



2022

Environmental, Social & Governance Report

Table of Contents

A Message from Our CEO	3	Human Rights	90
ESG Highlights	4	Patient Safety	94

Our Strategy

Our ESG Strategy and Governance	6
Stakeholder Engagement and Topic Identification	9
Our ESG Goals	10

Environmental

Our Environmental Approach	13
Climate	14
Waste	22
Water	30
Product Stewardship	35
Biodiversity	40

Social

Our Social Approach	43
U.S. Access & Affordability	44
Global Access & Health	52
Community Engagement	60
Diversity, Equity & Inclusion	65
Employee Experience	79

Governance

Our Governance Approach	99
Business Ethics	99
Corporate Governance	106
Supply Chain Management	109

Transparency

Transparency	115
SASB Index	115
SDGs	119
TCFD	122
UNGC Index	123
Reports and Policies	125
About Our ESG Report	126

Lilly is a medicine company turning science into healing to make life better for people around the world. We've been pioneering life-changing discoveries for nearly 150 years. With each step toward a healthier world, we're motivated by one thing: making life better for millions more people. That includes working to ensure our medicines are accessible and affordable.



A Message from Our CEO

David A. Ricks
Chair and CEO

To Our Stakeholders:

Lilly's purpose—to create medicines that make life better—has been the heart of our business for nearly a century and a half. As we launch new breakthroughs for some of the world's biggest health challenges, that purpose has never been more relevant, and our impact never more clear.

With such a significant opportunity to improve human health, the sustainability of our business also has never been more important. That's why all our environmental, social and governance priorities are tied to our purpose—and why we continue to focus on the ESG issues that matter to our company and industry.

The business of discovering and developing medicines requires commitment across long time horizons; it can take a decade or more for an idea from our research labs to become a new medicine in a patient's hands. This long-term thinking is at the heart of sustainability in general, and our ESG strategy specifically. We set aggressive goals, we're transparent with our progress, and we hold ourselves accountable. This puts us on a more solid foundation to discover and develop new medicines and serve the patients who need them.

We continue to drive significant progress on our sustainability agenda, including:

- Reducing greenhouse gas emissions in our operations by more than 20% between 2020 and 2022, while our business has grown significantly.
- Outperforming the biotech and pharmaceutical industry average with an A- score for climate and water submissions from CDP in 2022.

- Continuing to make progress in the diversity of our workforce, with women representing 49% of management positions, and minority group members increasing to 25% in 2022.
- Increasing the number of patients reached in our Global Health efforts to 13.3 million.
- Meaningful progress expanding the access and affordability of our medicines. In the U.S., we've been working for years to close gaps in the healthcare system and improve access to insulin. With the aggressive actions we're taking this year, we're making it even easier for people to get this life-saving medicine: capping out-of-pocket costs at \$35 or less a month for more patients who use Lilly insulin; introducing a \$25 authorized generic of Humalog; and cutting prices 70 percent on our most commonly-prescribed insulins.

As our impact on people and communities around the world grows, sustainability remains central to delivering on our purpose and driving business results. Thank you for your interest in our ESG strategy and progress.

Regards,

David A. Ricks
Chair and CEO



[Download our 2022 ESG Data](#)

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

ESG Highlights



**\$35 or Less
Per Month**

for Lilly insulin at the majority of retail pharmacies¹



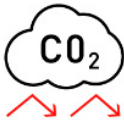
**\$3.7 Billion+ in
Medicines Provided
in 2022**

including \$95 million in disaster relief and humanitarian assistance²



**Set New
Environmental Goals
in 2021**

for climate, waste and water, including carbon neutrality in our own operations by 2030



**Reduced Greenhouse
Gas Emissions
By One Third**

from 2012 to 2022, while the overall business has grown



**49% Women in
Management Globally**

25% of U.S. management positions held by minority group members³



**\$358 Million
Spent with Black
Businesses**

in the U.S. in 2022 – an increase of 150% over 2020

¹Terms and conditions apply. Automatically applied at the majority of retail pharmacies for those with commercial insurance. Government restrictions exclude people enrolled in federal government insurance programs from Lilly's \$35 solutions. But federal law provides that Medicare Part D beneficiaries also pay no more than \$35 per month for insulin.

² Includes value of medicines provided by Lilly to separate charitable organizations that offer free Lilly medicines to qualifying patients. Product donations valued at wholesale acquisition cost.

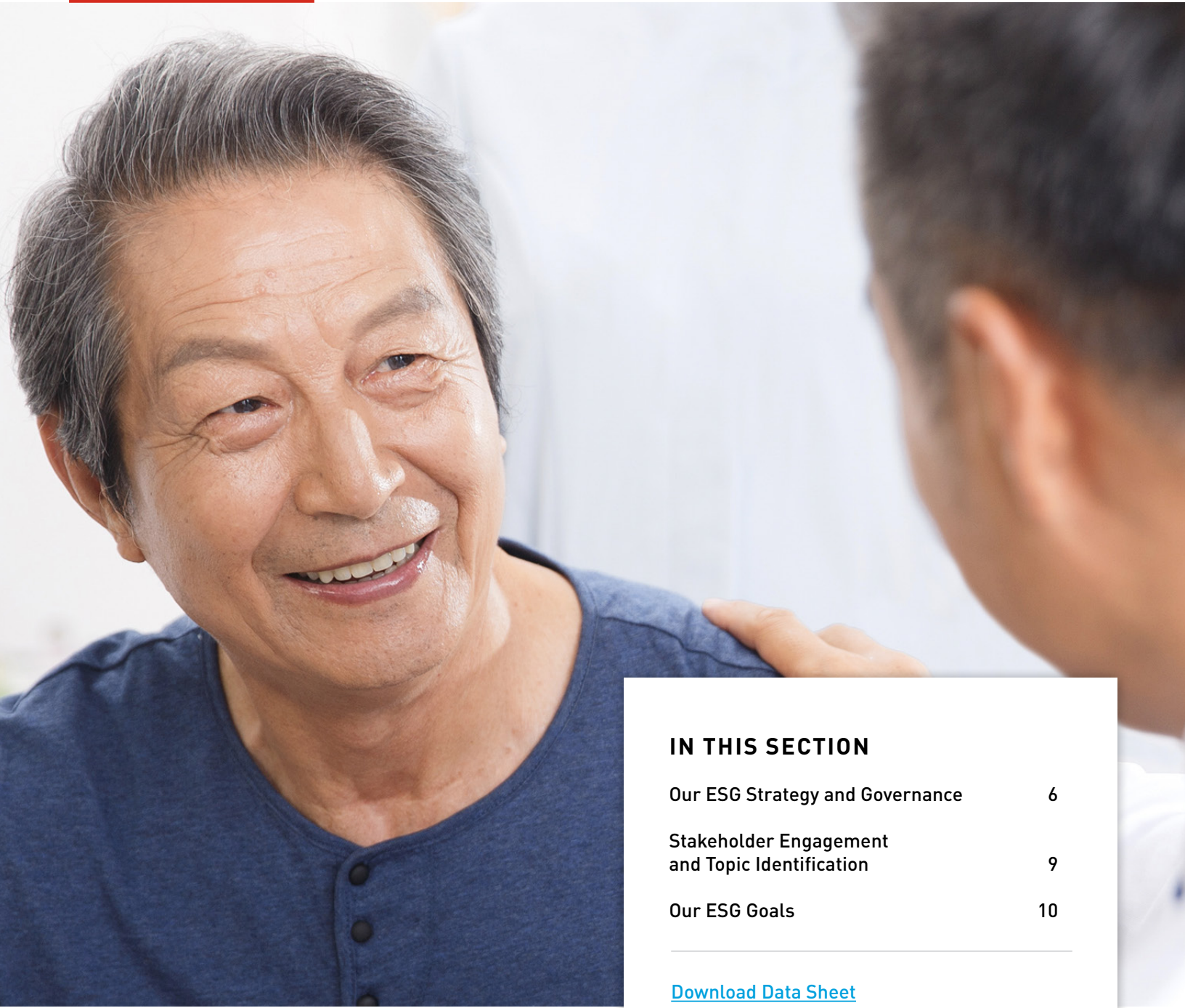
³ As of 12/31/2022.

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](#)

Our Strategy



IN THIS SECTION

Our ESG Strategy and Governance	6
Stakeholder Engagement and Topic Identification	9
Our ESG Goals	10

[Download Data Sheet](#)

Our ESG Strategy and Governance

Our Environmental, Social and Governance (ESG) strategy and efforts directly support Lilly's purpose to discover and develop medicines that make life better. We are striving to:



Expand equitable access to medicines for more people around the world



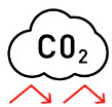
Improve health care for people living in areas with limited resources



Strengthen communities and address social issues – like racial justice and education – that matter to our business, employees and society



Empower a diverse workforce, harnessing a variety of perspectives to discover and deliver medicines



Minimize our environmental impact across the life cycles of our products and our supply chains



Operate ethically and responsibly, guided by our core values of integrity, excellence and respect for people.

Our ESG goals are integrated into our business strategy and operations. We set ambitious, measurable goals and report on our progress through this site and other communications with stakeholders.

Our Board is actively engaged in the identification and oversight of strategic ESG matters at Lilly. Our CEO and Executive Committee are responsible for management of our ESG goals and have ESG commitments embedded into their personal performance targets. In addition, we actively engage our global employees in our ESG efforts where they may have individual and collective impact.

Central to our ESG management and implementation is our ESG Governance Committee, which reports to senior leadership and has a broad ESG mandate that includes:

- Leading the coordination of ESG strategy
- Evaluating Lilly’s ESG approach compared to peers and the broader environment
- Assessing and responding to ESG regulations
- Leading formal, periodic ESG strategy updates
- Integrating and institutionalizing ESG topics throughout Lilly
- Facilitating execution of ESG reporting activities.

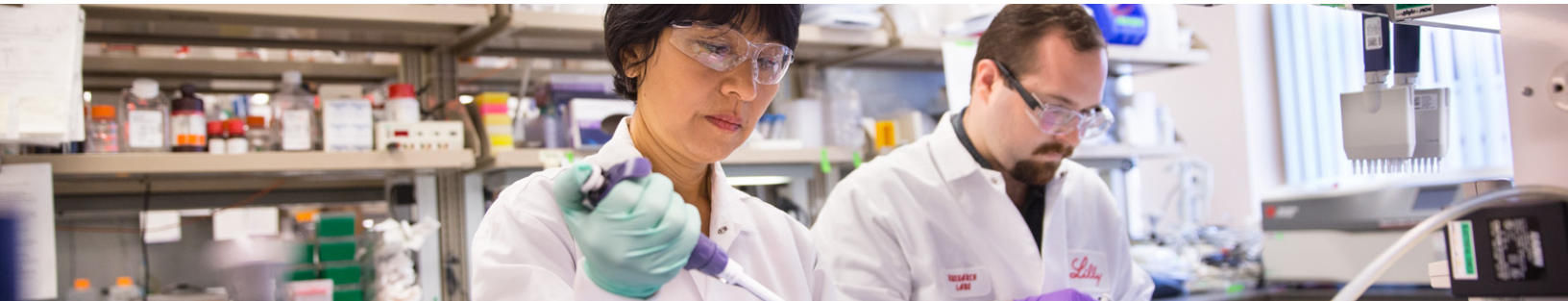
ESG Governance

Our board and management are actively engaged in the assessment, management and oversight of matters pertinent to our business.

[Learn more](#)



Lilly ESG Priorities



ENVIRONMENTAL

Climate

Water

Waste

Product Stewardship

Biodiversity

SOCIAL

U.S. Access & Affordability

Global Access & Health

Community Engagement

Diversity, Equity & Inclusion

Employee Experience

Patient Safety

Human Rights

GOVERNANCE

Business Ethics

Corporate Governance

Supply Chain Management

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:

- Shareholders
- Customers
- Lilly Board and Executive Committee
- Employees
- Advocacy organizations
- Non-governmental organizations
- Industry organizations
- Community organizations
- 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 the 15 ESG topics noted above, which represent issues that we believe are most important to internal and external stakeholders and are key to our company's long-term success. 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.



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 aim 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 Most Recent Sustainability Bond Allocation Report.](#)

Our ESG Goals

We strive to set measurable goals to track the progress and performance of our ESG strategy. Our goals help drive accountability and are grounded in our purpose to create medicines that make life better.

Minimize Our Environmental Impact

Climate

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 & Water

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](#)

Create Lasting Social Impact

Increase Access to Medicines



Reach 30 Million People by 2030

Lilly 30x30 aims to improve health for 30 million people, on an annual basis, who live in settings with limited resources, by 2030

[See Our Progress](#)

Improve Lives and Communities

Double Spend with Black-Owned Businesses from 2020 to 2022



\$358 million spent in 2022, an increase of 150% over 2020.

[See Our Progress](#)

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](#)

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 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](#)

Environmental



IN THIS SECTION

Our Environmental Approach	13
Climate	14
Waste	22
Water	30
Product Stewardship	35
Biodiversity	40

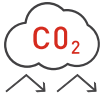
[Download Data Sheet](#)

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 from
routine operations

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 taking action to reduce GHG emissions within our operations and along our value chain. We have assessed our Scope 3 emissions and progressed in our journey to identify climate-related risks and opportunities in our business.

As a global biopharmaceutical company, 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 supports the Paris Climate Agreement, discloses information according to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and strives to implement these recommendations across the TCFD categories of Governance, Strategy, Risk Management and Metrics & Targets. For more information, please see our [TCFD metrics](#).

IN THIS SECTION

- > [Climate Action Strategy](#)
- > [2030 Climate Goals and Our Progress to Date](#)
- > [Recent Achievements](#)
- > [Reducing Energy and Emissions](#)
- > [Reducing Emissions through Cleaner Energy](#)
- > [Scope 3 Emissions and Supply Chain Engagement](#)
- > [Offsetting through Carbon Removal Projects](#)
- > [Climate Performance Data](#)

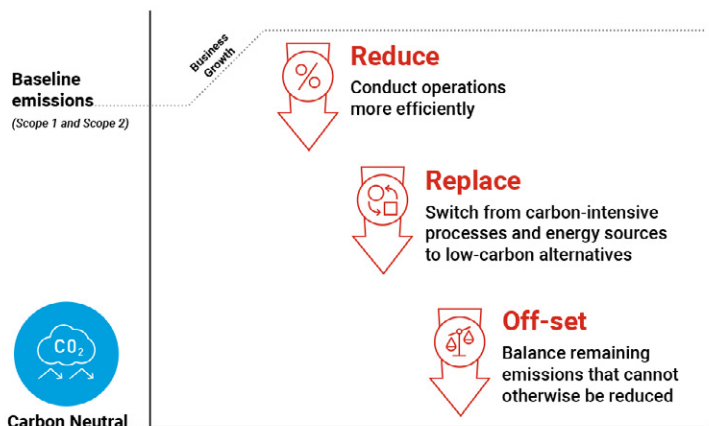


Climate Action Strategy

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).

