the American Chemistry Council's Responsible Care® Management System requirements.

We use several external guidelines and measurement frameworks to inform the scope of our reporting. This report has been prepared in accordance with the [Sustainability Accounting Standards Board](#) (SASB) framework for Biotechnology and Pharmaceuticals and informed by the [Task Force on Climate-related Financial Disclosures](#) (TCFD). View all reporting indices and ESG data in the [Transparency section](#).

## Forward-Looking Statements

The 2021 ESG Report contains forward-looking statements that are based on management's assumptions and expectations at the time the statements were posted, including statements regarding our sustainability targets, goals, commitments and programs and other business plans, initiatives, aspirations and objectives. These statements are typically accompanied by the words "aim", "hope", "plan", "estimate", "project", "intend", "expect", "believe", "target", "anticipate" and similar expressions. All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended. Actual results may differ materially due to various factors. The company's

sustainability targets, goals, and commitments outlined in this report or elsewhere, as well as its operations, results, business, goals, and strategy may be affected by factors including, but not limited to, the impact of the evolving COVID-19 pandemic (or any other public health threat) and the global response thereto; the significant costs and uncertainties in the pharmaceutical research and development process, including with respect to the timing and process of obtaining regulatory approvals; competitive developments affecting current products and the company's pipeline; regulatory actions regarding currently marketed products; litigation, investigations, or other similar proceedings involving past, current, or future products or commercial activities as the company is largely self-insured; the expiration of intellectual property protection for certain of our products and competition from generic and/or biosimilar products; the impact and outcome of business development transactions and related integration costs; the impact of global macroeconomic conditions, inflation, trade disruptions, disputes, unrest, war or costs or uncertainties related to doing business in foreign jurisdictions; issues with product supply and regulatory approvals stemming from manufacturing difficulties, disruptions or shortages, including as a result of demand, labor shortages, third-party performance or regulatory actions relating to our facilities; and changes or developments in laws and regulations, including health care reform. For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K, 10-Q, and any 8-Ks filed with the Securities and Exchange Commission. We urge you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report.

### Updates to Reported Information

The information in this 2021 ESG Report, including the forward-looking statements, are made as of the publication date of May 9, 2022, unless otherwise indicated, and are expressly qualified in their entirety by the risk factors and cautionary statements described above and elsewhere in this report. We undertake no obligation to update the information or forward-looking statements in the report to reflect subsequent events or circumstances. More current information on notable events about the company's ESG efforts may be included elsewhere in the company's disclosure, including Forms 10-K, 10-Q, and any 8-Ks filed with the Securities and Exchange Commission, its press releases or the [Lilly ESG Updates](#) page of the company's website.

*Lilly*

**Eli Lilly and Company**

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