See our [CDP 2023 Climate response](#) for more information regarding our governance and approach to climate change and related risks and opportunities. CDP will issue scores for 2023 responses in early 2024.



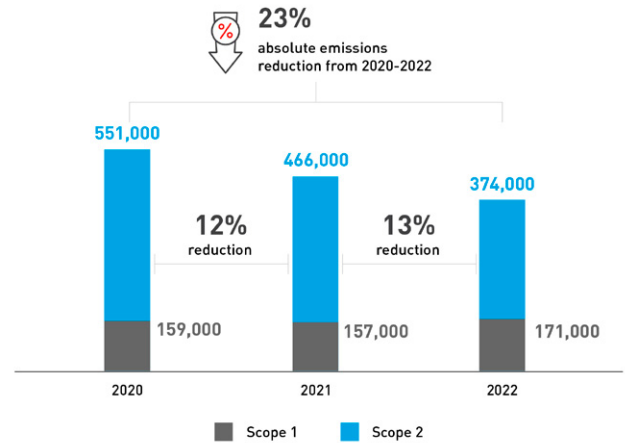
2030 Climate Goals and Our Progress to Date

Lilly is committed to reducing our GHG emissions, and prioritizing energy efficiency to become a more climate-resilient organization. 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**
 - Through the end of 2022, 95,700 MWh representing roughly 14.4% of our purchased electricity came from renewable sources.
 - In 2022, we joined RE100, focusing our efforts to bring renewable electricity onto the grid, using a three-pronged approach.
 - The first, and most effective effort, is implementing direct renewable electricity through on-site installation. We have established on-site solar arrays at our sites in France, Ireland, India and Spain. On-site solar contributed to approximately 2,200 MWh of electricity generation representing roughly 0.34% of our purchased electricity. In addition, we are in the construction phase of a new solar array at our site in Puerto Rico, an expansion of our solar array in Ireland, and evaluating several additional on-site renewable energy projects.
 - Second, we are purchasing renewable energy from our utility providers across our sites in Spain, Ireland, Germany and Switzerland. We purchased roughly 63,700 MWh of renewable electricity, representing 9.6% of our purchased electricity.
 - Third, we are purchasing Renewable Energy Certificates (RECs) in regions that are connected to the same grid as our operations. For 2022, we purchased 29,800 MWh of RECs through our utility provider in the U.S., representing 4.5% of our purchased electricity.
- **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 reduce GHG emissions throughout our operations. Our strategy is to first reduce emissions as much as possible internally before we consider offsets to cover the remaining emissions. From 2020 to 2022, we achieved a 23% absolute emissions

reduction and 13% year-on-year reduction from 2021. This reduction was partially driven by energy efficiency improvements and an increased use of renewable electricity.

Scope 1 and Scope 2 Emissions (Tonnes of CO₂e)

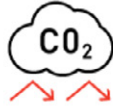


- **Enhance tracking and reporting of emissions from our Scope 3 (value-chain)**
 - In 2023, we assessed our Scope 3 (value-chain) emissions for the 2022 calendar year. This complex assessment was completed, verified and reported in July 2023 through our [CDP Climate Change submission](#). The emissions associated with our supply chain account for more than 80% of our total GHG emissions, with Category 1 and 2 (Purchased Goods and Services, and Capital Goods) and Category 4 (Upstream Transportation and Distribution) being the largest contributors. Refer to [Scope 3 Emissions and Supply Chain Engagement](#) for further details.



Recent Achievements

Performance Highlights



13% absolute reduction

in GHG emissions from 2021 to 2022



Reduced emissions by

23%

since setting our new goals



Achieved an “A-” score

for our 2022 CDP submission, our 13th year submitting a CDP report

Memberships and Investments

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 Energy and Emissions

In 2022, our energy consumption remained flat compared to 2021. Although consumption remained flat, we have transitioned to cleaner and more efficient technologies that help reduce greenhouse gas emissions associated with this energy. We continued to emphasize reducing energy consumption and driving energy efficiency at our facilities.

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 and sustainability using Leadership in Energy and Environmental Design (LEED) principles in new and updated facilities.
- Evaluating energy efficiency opportunities across our facilities, equipment and operations.
- Facilitating the use of advanced energy monitoring and control solutions.
- Conducting energy assessments, energy audits 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, the Association of Energy Engineers, and the American Society of Heating, Refrigerating, and Air-Conditioning Engineers).

Recent Energy Initiatives

- **HVAC Systems Optimization** – Sites in Alcobendas, Spain; Fegersheim, France; Branchburg, New Jersey; Kinsale, Ireland; Sesto, Italy; and Indianapolis, Indiana have completed initiatives to decrease energy consumed in HVAC systems. These projects include chiller replacements, hot water boiler replacements, building air handler optimizations, air flow reduction initiatives and building metering improvements. Collectively, we expect that these projects will reduce energy consumption by an estimated 22,000 megawatts-hours (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 2022. Examples of some of the chiller system optimization projects include replacing an existing chiller with a glycol chiller to take in to account future manufacturing demands at our site in Ireland, installation of higher efficiency chillers at our site in Indianapolis and completion of a substantial efficiency upgrade of chilled water system at our site in Puerto Rico.

Encouraging 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 in funds supporting more than 190 projects. Since the inception of the program, these projects collectively saved more than one trillion BTUs of energy annually, avoiding approximately 132,000 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 2022, 14.4% of our purchased electricity was secured from renewable sources. We have reduced GHG emissions at key facilities by leveraging solar energy. These projects include:

- **Fegersheim, France** – In 2022, Lilly started up a new 20,000 square-meter parking canopy solar array in Fegersheim, France, that allows the manufacturing site to directly produce about 12% of its electrical energy needs through sustainable power. Additionally, the site installed 72 charging ports for electric vehicles.



Parking canopy solar array at Lilly's Fegersheim, France

- **Kinsale** – In 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 tonnes reduction of greenhouse gas emissions annually. Additionally, Lilly Kinsale has begun a 10-acre expansion of the site's solar array, which is anticipated to be online in 2023.



Large solar field at Lilly's Kinsale, Ireland

- **India** – In 2019, Lilly India began operating a rooftop solar array on its administrative building in Gurugram (Gurgaon), India. The 40-kilowatt 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-kilowatt and 145-kilowatt, respectively. Additional solar capacity is being installed at our manufacturing facilities in Puerto Rico and Fegersheim.

Energy Resiliency

Energy resiliency is about ensuring our facilities have a reliable, regular supply of energy and contingency measures in place in the event of a power failure. Energy resiliency issues include power surges, weather, natural disasters, accidents and equipment failure.

Combined heat and power systems provide energy resiliency by supplying electricity and thermal energy to facilities on a continuous basis with the ability to operate independently from the grid. This reduces the risks associated with energy supply disruptions or a climate-related event providing protection against outages.

In 2017, we began designing a new 9-megawatt combined heat and power system at our Puerto Rico facility, which successfully completed construction in 2021. This cogeneration facility completed final electrical interconnection startup in 2022 and was in operation for a majority of 2022. The combined heat and power 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, which applies to Lilly's sales and marketing affiliates, 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, our UK fleet consists

of approximately 50% hybrid vehicles and several of our European affiliates have 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.

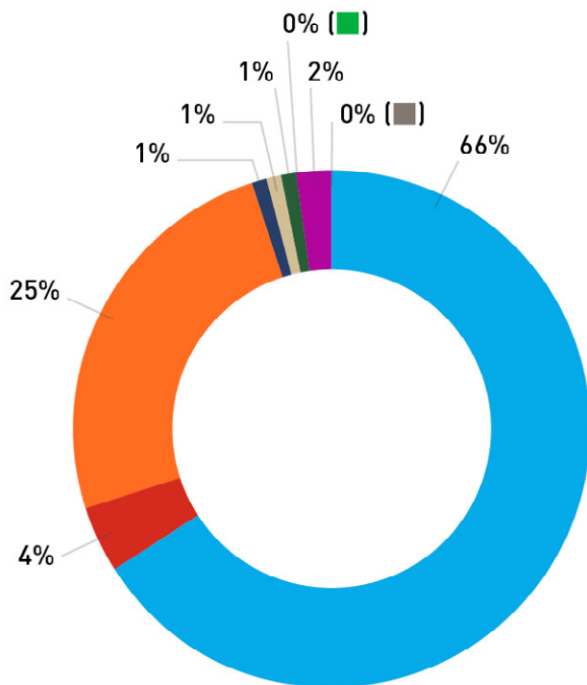
Scope 3 Emissions and Supply Chain Engagement

The GHG Protocol Corporate Standard classifies Scope 3 emissions as indirect GHG emissions (not included in Scope 2) that occur in an organizations value chain. Although Scope 3 emissions are not under direct control of the business, an organization may be able to impact the activities that result in emissions and their reductions. There are 15 categories in Scope 3 divided into upstream emissions (activities related to manufacturing of our products) and downstream emissions (activities related to distribution of our products). The emissions associated with our supply chain account for more than 80% of our total GHG emissions, with Category 1 and 2 (Purchased Goods and Services, and Capital Goods) and Category 4 (Upstream Transportation and Distribution) being the largest contributors.

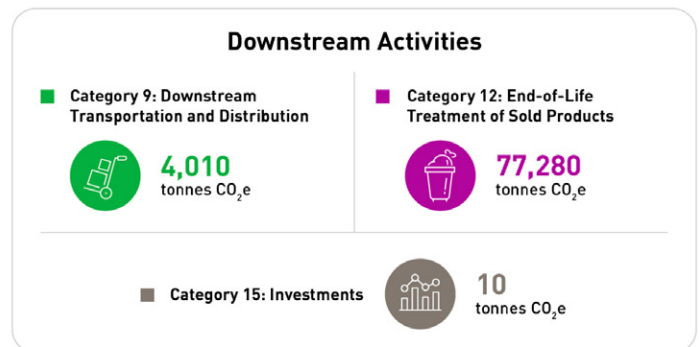
We are working to advance transparency across our value chain, including in our Scope 3 emissions. We have begun to engage with key suppliers and identify areas of our value chain where we could potentially drive emissions reductions. We intend to use the data gathered through our supplier engagement efforts to inform our evolving supply chain strategy related to climate change.

Our aim is to find ways to collaborate across our industry peers and supply chain sectors to further our understanding of our entire value chain, their activities and impact on our Scope 3 emissions. We are also investigating additional opportunities to engage with suppliers to better track and analyze our supply chain emissions.

2022 Scope 3 Emissions Breakdown



Total Scope 3 emissions
(metric tonnes CO₂e) =
3,179,000



Categories 8, 10, 11, 13 and 14 are not relevant.

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, where practical, which has a substantially lower carbon footprint.
- **CO₂ Dashboard** – To support more informed decisions about climate impact, we created a CO₂ dashboard to calculate the relative carbon footprint of different transportation options. The dashboard enables our logistics team to compare the CO₂ emissions for transportation options from logistic partners.

Offsetting 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 2022, we did not purchase any carbon offsets. The decision to purchase offsets will be made based on the remaining emissions that cannot be eliminated.

Climate Performance Data

Greenhouse Gas Emissions (Location-based)¹	2019	2020	2021	2022
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO ₂ e) ²	788,000	710,000	645,000	586,000
Scope 1	192,000	159,000	157,000	171,000
Scope 2	596,000	551,000	488,000	415,000

Greenhouse Gas Emissions (Market-based)¹	2019	2020	2021	2022
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO ₂ e) ²	Not previously reported	Not previously reported	623,000	545,000
Scope 1	Not previously reported	Not previously reported	157,000	171,000
Scope 2	Not previously reported	Not previously reported	466,000	374,000

Value-chain Greenhouse Gas Emissions	2019	2020	2021	2022
Scope 3 Emissions (metric tonnes CO ₂ e) ³	235,000	176,000	2,987,000	3,179,000

Climate Performance Data Cont'd

Energy	2019	2020	2021	2022
Total Energy Consumption (million BTUs)	6,400,000	6,200,000	6,100,000	6,130,000
Direct Energy Consumption (million BTUs) ⁴	1,690,000	1,700,000	1,600,000	1,950,000
Indirect Energy Consumption (million BTUs) ⁵	4,700,000	4,500,000	4,500,000	4,180,000
Renewable Electricity	Not previously reported	7%	9.6%	14.4%

Climate Goals	2030 Goal	2022 Performance
100% Renewable Electricity	100%	14.4%
Carbon Neutral (Market-Based Scope 1 and Scope 2)	Carbon Neutral	545,000 tonnes CO ₂ e
Enhance tracking and reporting of full value-chain emissions (Scope 3)	N/A	On Track

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 2022 environmental performance data presented.

1. 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. [See GHP Protocol Scope 2 Guidance](#).
2. Includes Scope 1 emissions and energy from onsite fuel combustion, refrigerants, process emissions and mobile combustion 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.
3. 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. From 2021, all 15 categories within the Scope 3 emissions have been assessed, verified and reported.
4. Data includes energy from combustion of coal, fuel oil, natural gas and liquid propane. Does not include energy used by aircraft, sales fleet or on-site generated renewable electricity.
5. Data includes energy from purchased electricity, steam and chilled water.

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

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.

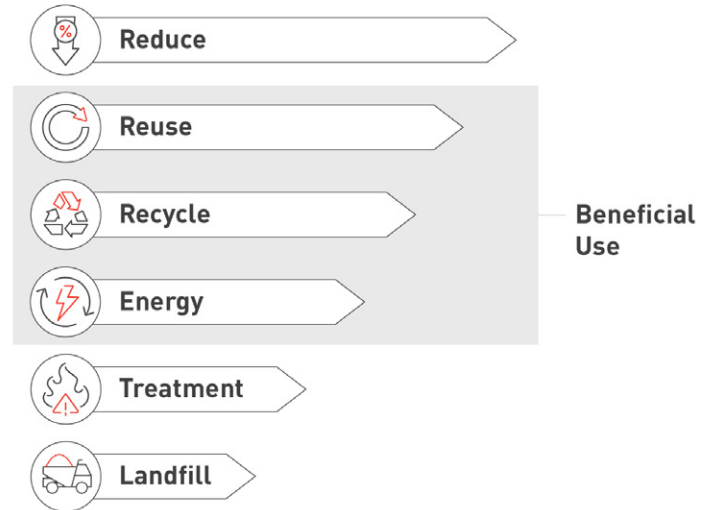
IN THIS SECTION

- > [Waste Strategy](#)
- > [2030 Waste Goals and Our Progress to Date](#)
- > [Recent Achievements](#)
- > [Managing Waste Across Our Operations](#)
- > [Plastic Waste Reduction Efforts](#)
- > [Integrating Sustainability into Our Product and Packaging Design Processes](#)
- > [Waste Performance Data](#)



Waste Strategy

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



2030 Waste Goals and Our Progress to Date

In 2021, we established new waste goals to reduce landfill waste, address plastic waste from our operations and support integration of sustainability into the designs of our products.

Zero waste to landfill from routine operations

- In 2022, 15 out of Lilly's 28 facilities achieved the zero-landfill target, resulting in 1.7% of our waste from routine operations being sent to landfill. This was an increase from 2021, which was driven by an operational issue on one of our internal waste management processes and an outage at one of the external waste-to-energy facilities that Lilly utilizes. We do not anticipate these issues to impact our long-term goal performance.

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

- In 2022, Lilly estimates that we were able to repurpose 98.0% 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. This is a slight increase over 97.7% repurposing in 2021. Of this plastic waste,

89.6% was recycled or reused, bringing us close to our 90% goal.

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](#).

Performance Highlights



Recent Achievements

Managing Waste Across Our Operations

In 2022, Lilly generated 123,000 metric tonnes of waste, representing a 5% reduction in total waste versus 2020. This reduction was achieved while increasing manufacturing production rates across the same period. Most of the waste (82%) generated by Lilly is considered non-hazardous by relevant regulatory authorities. The remaining 18% 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 processes 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 98.0% of our plastic waste for beneficial use (reuse/recycle/waste to energy) in 2022, primarily driven by recycling of plastics from our manufacturing processes and incoming packaging material. Of our total plastic waste, approximately 89.6% 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 Manufacturing Facility

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 3,000 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 nearly all 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.

Integrating Sustainability into Our Product and Packaging Design Processes

Inclusive



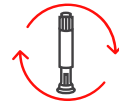
We strive to design intuitive experiences that are inclusive of the unique capabilities and changing conditions of people around the world and that meet their diverse abilities and needs.

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 our therapies, devices, packaging and experiences for longevity and minimal environmental impact.

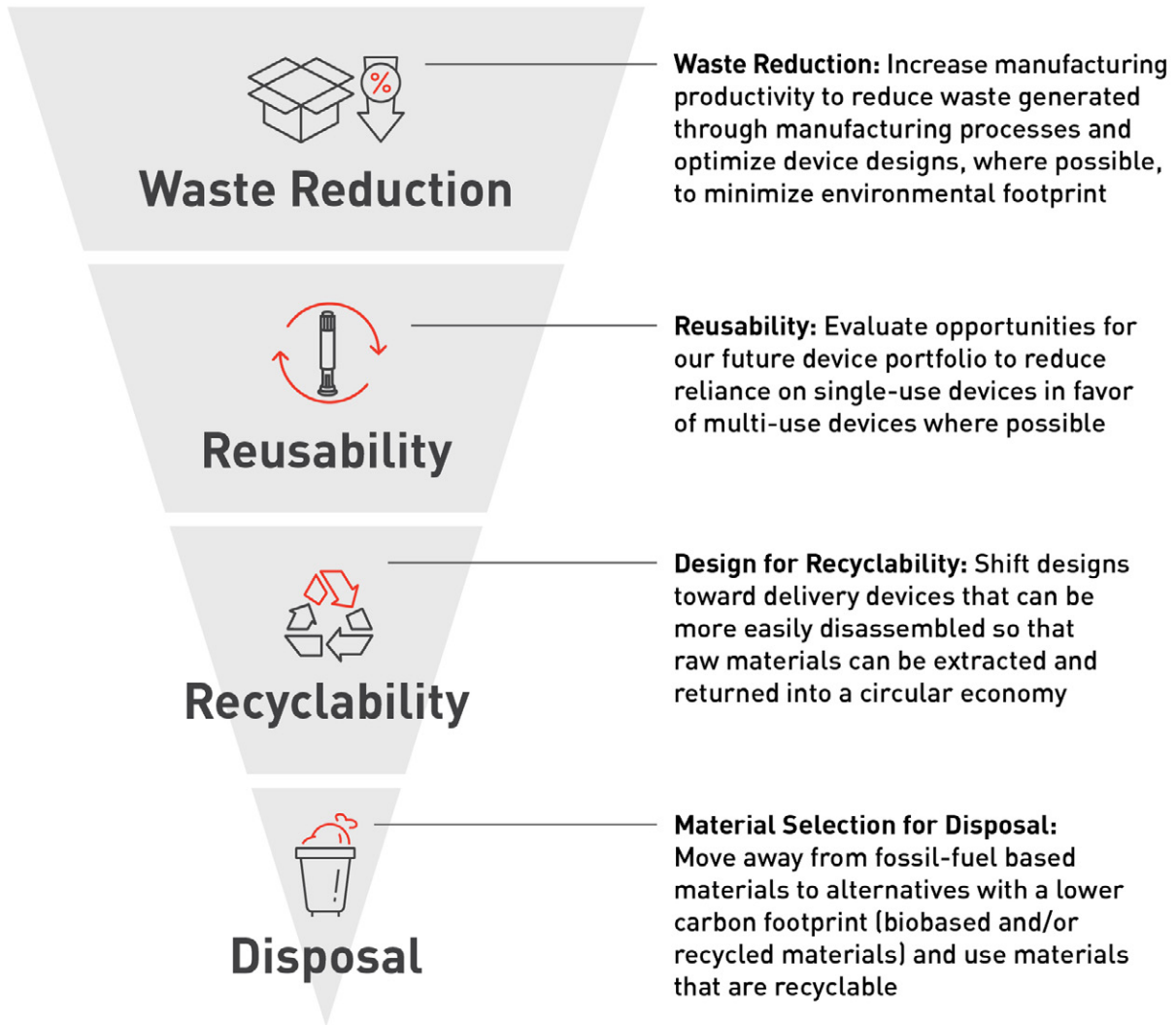
To support our 2030 waste goals, we continue to build on efforts to incorporate sustainability into the lifecycle of our products, delivery devices and packaging, with waste reduction in mind. Our goal is to integrate sustainability-focused design principles into future product and packaging design processes,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

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.

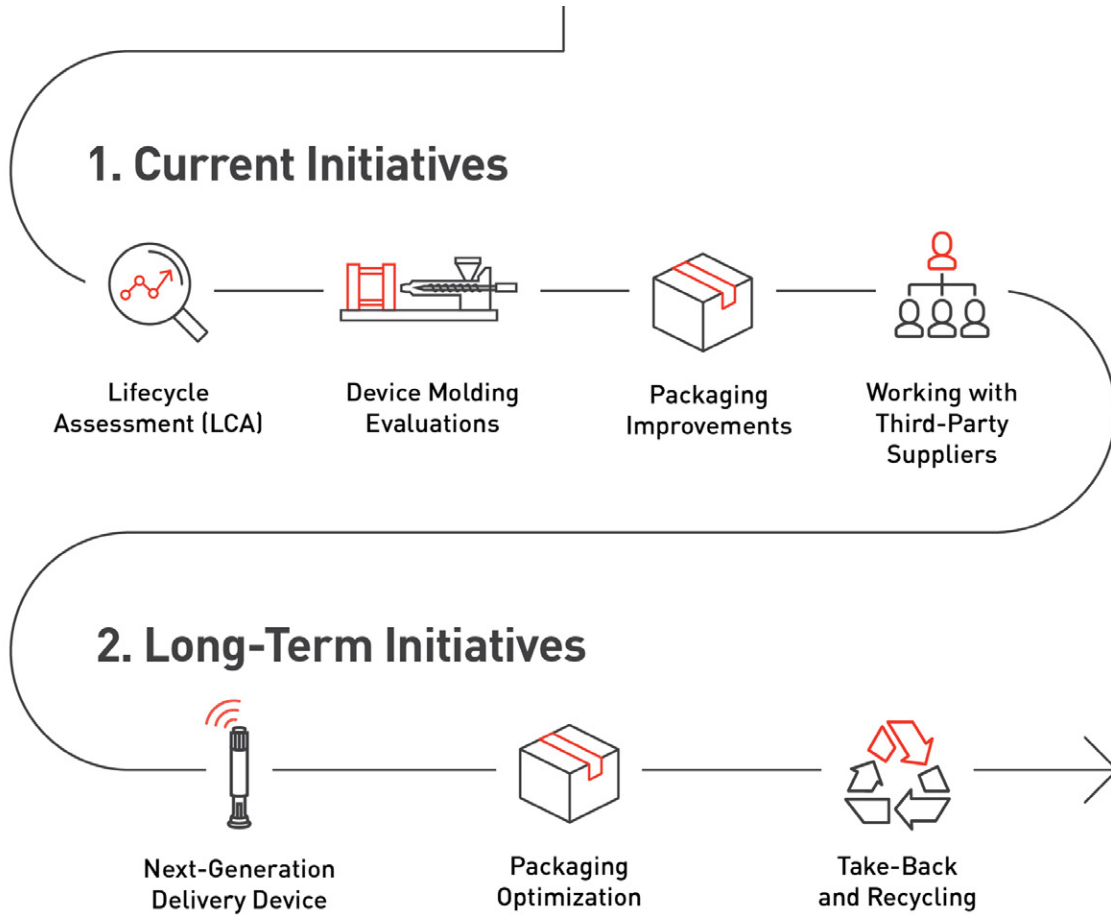
Drug Delivery Devices

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



Current Initiatives

- Lifecycle Assessment (LCA)** – We have advanced our understanding of the carbon footprint for our Trulicity device by conducting a thorough lifecycle analysis of the device. In 2022, we completed the lifecycle analysis for Trulicity (without the drug product) that included the entire device, secondary packaging, our manufacturing supply chain and other relevant aspects. The lifecycle analysis was 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. The lifecycle analysis identified key opportunities for reducing our carbon footprint in the areas of device materials, secondary packaging, transportation and manufacturing. We are evaluating these focus areas based on prioritization and impact to the environment, without jeopardizing the supply of medicine to our patients.
- Device Molding Evaluations (Proof of Concept)** – We have begun to identify renewable materials that could

be used as alternatives to existing fossil derived plastic materials used in our devices. In 2022, we completed about 90% of the proof-of-concept (PoC) trials to make plastic components using renewable materials. Additionally, we continue to investigate 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 have also developed alternatives for packaging used throughout our manufacturing processes, from in-process to final packaging, which allows for reuse or recycling and improves efficiency as we transport products globally. In addition, we are working to better inform our patients about recyclability or appropriate disposal of our products' packaging materials.
- 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. Our recently developed Design for Sustainability Guidebook aims to help our internal device teams improve designs and develop more environmentally friendly devices. 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.

- **Tempo Smart Button Packaging, US Refill Kit Design** – The refill kit is a packaging case comprised of various components the patient needs for use of the Tempo system. During packaging development, the design optimization process led to a reduction in the overall size of the packaging (i.e., length and width), which resulted in less waste generation and approximately 25% less warehouse storage space utilization.

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 life-cycles.



Waste Performance Data

Total Waste Generation ¹	2019	2020	2021	2022
Total Waste Generation (metric tonnes)	140,000	130,000	118,000	123,000
Non-hazardous Waste (metric tonnes)	120,000	110,000	98,000	101,000
Hazardous Waste Generation (metric tonnes)	19,000	20,000	20,000	22,000

Total Waste Disposition ¹	2019	2020	2021	2022
Beneficial Use (includes recycled, reused and waste-to-energy)	130,000	120,000	108,000	111,000
Treated (includes combustion without energy recovery) (metric tonnes)	7,000	7,300	7,100	8,000
Landfilled (metric tonnes)	5,000	2,700	2,300	4,000

Waste metrics for goals ²	2019	2020	2021	2022
Waste generated from routine operations (metric tonnes)	Not previously reported	Not previously reported	107,000	110,600
Waste to landfill (metric tonnes)	Not previously reported	Not previously reported	600	1,900
Plastic waste from routine operations (metric tonnes)	Not previously reported	Not previously reported	8,600	12,000
Plastic waste repurposed for beneficial use (includes recycled, reused and waste-to-energy) (metric tonnes)	Not previously reported	Not previously reported	8,400	11,800
Plastic waste recycled or reused (Metric tonnes)	Not previously reported	Not previously reported	7,600	10,800

Waste Performance Data (cont'd)

Waste Goal Performance ²	2030 Goal	2022 Performance
Percent of waste from routine operations sent to landfill ³	Zero (Less than 0.5%)	1.7%
Percent of routine plastic waste repurposed for beneficial use	100%	98.0%
Percent of routine plastic waste recycled or reused	Greater than or equal to 90%	89.6%
Integrate sustainability-focused design principles into our products and packaging	N/A	On Track

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 2022 environmental performance data presented.

1. Total waste includes all waste generated from Lilly facilities, routine waste and non-routine waste. Non-routine waste is defined in footnote 2.
2. 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.
3. 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.

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

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 [2023 CDP Water Security response](#). CDP will issue scores for 2023 responses in early 2024.

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 the 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 finalized documented water stress management plans. These water stress plans identified "context-based" targets with specific delivery dates related to reducing water stress where they operate.

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

In 2022, 100% of Lilly manufacturing sites met established Lilly 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 2022, Lilly had completed assessments of 85% of our contract manufacturers and the remaining assessments of our contract manufacturers were in progress. All of our contract manufacturers assessed through the end of 2022 were found to have appropriate controls to meet established PNEC-based limits. The remaining contract manufacturer assessments are anticipated to be complete in 2023.

Recent Achievements

Performance Highlights



Recycles or reused 97.9% of our total water demand



Achieved an A- rating from CDP's water program in 2022

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.

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 2022, our facilities recycled or reused 279 billion liters of water, representing 97.9% of our total water demand.

In 2022, 7.7% of our total water intake occurred at sites in geographies that are defined as “water stressed,” a decrease from 2021 primarily due to changes in production rates and benefits seen from projects to recover clean water for reuse 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. This is why we established a 2030 goal that requires water management plans for Lilly sites in water-stressed areas.



Pharmaceuticals in the Environment (PiE)

The active ingredients of medicines, have been found in surface waters, groundwater, sediment and soil. Reported concentrations of pharmaceuticals detected in the environment are usually extremely low. 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.

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, Lilly has 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 the discharges of active pharmaceutical ingredients 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 active pharmaceutical ingredients 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. While the LAEG program has been 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 harmful discharge of our active pharmaceutical ingredients.

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). The five-year iPiE project consisted of a consortium of universities, pharmaceutical companies and other research institutions that 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 consortium project, the [Prioritization and Risk Evaluation of Medicines in the Environment \(PREMIER\)](#). This six-year project 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. As part of this project, we are collecting environmental data on prioritized legacy pharmaceuticals and contributing to the evaluation of the relationship of external and internal concentrations of pharmaceuticals in fish.

- **Assessing the potential for designing environmentally biodegradable pharmaceuticals** – We participate in the American Chemistry Society's Green Chemistry Institute Pharmaceutical Roundtable in which a consortium of companies is considering the biodegradation potential of pharmaceuticals in the environment.
- **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 on-line 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	2019	2020	2021	2022
Water intake (billion liters) ¹	6.27	6.10	5.92	6.05
Water recycle rate (%) ²	97.8%	98.4%	98.0%	97.9%
Percent of water use in water-stressed areas	8.0%	8.1%	8.9%	7.7%

Water Goals	Target	2022 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	100% of plans were developed on time, and the implementation phase has started
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%	85% complete; 15% assessments in progress;
Percent of assessed external partners meeting PNEC limits	100%	100%

Footnotes

Note: Bureau Veritas was engaged by Lilly to provide [limited assurance](#) in relation to specified 2022 environmental performance data presented.

1. "Water intake" 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.
2. "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.

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

Product Stewardship Management Approach

Each stage of the pharmaceutical product life cycle includes distinct environmental considerations and opportunities. 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 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.

IN THIS SECTION

- > [Managing Environmental Performance Across the Product Lifecycle](#)
- > [Green Chemistry](#)
- > [Global Chemical Management](#)
- > [Green Logistics](#)
- > [Product End-of-Life](#)



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.



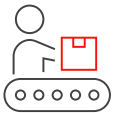
Research and Development

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 or chemicals of concern 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 Lilly's 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 2022, we worked with industry peers to [improve the iGAL metric](#). Yield and convergence were added as new key sustainability indicators and include a new formula for convergence with potential applicability in computer assisted synthesis planning (CASP) algorithms. The improved statistical model of iGAL 2.0 represents a valuable extension to the common API process waste metrics, process mass intensity (PMI) and complete E factor (cEF). We believe that iGAL 2.0 can readily be adopted by pharmaceutical firms around the globe and thereby empower and inspire their scientists to make meaningful and significant contributions to sustainability.

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.

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 are committed to improving 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, thus 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 2022 we were able to recycle approximately 30,000 data loggers.

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 a member of the Pharmaceutical Product Stewardship Work Group (PPSWG), a U.S.-based membership association that coordinates pharmaceutical manufacturer efforts to respond to state and local household medicine and sharps takeback laws. We are a participating company in [MED-Project](#) USA and MED-Project LLC (“MED-Project”), owned by PPSWG, which serve as the stewardship organization designated by PPSWG members to implement and operate mandated household unwanted medicine and sharps take-back programs. The [MyOldMeds.com](#) website is provided by PPSWG as an easy way for patients to find a site near them to dispose of unwanted, unused or expired medicines from households.

We also engage with other industry stakeholders on these matters in the EU, such as [European Federation of Pharmaceutical Industries and Associations \(EFPIA\)](#), and in Canada ([Health Products Stewardship Association](#)).

Device Take-Back and Recycling

We are also committed to investigating ways to mitigate plastic waste by exploring potential new options to reduce end-product waste. Lilly is exploring opportunities individually and with broad industry collaborations that include:

- efforts led by pharmaceutical associations
- collaborations with other pharmaceutical and device manufacturing companies
- supplier-led sustainability collaborations.

In addition, we are providing financial and resource support to potential partners for testing of newer recycling technologies that could lead to recycling and reuse of plastic after our devices are used by patients.

- **Germany** – Lilly is conducting a device take-back pilot program in Germany. By partnering with several hospitals and physician offices in the Berlin area, we are collecting injection devices for some of Lilly's diabetes products after they have been used by patients. These devices are then transported to a local company that is working to convert plastic waste to chemical feedstock for making new plastic. This effort was initially launched with a limited number of hospitals in 2020, and has since been expanded to include additional hospitals, pharmacies and physician offices in Germany. While still in its infancy, the pilot program is a next step in our efforts to increase the circularity of our devices and minimize their environmental impact.
- **Denmark** – Lilly has joined a collaborative effort with Novo Nordisk, Sanofi and Merck to pioneer the world's first cross-industry solution for recycling injection pens. The pilot program launched in May 2023 and is planned for 12 months. The ambitious target for the first 12 months is for 25% of all injection pens distributed by the four companies in Denmark to be recycled. This is the equivalent of 25 tonnes of plastic. The collaboration has been launched in Denmark, leveraging the existing recycling infrastructure in the country.



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

Biodiversity Management Approach

As a pharmaceutical company, we recognize our responsibility to protect and conserve biodiversity while pursuing our purpose to create medicines that make life better for people around the world. Biodiversity and nature conservation is not a new concept for Lilly. Lilly has been involved in environmental protection and nature enhancement projects across its global facilities for decades. Lilly recognizes the importance of biodiversity and its critical role in supporting health and wellbeing. As we further develop our biodiversity strategy and action plan, our approach will not only span across our own sites but also the communities in which we operate.

Lilly strives to **protect** designated biodiversity rich areas, **manage** existing biodiversity at our sites and **enhance** biodiversity within the communities where we operate. We engage with our external partners, industry working groups and employees to raise awareness and promote action on biodiversity.

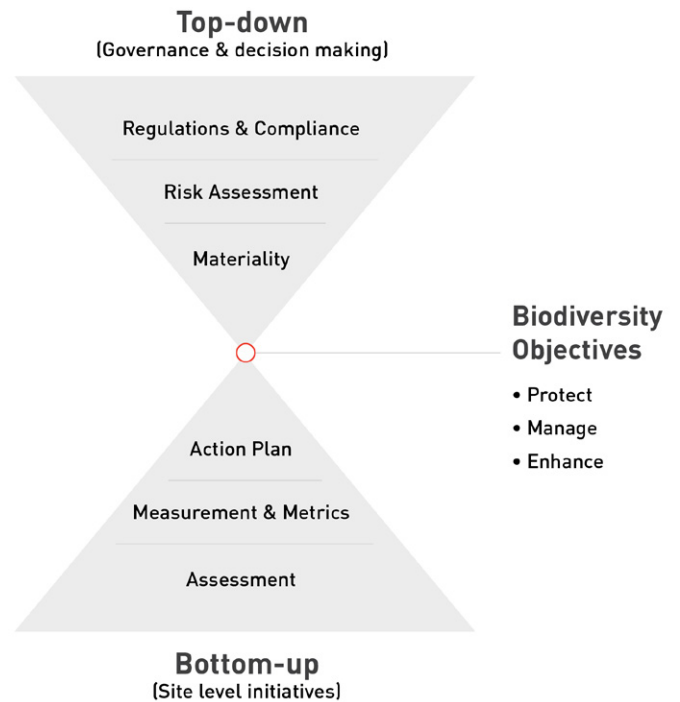
IN THIS SECTION

- > Biodiversity Strategy and Approach
- > Case Studies
- > External Collaborations



Biodiversity Strategy and Approach at Lilly

Lilly's biodiversity strategy outlines our approach to managing risks related to biodiversity and ecosystems, promoting sustainable practices, and contributing to the conservation and restoration of endangered habitats and species. Our strategy focuses on a top-down and bottom-up approach that funnels from governance and decision-making to site level initiatives and implementation.



Biodiversity Case Studies

Kinsale Harbor Study

To study the overall impact of our manufacturing facilities on the local environment, our site in Kinsale, Ireland initiated a longstanding evaluation of aquatic habitat quality and benthic biodiversity in 1978. Managed by the National University of Ireland Galway, the Kinsale Harbour Study is one of the longest studies of marine coastline conducted anywhere in the world. The evaluation has not identified evidence of adverse impacts on habitat quality and benthic biodiversity in the study area due to wastewater discharge from the Kinsale site. Results have been published in peer-reviewed scientific publications and several project reports. This project continues to support academic research for university students.

Leading the Industry in Ecologically Sound Endotoxin Testing

Lilly continues to be an industry leader in using rFC, a scientifically proven, sustainable alternative to the horseshoe crab-sourced testing reagent, LAL. Both tests seek out the presence of harmful bacterial toxins in the injectable medicine manufacturing process.

Multiple peer-reviewed studies that have evaluated and established comparability of rFC and LAL, using both standard and environmental endotoxins. This is especially important now given that 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.

Currently, Lilly has converted 80% of our testing of medicines from LAL to rFC. We began to implement rFC testing in 2016. Lilly uses rFC in all eight of our injectable manufacturing facilities and for all our new injectable medicines. These medicines have been approved by global health authorities and contribute to the health of millions of people around the world.

Lilly supports and is pleased to see broader use of rFC in the pharmaceutical industry. This is not new science – rFC is derived from recombinant biotechnology, which Lilly has pioneered since 1982. As more pharmaceutical companies move away from LAL and embrace rFC, the environment and ecosystems in key parts of the world will benefit – all while maintaining patient safety.

External Collaborations and Partnerships

Biodiversity is a broad topic, and it is important to understand where the pharmaceutical sector can make a difference. Lilly is actively involved in working with external partners and industry working groups to assess and prioritize the risks to biodiversity. As we continue to collaborate and identify relevant risks and opportunities associated with the pharmaceutical industry, this will inform and enhance our evolving strategy and implementation plan.



Social



IN THIS SECTION

Our Social Approach	43
U.S. Access & Affordability	44
Global Access & Health	52
Community Engagement	60
Diversity, Equity & Inclusion	65
Employee Experience	79
Human Rights	90
Patient Safety	94

[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 with global health systems and organizations to extend our reach by being part of the solution for complex global health 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 full authentic selves to work every day to 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, employees and communities, 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 more than \$12 million to United Way in 2022.



Diversity, Equity & Inclusion

Increase the number of minority group members in management with a focus on Black and Latinx talent; advance the current representation of Black 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.



U.S. Access & Affordability

SASB Disclosures Covered:

[Access to Medicines](#) (HC-BP-240a.1, HC-BP-240a.2)
[Affordability & Pricing](#) (HC-BP-240b.2)

IN THIS SECTION

- › Pricing in the U.S.
- › Lilly U.S. Affordability Solutions

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 provided additional tools in the fight against the global pandemic. Today, an estimated 51 million people use Lilly's medicines.

Lilly employees from across the globe come together from diverse backgrounds to push the limits of science to develop novel treatments for 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.

Pricing in the U.S.

Pricing medicines to achieve the optimal balance between patient access and sustained investment in innovative 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; and 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.
- **Contributing factors** – Such as health system changes and policy guidelines.

Lilly also makes price adjustments 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.

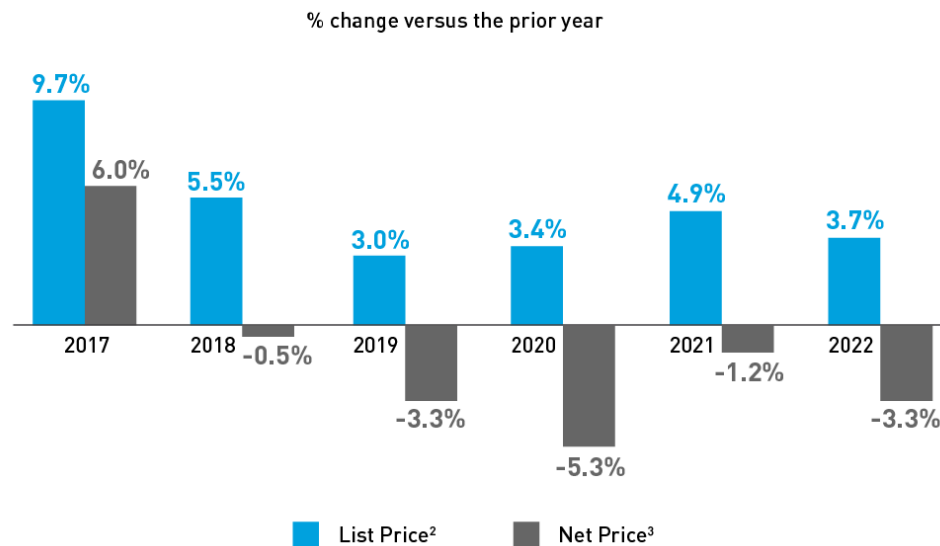
List Price vs. Net Price

A list price for each of our medicines is set using the considerations noted above.

We pay rebates and other discounts to payers, pharmacy benefit managers (PBMs), the U.S. government and other supply chain entities such as wholesalers and distributors. After paying these rebates, discounts and channel costs, the final dollar amount that Lilly ultimately receives is called the net price.

These rebates and discounts have continued to grow over the years 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 Portfolio¹



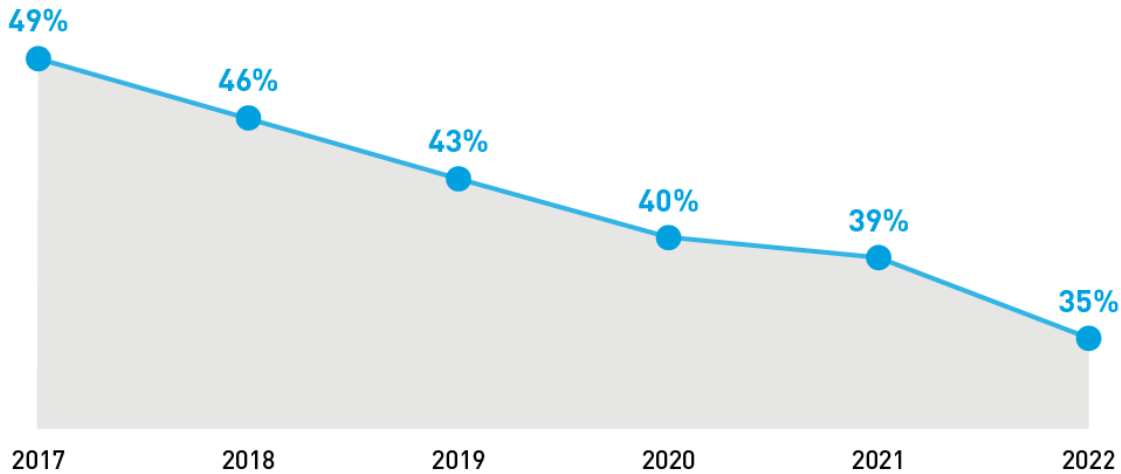
¹ U.S. Product Portfolio includes all human pharmaceutical products marketed in the U.S. Bamlanivimab and Estesevimab are not included because they are not marketed commercially. The U.S. Product Portfolio represents approximately 88% of our total U.S. human pharmaceutical revenue.

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

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

Average Lilly Net Price

(as a % of list price) after discounts across the U.S. product portfolio¹



¹ 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 U.S. Affordability Solutions

Success is helping people heal – and we understand that developing lifesaving medicine is only the start of the conversation. At Lilly, we work to improve access to our treatments and increase equity throughout the healthcare system. 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, at their point of purchase, from the rebates and discounts we provide to pharmacy benefit managers, payers and others. 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 diabetes and cancer, we have created a Lilly Diabetes

Solution Center and a Lilly Oncology Support Center that assist 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 medicine 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 insulin therapies.

While many people in the U.S. have insurance coverage with affordable copays, some 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, Lilly has introduced multiple insulin affordability solutions. As a result of our efforts, anyone is eligible to buy their monthly prescription of Lilly insulin for \$35 or less, regardless of the number of pens or vials they use, and whether they are uninsured or use commercial insurance, Medicaid or are enrolled in a Medicare Part D plan.*

These insulin affordability solutions include:

- In 2019, we introduced a non-branded insulin, Insulin Lispro, at half the list price of branded Humalog. Insulin Lispro, which is the same molecule as Humalog, is now 70% off the list price of its branded counterpart, after an initial price reduction.
- In 2020, we announced the Lilly Insulin Value Program, a savings card allowing people with commercial insurance or those who are uninsured to buy their monthly prescription of Lilly insulin for \$35.
- In 2021, we committed our full portfolio of insulins to the Medicare Part D Senior Savings Model, allowing seniors enrolled in participating Part D plans to purchase their monthly prescription of Lilly insulin for \$35 during all phases of their Part D coverage. With the passage of the Inflation Reduction Act (IRA), the program will sunset at the end of 2023.
- Under the IRA, more than 3 million Medicare beneficiaries who take insulin will pay \$35 per month or less on their insulin. Lilly was a strong

supporter of this provision as it aligns with the affordability solutions we've had in-place years before the IRA became law.

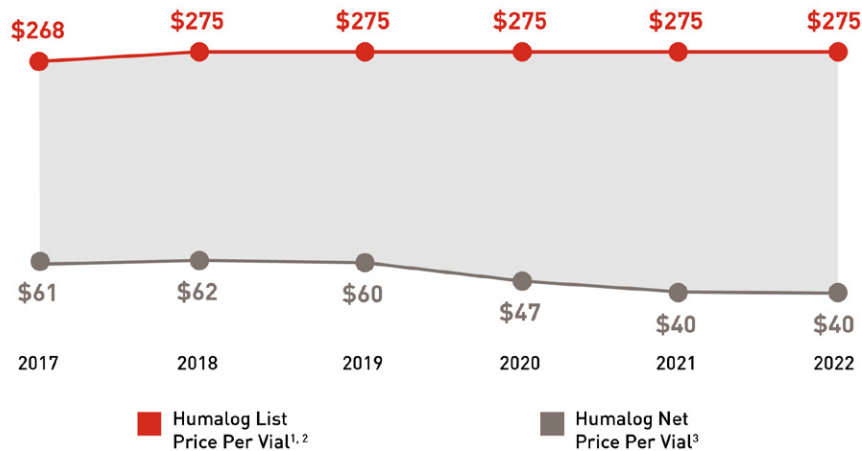
- In 2023, we announced [additional steps](#) to make it even easier for people to access Lilly insulin:
 - Effective in March, we implemented an automatic cap to limit out-of-pocket monthly cost to \$35 for people with commercial insurance at participating retail pharmacies.
 - Effective in April, we launched a biosimilar basal insulin at a lower list price.
 - Effective in May, we cut the price of our Insulin Lispro vials to \$25 a vial, making it the lowest list-priced mealtime insulin available.
 - Effective in the fourth quarter, we will reduce the list price of our most commonly prescribed insulins by 70%.

All of these programs are already making an impact, helping people fill more than 100,000 prescriptions for Lilly insulin each month. Importantly, despite rising insurance deductibles, the average monthly out-of-pocket cost for Lilly insulin has dropped to \$20.48.

* Terms and conditions apply. Automatically applied at the majority of retail pharmacies for those with commercial insurance. Government restrictions exclude people enrolled in federal government insurance programs from Lilly's \$35 solutions. But federal law provides that Medicare Part D beneficiaries also pay no more than \$35 per month for insulin.

Humalog® (U-100)

List Net Price Per Vial (USD)

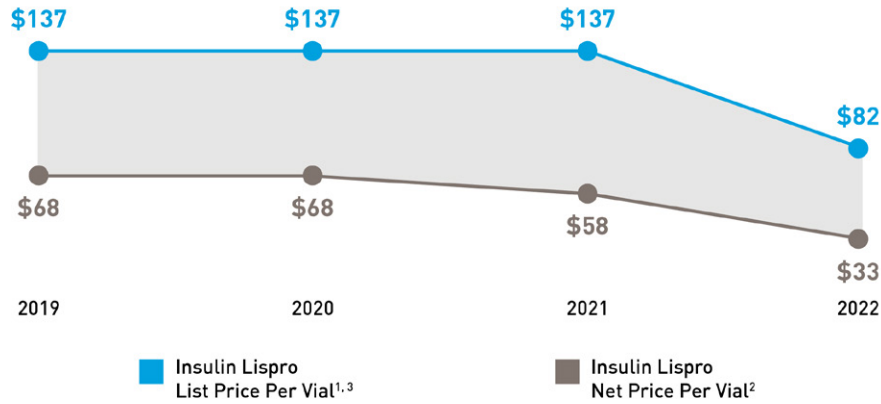


¹ The last list price increase for Humalog vial was May 2017. List Price represents the weighted average wholesale acquisition cost (WAC).

² Per Lilly's announcement in March 2023, the list price of Humalog (U-100) will be reduced by 70%, effective in Q4 2023.

³ Net Price represents WAC minus rebates, discounts and channel costs. The average net price per vial, the amount Lilly receives after rebates and discounts, is calculated by dividing the total net vial sales (Humalog vials), by the total vials sold.

Insulin Lispro (U-100) List Net Price Per Vial (USD)

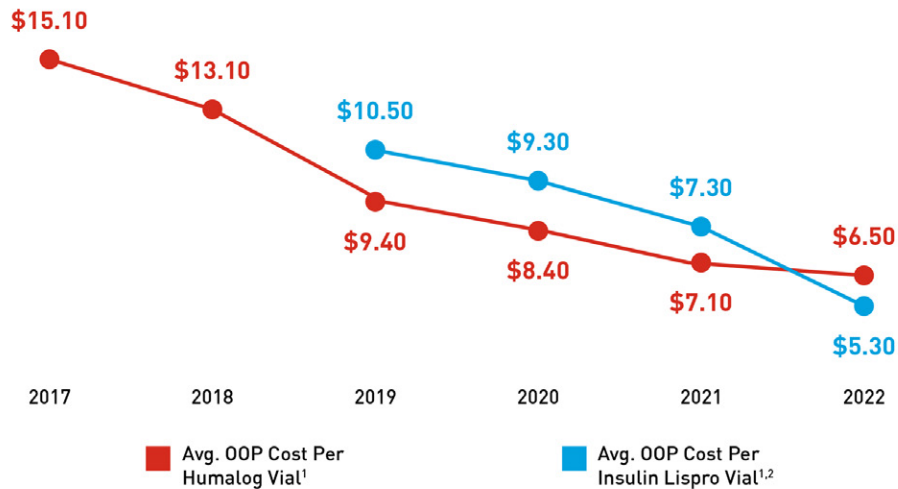


¹List Price represents the weighted average wholesale acquisition cost (WAC).

²Net Price represents WAC minus rebates, discounts and channel costs. The average net price per vial, the amount Lilly receives after rebates and discounts, is calculated by dividing the total net sales (Insulin Lispro vials), by the total vials sold.

³The new list price for Insulin Lispro U-100 vial, \$25.00, went into effect May 1, 2023.

Humalog® (U-100) and Insulin Lispro (U-100) List Net Price Per Vial (USD)



¹Source: IQVIA, Commercial Analytics LAAD 2022.

²Lilly launched Insulin Lispro (U-100) in 2019.



Lilly Affordability Programs

insulinaffordability.com

Lilly Diabetes Solution Center at (833) 808-1234

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 have published full-page advertisements in dozens of top English and Spanish-language newspapers to inform Americans how they can lower their insulin costs. We have also published sponsored content and ads online, and participated in radio and TV station interviews about Lilly's affordability solutions in markets throughout the U.S to increase awareness about our affordability solutions.

Insulin Donations

Separate from Lilly insulin affordability solutions noted above, Lilly also donates medicines to tax-exempt organizations, including the [Lilly Cares Foundation](https://lillycaresfoundation.org), that provide Lilly medications for free to qualifying patients. [Eligibility](https://lillycaresfoundation.org) is determined by each tax-exempt organization.

Long-Term Policy Solutions

Lilly is actively working with other stakeholders throughout the U.S. health care system, including Congress, to seek policy solutions to address systemic gaps in patient affordability. Some of these include:

- **Out-of-Pocket costs** – We support tying out-of-pocket costs to the lower net price health plans and pharmacy benefits managers pay, which could save some patients hundreds of dollars at the pharmacy.
- **Delinking** – We support paying pharmacy benefits managers' fees based on the value of the services they provide, not based on a medicine's price, which will lead to lower costs for patients.
- **Rebate Pass-Through** – We continue to advocate for insurers to pass through our negotiated rebates directly to patients 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 expanding the monthly \$35 copay cap on insulin for Medicare to the commercial market.

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.

Value vs Volume: Linking Cost to Patient Outcome

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.

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., about 50% of revenue flowing through our access-based contracts has a value-based component. 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 to be successful they require increased collaboration between payers, health systems, employers, patients and industry. 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.

Health Literacy

At Lilly, we strive to provide patients with helpful and easy to understand information about our medicines and devices. This gives patients the very best chance to benefit from our innovative treatments. We do this by using something called “health literacy” when creating and designing our patient materials.

What is Health Literacy?

Health literacy is how well someone can access, understand and use health information to make decisions about their, or a loved one’s, health. Health literacy is more than just reading level — it also targets health-related skills and understanding, like knowing exactly when and how to use a medicine prescribed by a doctor

to help patients feel more confident in taking good care of their health.

Lilly has eight health literacy principles that help us empower patients through information that’s clear and easy to understand. When we communicate clearly to our patients, we help remove barriers that can prevent better health for patients. This includes helping to reduce confusion that may come from cultural or language differences, which can help improve health equity for everyone, including those in traditionally underserved communities.

In a quest to make health literacy a priority companywide, Lilly developed an internal health literacy resource website to help teams independently create content and design materials for their various audiences. The tools and resources on this site can help employees assess documents for readability and appropriateness for intended audiences, identifying any potential issues that would make the materials difficult to understand.

Our health literacy approach isn’t required by the FDA or any other legal or regulatory body. We do it because we believe it’s the right thing to do, and it helps us deliver on our promise to make life better for people around the world.

Lilly’s Eight Health Literacy Principles



Writing for Understanding

- Write in plain language
- Make it relevant
- Include action steps
- Use easy-to-understand numbers
- Choose culturally familiar language and examples



Visual Design

- Design for easy scanning
- Use type that’s easy to read
- Choose visuals that support your content

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 approximately 10,500 of our health plan members save \$300 on average in 2021 – or about \$3.2 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.

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.





Global Access & Health

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 provided additional tools in the fight against the global pandemic. Today, over 51 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 breakthrough medicines 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 beyond 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

- › Improving Global Access and Health
- › Lilly 30x30
- › Global Health Highlights

Improving Global Access and Health

Beyond developing life-saving medications, we drive strategies to expand access to our medicines and improve quality healthcare globally. We advance collaborative, multisector initiatives to enhance the diagnosis, education, treatment and care of people living with noncommunicable diseases (NCDs) – especially those in historically-marginalized communities in the U.S. and low- and middle-income countries.

The human toll of NCDs is unacceptable, inequitable and increasing. According to the World Health Organization, there are 41 million deaths from NCDs each year, and this number is expected to rise to 52 million by 2030. NCDs including cancer and diabetes are the number one cause of death and disability worldwide. COVID-19 further exacerbated health discrepancies and highlighted an urgent need to act. Lilly's deep knowledge and expertise in many of these disease areas can help contribute to eliminating the growing burden of NCDs on people around the globe.

Pricing Around the World

We sell medicines in approximately 110 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. For example, we support value-based and outcomes-based reimbursement models that can deliver greater health and economic value to health systems.

As a global company, we are aware that patients in lower-income countries face economic circumstances that limit their ability to pay for medicines and health care. In response, Lilly is deploying alternative business models and innovative collaborations to help provide high-

quality, affordable products for these markets. We also support efforts to decrease the final price of medicines to patients in these countries, such as minimizing out-of-pocket costs for patients and limiting markups across the supply chain.

Lilly's Support of Universal Health Care Principles

The COVID-19 pandemic highlighted the critical need to build stronger, more resilient health systems that can respond rapidly to new emergencies while continuing to deliver essential health services, including for NCDs like diabetes, cancer and obesity. The global push for universal health coverage (UHC) as part of the UN Sustainable Development Goals presents an opportunity to drive real progress in achieving the vision of a world where all people have access to the quality health services and medicines they need, when and where they need them, without financial hardship. To deliver on this ambition, the global health community must come together across sectors, including the private sector, to close the UHC financing and implementation gaps.

Lilly believes that, as an innovative pharmaceutical company, we have a critical role to play in this collective, multisectoral action. We contribute through our continued investment in developing medicines to address unmet medical needs around the world, our efforts to extend the reach of our existing medicines to more people who need them, and our collaborations to strengthen health systems and policies. We also encourage stakeholders around the world to pursue the goal of access to care for everyone who needs it.

See our [Transparency](#) section for more on how Lilly's ESG efforts support and advance progress on the UN Sustainable Development Goals.

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 strive 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 collaborating with leading health organizations to increase access to Lilly medicines and address complex global health challenges. We work to enhance health across three areas of impact:

Pipeline – discovering medicines, repurposing internal assets and supporting external pipelines

Programs – strengthening and creating new programs that help improve access to Lilly medicines

Partnerships – building partnerships that strengthen health systems, increase access to medicines and improve care.

In each of these areas, we are working to develop high-impact, scalable solutions for people living in communities with limited resources.

Governance of Lilly 30x30

To embed accountability throughout the company, Lilly 30x30 is governed by a steering committee of 13 senior executives, including seven 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 and core purpose of making life better.

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 in communities with limited resources to achieve our 30x30 goal. In 2022, our estimated Lilly 30x30 reach was approximately 13 million people, an increase of 8 million since 2015.

Pipeline

As a biopharmaceutical company, our greatest contribution to global health is the discovery and development of innovative medicines.

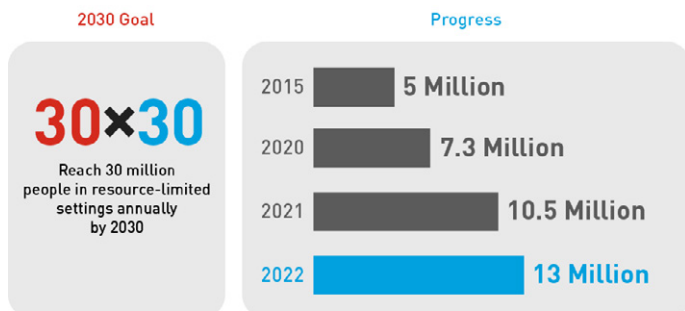
In 2022, we continued to explore and engage with external organizations with the goal of developing innovative solutions for diseases disproportionately affecting people living in settings with limited resources. In 2023, we are launching a new process to systematically evaluate late-phase assets for Lilly 30x30 to devise product development and access planning strategies for low- and middle-income countries. We will continue to explore potential opportunities and business development models that further support the development of our Lilly 30x30 pipeline, including venture impact investing.

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. 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

Progress toward 30x30



2021 number adjusted since last report to uniformly reflect the changing status of a certain partnering arrangement.

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 in 2020 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 two to four 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.

In 2022, the AMR Action Fund announced its first investments in Adaptive Phage Therapeutics and Venatorx Pharmaceuticals, each with pipelines targeting a range of infections.

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 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. We offer these programs across 40 countries that reach nearly 2 million people annually.

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.

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.

For example, in late 2022, Lilly [announced a new collaboration](#) with EVA Pharma to enhance sustainable access to affordable human and analog insulin in Africa with the goal of reaching at least 1 million people living with diabetes in low- and middle-income countries by 2030. Lilly will supply active pharmaceutical ingredient for insulin at a significantly reduced price and provide technology transfer to enable EVA Pharma to manufacture and supply insulin to many lower-middle income countries, most of which are in Africa. EVA Pharma expects to begin distribution of the Africa-manufactured insulin products within 18 months.

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.

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



Focus Countries/Regions	Collaboration Name	Focus Areas
Africa, Asia, the Caribbean, Latin America and the Middle East	Life for a Child - Expansion	Diabetes support and education for children and youth in settings with limited resources for better disease management and health outcomes.
Africa, Latin America, the Caribbean and South Asia	Cold Chain Collaboration	Increasing refrigeration capacity at Life for a Child partner facilities.
Dominican Republic	Timothy Global Health*	Expand health care access to reduce health inequity in underserved rural communities.
Ghana	AMPATH – Ghana*	Tackle health disparities and foster innovations to improve health care in Tamale, Ghana.
India	Linkage to Care	Integrated care for patients with TB-The program screens patients and their contacts for diabetes and hypertension, ensuring early disease detection and linkage to quality care in Chennai, India.
Kenya	AMPATH Breast Cancer Cervical Cancer Control Program*	Improve access to screening and diagnostic services for breast and cervical cancer in Eldoret, Kenya.
Mexico	AMPATH – Mexico	Replicate a successful academic health center in partnership with health stakeholders to improve population health outcomes and transform primary health care delivery for NCDs in Puebla, Mexico.
Mexico	Carlos Slim Foundation	Develop a screening algorithm and treatment protocol for women with gestational diabetes for primary care clinics to decrease maternal-child mortality rates and complications at birth.

Focus Countries/Regions	Collaboration Name	Focus Areas
Mexico	Clinicas del Azucar (CdA)	Validate effectiveness of a 'one-stop-shop' diabetes model and test key drivers for keeping people in the cascade of care.
South Africa	NCD Link	Integrated care for patients with TB- The program screens patients and their contacts for diabetes and hypertension in community clinics and households and provides linkage to quality care in Durban, South Africa.
South Africa	Tshwane Insulin Project (TIP)	Develop a health-care provider and technology-supported approach to safely manage high-risk type 2 diabetes patients on insulin at primary care centers in the Tshwane district in South Africa.
Sub-Saharan Africa	Health Worker Training Initiative	Ensuring community health workers have the skills, tools and resources they need to support underserved populations in six Sub-Sahara African countries.
Sub-Saharan Africa and Southeast Asia	UNICEF	Implement care models and interventions to strengthen health systems for children and adolescents with chronic conditions – including those with type 1 diabetes, congenital and rheumatic heart disease, sickle-cell disease, and chronic respiratory conditions A four-year collaboration to reach 10 million children in five countries: Bangladesh, Malawi, Nepal, the Philippines and Zimbabwe.
U.S.	Direct Relief Fund for Health Equity	Improving health in underserved communities in the U.S. with a focus on the social determinants of health.
U.S.	Diabetes Impact Project – Indianapolis	Improving diabetes diagnosis, care and overall quality of life in three Indianapolis communities that experience disproportionately high rates of diabetes.
U.S.	Clinicas del Azucar (CdA)	Expand CdA's model in the U.S. to provide 'one-stop-shop' diabetes care for immigrant populations in Texas and other border states.

*Funded by the Lilly Foundation, a separate tax-exempt organization that provides strategic and philanthropic support to other qualifying tax-exempt organizations consistent with Lilly's general philanthropic objectives.

AMPATH – Academic Model Providing Access to Healthcare

NCD – Noncommunicable Disease

[See more details about our partners and the work we support.](#)

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 \(AA\)](#) – A collective of leading life science companies working to advance action against noncommunicable diseases (NCDs).
- [NCD Alliance](#) – A global thought leader on policy and practice related to NCDs.
- [Coalition for Access to NCD Medicines & Products](#) – A global, multisectoral coalition dedicated to increasing access to medicines and health products for NCDs to reduce the impact of diseases such as diabetes, hypertension and cardiovascular disease.
- [Access to Oncology Medicines Coalition \(ATOM\)](#) – A global initiative to improve access to essential cancer medicines and increase the capacity to use these medicines appropriately in low-and lower-middle-income countries.

Product Contributions

In 2022, Lilly and its affiliates provided more than \$3.7 billion in medicines to charitable organizations that offer free Lilly medicines to qualifying patients.* These efforts include product contributions used by third parties for patient assistance programs and humanitarian efforts, and Lilly's support of Life for a Child and AMPATH, noted above. Other examples include:

- **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 2022, Lilly Cares helped more than 217,000 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 1 million patients with financial need receive medicines donated by Lilly.
- **Collaboration with Relief Agencies** – To help increase access to insulins, 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, now complete, directly supported people with limited resources living with diabetes who qualify for free clinic services. Separately, Lilly also donated \$2 million to fund grants available through two relief organizations: Direct Relief and Americares. These agencies distributed grant funds to a wide range of eligible free clinics to increase access in underserved communities. Learn more about [both contributions](#).

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

Global Health Highlights



51 Million
people around the world
reached with Lilly
medicines in 2022



\$7.2 Billion+
investments in
research and
development in 2022



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



\$3.7 Billion+
in medicines provided
in 2022 to charitable
organizations that offer
free Lilly medicines¹



\$285 Million+
committed to global
health 2016-2030²



5.2 Million
insulin vials and
cartridges provided
for the Life for a Child
program since 2009

¹ Includes value of medicines provided by Lilly to separate charitable organizations that offer free Lilly medicines to qualifying patients. Product donations valued at wholesale acquisition cost.

² Includes financial commitments from Lilly and \$13.6 million from the Eli Lilly and Company Foundation, a separate nonprofit organization, commonly referred to as the Lilly Foundation.





Community Engagement

IN THIS SECTION

- > Corporate Volunteering, Partnering & Giving
- > Disaster Preparedness and Relief
- > Community Engagement Data

Management Approach

For nearly 150 years, Lilly has developed lifesaving and life-changing treatments for people with chronic illnesses, advanced new discoveries and redefined what it means to live with and manage diseases. We recognize that Lilly has a responsibility to look beyond our walls – to help create a world where every individual has an equitable opportunity to live the healthiest life possible.

We take a holistic approach to investing in healthier futures, collaborating with organizations to address inequities that impact health such as education, employment, and income – along with other systemic issues including racism, a public health threat. This approach reflects our commitment to strengthening minds, lives and communities.

Up to 70% of individual health outcomes are due to the social determinants of health. We recognize that a person's ability to prosper is determined by factors such as education, employment status, income, access to healthcare and systemic issues such as racism.

Lilly will continue to be at the forefront of tackling social determinants of health so that more individuals in Indiana and worldwide can thrive and lead a healthy life.

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** – Lilly provides 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.

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. We support employee volunteerism interests and offer many opportunities for employees to engage, including:

- **Global Day of Service** – In 2022, Lilly celebrated its 15th annual Global Day of Service. Through this event, Lilly employees work together and volunteer on a range of projects focused on health, education and improving communities around the globe. More than

7,500 Lilly employees in 30 countries participated in 2022. Projects included career coaching and resume building, donating blood, painting murals in support of racial justice and other beautification projects.

- **Connecting Hearts Abroad** – Lilly’s global service program, Connecting Hearts Abroad, marked 12 years of service and social impact in 2022. Since launching, more than 1,500 Lilly employees have volunteered in 20 countries supporting communities with limited resources. Through sustainable programs, Lilly volunteers work with underserved communities and helped address access and inequities in health care. Due to the continued effects of COVID-19, Lilly remained focused on two geographic locations in 2022 while expanding our virtual programming with a diverse mix of projects. These projects included public health medical projects in Honduras as well as continued 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 meaningful relationships between Lilly employee groups and local organizations. The program leverages the skills and passion of Lilly employees on an ongoing basis to further the mission and goals of local agencies to help improve outcomes. In 2022, 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. In 2022, Lilly employees across the U.S. completed that commitment – two years ahead of schedule – volunteering more than 30,000 hours over the past three years 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 2022, Lilly employees were involved with more than 100 nonprofits in Central Indiana through board leadership and other advisory role participation.

- **New Employee Service Program** – 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 continue to stay engaged in ways that are meaningful to them.

Community Partnerships

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 2022, 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. 2022 Grant highlights include:

- \$750,000 to the Center for Leadership Development to expand the STEM pathways programs and expand the academic and college readiness, career preparedness and character formation activities for youth.
- \$340,000 to the Indianapolis Public Schools Foundation for Project Lead the Way to help provide five programs that come together to form comprehensive Pre-K-12 pathways in computer science, engineering, and biomedical science, providing hands-on learning opportunities from the first day of preschool through senior year.
- \$856,600 to the Pacers Sports & Entertainment Foundation to support bringing NBA Math Hoops, a math curriculum of a fast-paced basketball board game and digital board game, to Indianapolis Public Schools and other students across Indianapolis to help students develop an appreciation for math.

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. 2022 grant highlights include:

- \$320,000 to MacGillivray Freeman Films Educational Foundation for an educational film project by the Medical Marvels Initiative to produce a film highlighting scientists and patients behind scientific innovation.
- \$750,000 to the Phalen Leadership Academies (PLA) to expand the reach of the PLA University workforce development program to support more adults in the PLA community with career workshops, occupational training, job placement and coaching to ensure job retention.
- \$200,000 to Central Indiana Community Foundation as the fiscal sponsor of GANGGANG to launch a pilot of GANGGANG Teen, a cultural immersion experience for 8th and 10th graders exploring culture and identity.

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. Since 2020, the Lilly Foundation has awarded more than \$15 million to combat racial injustice and inequity in Indianapolis. 2022 grant highlights include:

- \$1,400,000 to the Central Indiana Corporate Partnership Foundation to support management of Business Equity for Indy and to aid Ascend Indiana in implementing strategies to improve employment opportunities for communities of color.
- \$780,000 to the Ivy Tech Foundation to support Ivy Tech Indianapolis in improving college enrollment and retention among men of color by implementing the Brother-to-Brother initiative.
- \$135,000 to Indiana University to support installing art exhibits across Indiana of the Unmasked: Anti-Lynching Art and Public Community Remembrance project that will reimagine two historic 1939 art exhibitions, create public awareness of lynching and racial violence, and catalyze community discussion in Indiana.

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

Giving

Lilly nurtures a nearly 150-year-old culture of volunteerism and philanthropy. Our workforce is deeply committed to going beyond our business to meet community needs and to support those affected by disasters and other humanitarian crises.

As a purpose-driven culture, we strive to create spaces of giving in the communities where we live and work. Our employees are inspired and motivated to do the same globally.

In 2022, the Lilly Foundation matched over \$6.2 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 with hundreds of United Way chapters across the U.S. in the communities where we live and work.

The Lilly Foundation matches employee contributions through the Lilly United Way campaign dollar-for-dollar. In 2022, Lilly employees, retirees and the Lilly Foundation contributed more than \$12 million to over 450 United Way chapters. Over the history of our relationship, those contributions have totaled more than \$350 million.

Disaster Preparedness and 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 collaborations and initiatives include:

- **Disaster Preparedness Product Support** – Since 2009, we've worked with global relief organization [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 supply insulin and other medicines to Direct Relief's Strategic Emergency

Stockpile initiative, which provides medical items that are urgently needed following disasters. In 2022, we contributed \$660,000 worth of product to Direct Relief's disaster preparedness efforts.

- **Disaster Relief Product Support** – We donate medicines and supplies that are specifically requested by relief organizations, including [Americares](#), [Direct Relief](#) and [Project HOPE](#). These organizations, with whom we have long standing relationships, work closely with clinics and hospitals on the ground to quickly assess and prioritize needs after a disaster.
- **Partnership for Quality Medical Donations** – We are a charter member of [Partnership for Quality Medical Donations](#), a global collaboration that brings together global medical-product companies and humanitarian organizations to promote sustainable access to quality health care in underserved communities during times of crisis.
- **Diabetes Solution Center** – We offer the Lilly [Diabetes Solution Center](#) to help people in the U.S. with immediate needs related to diabetes care, including those impacted by disasters and others who may need help affording their insulin.

In times of great need, the Lilly Foundation provides strategic cash donations to relief organizations and matches employee contributions dollar for dollar. These donations help support immediate needs during a crisis and in cases of severe disasters, rebuilding efforts over time.

[Learn more](#) about how Lilly provides assistance in disaster preparedness and relief.

Disaster and Humanitarian Relief

- **Ukraine Crisis** – Lilly and its affiliates have provided more than \$23 million in Lilly diabetes and cancer products as well as COVID-19 therapies to [Direct Relief](#) and [Project HOPE](#) to support their efforts to assist patients impacted by the conflict in Ukraine. The Lilly Foundation committed \$250,000 to each of [Direct Relief](#) and [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** – Since the start of the pandemic, Lilly and our affiliates have provided more than \$270 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](#). Throughout the pandemic, the Lilly Foundation provided over \$1.3 million in grants to support COVID-19 relief needs in local communities.

- **Hurricane Fiona** – The Lilly Foundation provided \$100,000 to the United Way of Puerto Rico. This grant will help support areas of Puerto Rico most impacted by the storm, which devastated the region in late 2022.
- **Hurricane Ian** – In late 2022, we responded to the hurricane that significantly impacted Florida by providing vials of insulin to Direct Relief and Project HOPE. The Lilly Foundation made separate grants totaling \$100,000 to the American Red Cross, the United Way Disaster Response and Recovery Fund and the United Way of Florida Disaster Relief Fund to support relief efforts in Florida and the Carolinas.

*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 for the applicable product (or equivalent).

Community Engagement Data



30,000+

employee volunteer hours to support Racial Justice Commitment since 2020



\$15.6 Million

in Lilly Foundation grants to support Racial Justice Commitment since 2020



\$12 Million+

donated by Lilly employees and the Lilly Foundation for more than 450 United Way chapters



\$41.3 Million

cash donations in 2022, including \$21.5 million from the Lilly Foundation



5.2 Million

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



\$1.1 Billion

spent with minority, women, veteran, LGBTQ+, people with disability-owned and small businesses in 2022



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 approximately 39,000 employees – and by driving actionable and measurable strategies to improve DEI, including diversity within our clinical trials – we can better deliver scientific breakthroughs that meet the needs of a broad and diverse set of people.

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 authentic selves to work every day. To fulfill our purpose, we believe we must look at challenges from multiple viewpoints and understand the diverse experiences of the people who depend on our medicines.

When Lilly employees come to work each day, we bring different experiences, perspectives and traditions, and we are committed to welcoming, respecting and valuing those differences. Because people are our priority – and they power our purpose – we treat DEI like any other priority business objective. We set strategy, goals and a variety of metrics to drive progress on attracting, developing, promoting and retaining a diverse workforce. We continually look at metrics and our performance and adjust as necessary so that our business and employee base better reflect the world around us.

Over the past eight 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. This Employee Journeys research (explained further below) has led to a multifaceted People Strategy and companywide changes to improve our culture for everyone. Through our People Strategy, we have developed a comprehensive DEI strategy that strives to make working at Lilly better for everyone and helps 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:

- acquiring, developing, engaging and retaining diverse talent
- fostering Lilly culture
- building leadership excellence
- enabling critical capabilities
- embedding diversity, equity and inclusion in all we do.

Our commitment to DEI extends beyond our employees and into our broader business, including patient safety, clinical trials, access to and development of our

Leadership Commitment

The DEI commitment at Lilly includes, among other things, high-level oversight, 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.

Our executive leadership continues to integrate DEI within our human resources talent management organization. Lilly's executive 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 senior vice president reporting to the executive 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 global head of DEI is a vice president who reports to the chief DEI officer.

We began setting internal aspirational goals in 2017 as part of our commitment to bolster the representation of women in management globally and minority group members in U.S. management roles. We also track recruitment and retention of employees on our research career path and the upper levels of our professional career path. We monitor our progress against aspirational goals over time to inform our approach.

Senior leaders have long coached, mentored and sponsored employees in their development as current and future Lilly business leaders. In 2022, our CEO sponsored leadership development programs for key talent, including U.S. minority group member and LGBTQ+ employees. Members of our Executive Committee – direct reports to our CEO – sponsored similar programs. Sponsorship efforts nearly doubled to more than 550 one-to-one sponsorship relationships in 2022. Both formal and informal mentoring has increased to more than 5,800 pairings.

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.

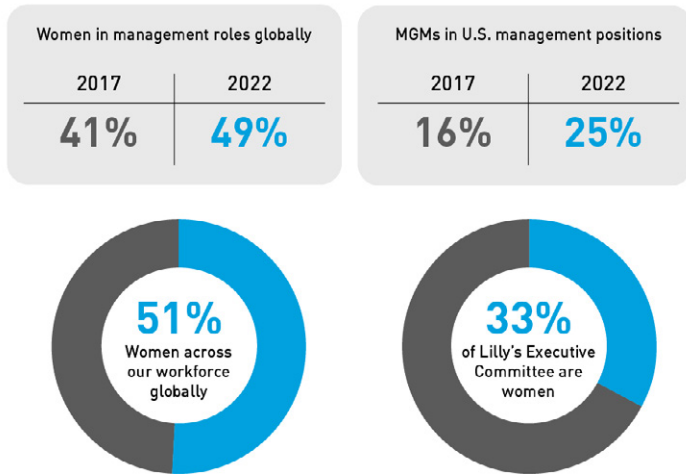
Our commitment to DEI is a core component of how we do business. Here are some examples of how this work is making a difference:

- Lilly is seeking to earn Management Leadership for Tomorrow (MLT) Black and Hispanic Equity at Work certifications. These certifications are gold-standards that focus on rigorous action with accountability, and include implementing a comprehensive Black and Hispanic equity plan focused on making meaningful, measurable progress across the five core MLT Equity at Work pillars: representation, compensation, workplace culture, business practices, and contributions and investments.
- Lilly will continue to advance DEI practices by participating in key external surveys and trackers that evaluate Lilly's DEI efforts compared with other participating companies.

Additionally, we track our progress, including the highlights below.

- Management-level progress: Between the end of 2017 and the end of 2022 the number of women in management roles globally increased from 41% to over 49%. Representation of MGMs in U.S. management positions also increased during this time, from 16% at the end of 2017 to just below 25% at the end of 2022.
- As of May 15, 2023, five members, or approximately 33%, of Lilly’s 15-member Executive Committee are women, and three members are minority group members. Our 12-member board of directors range in age from 50 to 68 and include five women and five members who are minority group members.

DEI Highlights



¹ As of March 17, 2023

2022 DEI Recognitions

DiversityInc Top 50 Companies for Diversity - No. 5 Top Companies for Board of Directors - No. 2 Top Companies for Supplier Diversity - No. 8 Top Companies for ESG (Environmental, Social and Governance) - No. 15	Forbes America's Best Large Employers - No. 58 America's Best Employers for Women	
Ethisphere World's Most Ethical Companies	Seramount Best Companies for Multicultural Women Top Companies for Executive Women	Disability Equality Index Best Place to Work for Disability Inclusion - Perfect Score
Fortune and IDEA Pharma Pharmaceutical Innovation Index - No. 19	Zero Project Zero Project Award for Access Lilly	Human Rights Campaign Foundation Corporate Equality Index - Perfect Score

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. Over the past eight years, our Employee Journeys research has yielded important insights about the experiences of women, Black American, Latinx, Asian and LGBTQ+ employees at Lilly. In response to insights from this research, we developed an education and awareness program to help build cultural literacy and understanding about expectations for employees to feel psychologically safe. We are conducting Employee Journeys research for employees with disabilities, which will conclude in 2024.

Our Employee Journeys research has contributed to growing energy around DEI across Lilly, including a company-wide network of DEI champions, functional DEI initiatives and DEI teams across business areas. The research continues to inform several internal initiatives, including Make It Safe to Thrive training and our psychological safety efforts, which are discussed below.

We strive to continually improve our ability to further embed DEI into the business, and we use learnings from our efforts to further inform our people strategy.

We recognize that there is more work to do, but these initiatives are making an impact. In our 2022 employee Pulse surveys, we saw continued progress on key questions related to inclusion such as “I speak up during meetings without

worrying about how it will impact my relationships or career” and “I feel comfortable sharing my personal passions, interests and activities with the people I work with.”

Supporting Diverse Employees

Our Employee Journeys research informs our efforts to support diverse employees and give them opportunities to grow, advance and lead, including:

- **Explore Your Career** – Through Explore Your Career, we deliver on our talent strategy to treat all employees as a source of talent, identify diverse future leaders and encourage the growth and development of all employees. We provide a global framework of tools and resources for employees that aid in career development and advancement.

In addition, we invite eligible employees across all job paths including those for employees in non-exempt roles to participate in a global external assessment that can provide objective inputs for professional and leadership development supported through conversations with their manager. The manager may then continue to a defined talent assessment process to identify leadership potential by leading a discussion with a diverse group of colleagues with recent and relevant knowledge of the individual.

We continue to offer Explore Your Career ongoing on a global basis. Participation rates have been strong, including robust participation from minority group members. Employees who choose to participate in Explore Your Career’s assessment are more engaged and more likely to remain at Lilly.

- **Access Lilly: Disability and Accessibility** – In 2022, Lilly maintained its membership with [National Organization on Disability \(NOD\)](#) and continued its commitment to improve inclusive technology and behaviors via the Access Lilly program. Access Lilly is designed to create awareness and training for all employees on inclusive technologies with the goal of ensuring all employees can thrive.
- **Access Lilly: Learning and Development** – We are focused on making Lilly’s learning and development offerings more user friendly for everyone by removing barriers and focusing on universal design. 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.

- **Access Lilly: 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 further improve accessibility for our employees and guests.
- **Access Lilly: Information Systems** – We have incorporated universal design standards in our guidance for the development of externally facing websites and are updating internal websites as well. We require captions for internal videos and virtual meetings.
- **Unconscious Bias** – Lilly continues to offer a Conscious Inclusion program at Lilly, developed to help employees identify and overcome unconscious biases and create an inclusive environment where all employees feel welcomed, heard, respected and valued. Our instructor-led program, launched in 2017, is required of all leaders and further demonstrates Lilly’s commitment to DEI.
- **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 historically underrepresented talent at Lilly. Four cohorts comprising Black American women, Latinx and Asian women, male minority group members 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 2022, Lilly marked a milestone in its history by hosting the inaugural Level Up DEI Global Conference. More than 6,000 global employees gathered for a full day and created a movement for Lilly’s culture of belonging. The inaugural event centered around connections and conversations and featured inspirational speakers, powerful training sessions, resources and tools for advancement, and opportunities to help elevate the rich dimensions of difference that exist across the

organization, with the goal of fostering an inclusive culture of true belonging for everyone at Lilly. The DEI team plans to make this an annual signature event where we can report on progress and discuss the road ahead for continued improvement.

Make it Safe to Thrive Program

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.

More than 28,000 employees have participated in Make It Safe to Thrive training to gain greater awareness of how unconscious bias and microaggressions can potentially harm team cohesiveness and compromise employee engagement. We periodically update the training, and the third version of Make it Safe to Thrive will be implemented in 2023.

Supporting DEI Goals through Technology Transformation

Lilly's Human Capital Management ("HCM") system is 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, improving transparency, enabling leaders and increasing employee engagement. Specific outcomes from the implementation of the system include:

- Open job posting for the majority of roles filled across the company
- Ability for employees to designate interest in specific job profiles and receive notification when these jobs are posted
- 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
- Dashboards and reports available to managers to easily pull employee information for business needs and in accordance with applicable workforce privacy notices and laws.

Employee Resource Groups at Lilly

Employee resource groups (ERGs) are another important component of developing talent at Lilly. Our ERGs represent diverse groups including women, minority group members, LGBTQ+ individuals, veterans and people with disabilities. ERGs offer our employees opportunities to build relationships, connect with senior leaders and engage with local communities – all while surfacing insights and perspectives that help strengthen our company and help drive a more inclusive environment for all.

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, LGBTQ+ and Asian 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.

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]

2022 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 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 and hosted a Bystander Intervention Training to provide examples on how to support our Asian colleagues, families and friends. Several hundred people participated in the training, which will continue to be offered in 2023.
- **Black Employees at Lilly (BE@Lilly)** – BE@Lilly engaged employees through several events throughout 2022, supporting the group's mission that Black employees feel heard, safe and valued while advancing in their career. BE@Lilly's annual event in February for Black History Month focused on health equity. Through collaboration with internal speakers, other ERGs and the DEI office, BE@Lilly hosted several informative workshops on topics such as branding, Lilly's talent assessment process, tuition assistance benefits and leveraging your network. The ERG continues to support Lilly's Racial Justice Commitment through collaboration such as Lilly's internal Day of Solidarity and our external report documenting our progress against our commitments. BE@Lilly continues to support lasting impact on our communities by encouraging its members to give through Lilly's annual United Way campaign and volunteer for United Way agencies that are working to promote equity. The ERG offers professional development programs for Black employees and leaders that focus on topics such as nonprofit board service and mentoring. BE@Lilly also offers 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 provide ways to enhance the Asian employee experience at Lilly. CCN influences Lilly's multicultural landscape from both a Chinese and broader Asian Pacific American perspective, where all are welcome to grow and unleash potential in themselves and in others. CCN works to help its members develop into leaders who are equipped to impact their community at work and at home. It offers leadership development programs, enrichment events and external community partnerships.

Through the Lunar New Year Gala, as well as Asian Pacific American Heritage Month and the Mid-Autumn Mooncake Festival, the ERG underscores the importance of cultural stewardship. Responding to world events and employee experiences, CNN offered its members Bystander Intervention Training, which provides tools and tactics to use in the event of harassment or a hate crime. The ERG continues to expand its influence by building new chapters at Lilly sites throughout the U.S. and partnering with global affiliates.

- **EnAble** represents the interests of all Lilly employees with disabilities and those who are caregivers for people with disabilities. EnAble's vision is to create a disability confident culture by promoting awareness, providing support and removing barriers. Lilly is conducting [Employee Journeys](#) research for employees with disabilities, which will conclude in 2024.

Lilly was one of the first biopharmaceutical companies to join the [Valuable 500](#), a global movement to put disability inclusion on the business leadership agenda. EnAble has initiated an enterprise-wide initiative called Access Lilly that promotes barrier-free experiences for employees and customers in both physical and digital environments. As part of Access Lilly, a podcast called Removing Barriers was launched to educate Lilly employees and leaders on topics important to employees with disabilities. The Accessibility Champions Community was formed and has more than 420 trained champions to help embed accessibility best practices into the way we work.

In 2021, 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 by and do business with Lilly. In 2022, we 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 employees feel connected, engaged and equipped to succeed professionally, including employees who are new to Lilly, new to the workforce, new to the industry or new to a role. The group consists of more than 1,400 members who work to promote community, professional and personal development and focuses on bridging gaps in the business, workplace and community. All employees are welcome 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 2022, the DEI Office, International Pride, Corporate Pride and Field Pride completed the LGBTQ+ Employee Journey. The ERG conducted an innovation lab to brainstorm solutions around the LGBTQ+ “moments of truth” identified from the Employee Journeys research, with solutions to be rolled out in the coming years. Pride also hosted several well-attended events, including Pride Summit and Ally Live, to strategically drive LGBTQ+ engagement, increase allyship and educate employees on topics important to the LGBTQ+ community. Pride supported the introduction of self-identity technology that allows employees in the U.S. and Puerto Rico to self-identify 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. The 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 2022, 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 2022, 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 through increased partnership 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)** – OLA focused on increasing membership and cultural literacy in 2022 by hosting more than 20 events 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 and 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)** – VLN successfully held events with record attendance in 2022. The network continues to partner with Lilly’s recruitment and retention teams to improve veteran representation at the company, and to raise awareness of the unique set of skills and value that veterans can bring to Lilly. This partnership includes supporting the Department of Defense SkillBridge Program to help participating service members transition from the military to civilian work. VLN hosted its annual Toys for Tots drive and multiple volunteer events to provide landscaping and other services to support homeless veterans. VLN also started a new group at Lilly’s Research Triangle Park campus and hosted its annual Army vs Navy game and tailgate event to increase VLN membership.
- **Women’s Initiative for Leading at Lilly (WILL)** – WILL 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 4,500 employee members. WILL engages their community through external partnerships with Lean In, Girls Inc., Women of Color in Pharma, Healthcare Businesswomen’s Association and Integrating Women Leaders. This year, the community benefited from efforts such as:
 - Men as Allies mentoring
 - A refreshed career transition toolkit and coaches focused on helping women transition roles in today’s environment

- Greater connection with other ERGs while underscoring intersectionality
- Engagements in difficult conversations about external events that impact our employees to ensure voices are heard, benefits are understood and that the company understands the feelings of impacted employees
- Workshops on the realities of women in the workforce at Lilly's signature DEI event, Level Up.
- **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. The 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.

Diversity-Driven Talent Acquisition

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

Lilly has a history of fostering diverse representation in our hiring practices with a focus on continuous improvement. In 2018, we began establishing aspirational goals for recruiting to strive for greater representation of women and minority groups throughout our workforce.

Recruiting aspirational goals are important to our overall recruiting strategy and progress. At the end of 2022, women comprised 51% of our global workforce. Maintaining our gains toward gender balance remains a key priority and we continue to focus on people development and retention.

Each year, we assess our aspirational recruiting goals for potential adjustments.

Our Approach to Diversity in Recruitment and Hiring

- **Our Approach to Diversity in Talent Acquisition and Hiring for Roles that are Posted Externally** – Since 2018, we have sought to achieve and maintain 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 require 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. Hiring managers are instructed to evaluate candidates for each job based on their qualifications and experience and we do not tolerate any discrimination in hiring.
- **Campus Talent Acquisition** – 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. Additionally, our team will focus on STEM functional areas, including planning a Divine 9 (Black fraternities and sororities) STEM recruiting event in 2023.
- **Traditional Targeted Recruitment** – Targeted recruitment is the process by which organizations externally recruit and advertise opportunities to individuals with diverse backgrounds and experiences 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), INROADS, National Organization of Black Chemists and Chemical Engineers (NOBCCChE) and National Black MBA Association (NMBBAA). This includes Hispanic Serving Institutions (HSIs) and Historically Black Colleges and Universities (HBCUs). (See [Racial Justice Commitment](#) for more on our work with HBCUs). We host recruiting and networking events with several newly formed groups such as Black Women in Science and Engineering (BWISE) and Black Women In Clinical Research (BWICR).
- **Non-Traditional Talent Acquisition: 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 historically underserved 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 Indianapolis community partner events to connect with local community organizations and key community leaders to help recruit diverse talent, which includes the [Gregory S. Fehribach Center](#), a center that provides employment opportunities for Students with Disabilities. Additionally, we promote Lilly opportunities locally on Telemundo TV and Hispanic radio stations.

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, historically 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 B.A., B.S., M.S., MBA and Ph.D. The corporate intern program brings in over 500 students each 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
- Designing clinical trials to include diverse populations
- Intentionally selecting a diverse range of clinical investigators in underrepresented patient geographies
- Increasing diverse representation through education, partnerships and collaboration.

Decentralized Clinical Trials

The global pandemic brought a new layer of complexity to clinical trial participation. Lilly began identifying and implementing new ways to conduct research studies, and now, the learnings from remote clinical research – or decentralization of studies – are being applied across our clinical trials.

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 to participate. Decentralized clinical trials, or DCTs, use new services and technology to reduce the barriers these patients face. DCT features include replacing some in-person appointments with telehealth visits, offering local or mobile service providers for blood tests or imaging scans, and using novel data collection methods such as electronic or wearable devices to capture results.

For example, in Alzheimer's, our Trailblazer 3 study is leveraging several newer DCT capabilities that increase access to a diverse patient population, such as community screening events using our mobile research units, telemedicine and the use of ambulatory infusion suites. Lilly continues 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.



Clinical Trials Collaboration with Community Focused Research Organization

In June 2022, Lilly launched a diversity in [clinical trials project](#), Community Focused Research Organization (CFRO), an approach to achieving greater diversity in clinical trials and engaging underrepresented and minority communities in research. The CFRO is done in partnership with Network for Health Innovation (NEHI). Lilly is among 30 participating Indiana multisector organizations, which include academia, public health, health systems, health plans, and community and faith-based organizations. The CFRO board representatives are identifying barriers to diverse representation in clinical research down to the community level and co-designing solutions for implementation and scale.

Racial Justice Commitment

Lilly aims to create a workplace, community and broader society where people from historically marginalized communities can move beyond systemic barriers and thrive. 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 continue to focus on measures toward achieving this goal.
- Building on our 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 hosted an HBCU Day at Lilly Corporate Center in Indianapolis in Spring 2022. Students from six HBCUs, where Lilly has not been as active in recruiting in the past, participated. Lilly also launched the Propel in 2022, a development program, which will be offered two-three times per year, to connect Asian, Black, Latinx, and LGBTQ+ employees to Lilly's purpose and equip them with the tools they need to pursue their career goals.

Health Equity

- In 2021, Lilly announced our commitment of \$5 million over five years to Direct Relief's Fund for Health Equity. Through this fund, U.S. health centers, free and charitable clinics, and other community-based organizations and educational institutions are 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 recipient organizations to provide high-quality, culturally appropriate health care while focusing on social determinants of health for the underserved populations they serve.
- 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. This includes efforts to incorporate diversity strategies in trial design across all

therapeutic areas, engaging underrepresented patient communities and seeking feedback from investigators.

- In 2021, Lilly announced the expansion of our support of the [Diabetes Impact Project - Indianapolis Neighborhoods \(DIP-IN\)](#), committing an additional \$5 million to the project with the Richard M. Fairbanks School of Public Health at Indiana University and other community partners. The project was initially launched in 2018, with a \$7 million commitment, with the goal to drive long-term improvements in diabetes diagnosis and care in three Indianapolis neighborhoods where residents are predominantly people of color.
- Lilly sponsored and led a health equity summit in 2021 – Equity in Health and Health Care – in partnership with Network for Excellence in Health Innovation (NEHI), Avalere Health and CEO Action for Racial Equity. This event brought together more than 250 thought leaders in health care and industry partners to identify major opportunities for collaboration in three integrated domains: digital health and connectivity, data-driven health care and health care access. The summit outlined specific priorities for action, documented in a whitepaper, "[Equity in Health and Health Care: A Roadmap to Collaborative Action](#)," by Lilly, NEHI, and Avalere Health.

Social Impact

- In 2020, Lilly committed 25,000 hours of volunteer service over five years to support organizations and efforts that aim to decrease the burden of racial injustice and its effects on communities of color. In 2022, Lilly employees helped complete that commitment, two years ahead of schedule, and have now provided more than 30,000 hours over the past three years.
- Since 2020, the Lilly Foundation has awarded more than \$15 million to combat racial injustice and inequity in Indianapolis. Funding to date has supported the Indianapolis Public Schools Foundation for education initiatives aimed at underserved students. Grants also 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; the Central Indiana Corporate Partnership Foundation to support the management of Business Equity for Indy; and to aid Ascend Indiana in implementing strategies to improve employment opportunities for communities of color.
- Lilly committed more than \$120 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.

- Lilly continues to seek ways to support diverse banks, asset managers and organizations through its treasury operations, including using seven diverse brokers/dealers for a recent \$4 billion debt issuance, and we are primarily working with Black-, Latinx- and veteran-owned asset managers for managing investments.
- In 2022, Lilly [committed](#) \$92.5 million to Purdue University over 10 years to fund pharmaceutical manufacturing scholarships for incoming undergraduate students, offering 75-100 talented students each year full tuition with a guaranteed internship or co-op at Lilly and a promise of coordinated interaction with company leaders. Priority access to the new Lilly Scholars program will be given to undergraduate students who are underrepresented in Purdue's student population, have overcome socioeconomic or educational disadvantages or are among the first generation in their family to attend college.

Diversity Partners

- Lilly more than doubled our spend of \$143 million in 2020 to \$358 million in 2022 with Black suppliers and vendors and engaged partners like the U.S. Black Chambers, Indy Chambers and many other new Black Business Enterprises to support the advancement of underrepresented businesses. Lilly mentored 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. This increased spending with Black suppliers has an estimated \$700 million impact on the Indianapolis community. Read about our additional progress on our [supplier diversity](#) efforts.

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, without a 4-year degree, over ten years into jobs that can sustain families, with opportunities

for advancement. To progress our OneTen goals, we launched multiple apprenticeship programs under a broader initiative called Skills First, which aims to hire and upskill individuals without four-year degrees – a population that disproportionately consists of Black Americans and other historically underrepresented minorities. We have local partnerships for our Skills First recruiting efforts, including Ivy Tech, Martin University, Be Nimble, and the Indianapolis Urban League. Martin University is Indiana's only Predominantly Black Institution of Higher Education.

- Lilly has launched multiple apprentice programs to build the skills necessary to pursue a career at Lilly:
 - The [Professional Apprenticeship Program](#) provides individuals without a four-year college degree access to roles at Lilly that they may not have had through traditional recruiting means.
 - The Technical Pathways Program is a recently developed apprenticeship program in partnership with TechPoint and New Apprenticeship. This

program focuses on developing information technology skills through on-the-job training, mentorship, and coaching area various IT capabilities, from operations to data and beyond.

- Lilly also developed and launched the 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.

Together, nearly 90 people have participated in these programs, and we anticipate expanding the offerings to more people in the future.

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

DEI Data

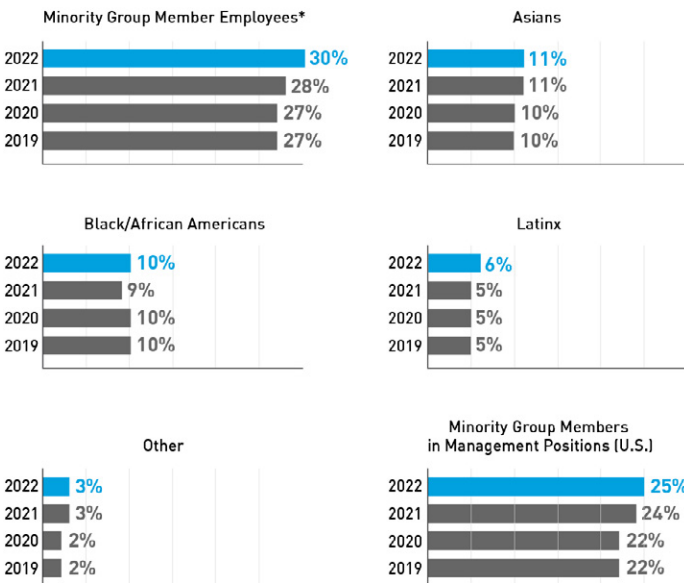
See our [2022 EEO-1 data](#).

2022 Data:

Board Diversity

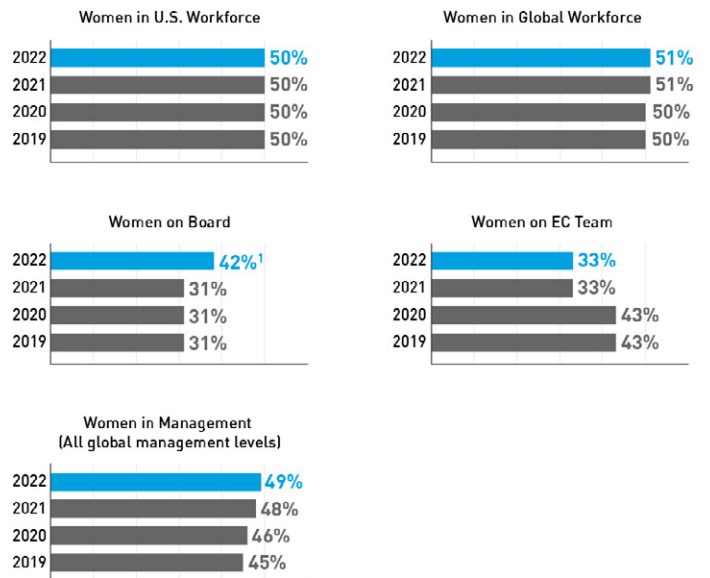
As of May 15, 2023, the company's board composition includes five women and five minority group members on our 12-person board of directors.

U.S. Workforce Ethnic Diversity



*Numbers may not add due to rounding.

Gender Diversity at Lilly



¹As of May 15, 2023

U.S Workforce Ethnic Diversity

	2018	2019	2020	2021	2022
Minority Group Member (MGM) Employees*	23%	27%	27%	28%	30%
Asians	9%	10%	10%	11%	11%
Black/African Americans	8%	10%	10%	9%	10%
Latinx	4%	5%	5%	5%	6%
Other	2%	2%	2%	3%	3%

*Numbers may not add due to rounding.

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

	2018	2019	2020	2021	2022
Minority Group Members in Management Positions (U.S.)	19%	22%	22%	24%	24%

Gender Diversity at Lilly

	2018	2019	2020	2021	2022
Women on Board	36%	31%	31%	31%	38%
Women on EC Team	43%	43%	43%	33%	33%
Women in Management (all M levels)	42%	45%	46%	48%	49%
Women in Global Workforce	48%	50%	50%	51%	51%
Women in U.S. Workforce	49%	50%	50%	50%	50%



Employee Experience

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

Management Approach

At Lilly, we make life better for people around the world – and it starts with our employees. Through our diverse, comprehensive pay and benefits programs – many at the forefront of the marketplace – as well as enrichment through learning and development opportunities, we empower our colleagues to live their best lives. We also strive to create a companywide culture where best-in-class safety practices support the well-being of our workforce and the communities where we operate. In caring for Team Lilly, we power our purpose.

IN THIS SECTION

- › Employee Well-Being
- › Pay and Benefits
- › Learning & Development
- › Recruiting & Retaining Top Talent
- › Employee Engagement
- › Employee Safety
- › Lilly's Safety Progress and Performance

Employee Well-Being

We take a broad view of well-being at Lilly that enables employees to live their best lives. Five key areas guide our company-wide efforts and investment in supporting well-being:

- Creating a healthy workplace
- Promoting physical wellness
- Supporting behavioral health
- Improving financial literacy
- 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, including:

Healthy Workplace and Physical Wellness

- At our Indianapolis headquarters, we offer two on-site medical clinics where employees are encouraged to access annual preventive screenings and routine lab work.
- New mothers receive maternity leave benefits and access to lactation rooms, and all new adoptive, foster and birth parents are eligible for ten weeks of paid time off. Our corporate headquarters has two on-site child development centers, and we offer back-up care options and parenting education opportunities.
- Fitness centers at our Indianapolis headquarters offer individual and group exercise as well as showers and bike racks for those who commute to work by bicycle. We provide access to a virtual fitness benefit and 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.
- Employees have access to a dietitian for personal consultation and can enjoy healthy dining choices and snacks on campus.

Behavioral Health

- Health, above all, includes mental health. 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 and specialists to help with self-care and care for their families through EAP or an in-person or virtual visit with our Indianapolis-based dedicated mental health clinician.

- Employees are invited to webinars covering topics such as Science of Care, Getting Better Sleep, Preventing Burnout and Being Purpose Driven to help manage stress, anxiety and challenges they are facing. meQuilibrium, a digital engagement platform, is available for employees who wish to learn resilience skills to manage stressful times through mindfulness, meditation and self-compassion.
- Our Mental Health Advocacy training program, offered in partnership with our EAP provider and our EnAbleUS employee resource group, offers resources to help employees recognize the signs of emotional stress and to empower them to seek appropriate care.

Financial Literacy

- We promote financial well-being through a variety of online financial resources, and we offer individual financial counseling at no out-of-pocket cost to our employees.

Many of our benefits also are available to spouses, domestic partners and eligible 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 & 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 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 in our international affiliates to remove certain exclusions as a part of our commitment to support a global standard of care. Examples include eliminating barriers to coverage for same sex partners, newborn babies, certain sexually transmitted diseases, suicide and self-inflicted injury. In the U.S., we partner with [Included Health](#) to offer concierge health care navigation to our LGBTQ+ community and with [Progyny](#) to support employees through their personal family-building journeys including

fertility, adoption and surrogacy benefits. Our time-off programs also recognize a modernized definition of family to ensure employees may care for loved ones.

We also offer Inspire, an 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 company-wide recognition feed, providing a consistent and meaningful recognition experience for all employees.

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



Learning & Development

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

Every employee has an individually tailored learning plan. We offer the specialized 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 nurture 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 spanning discovery, development, manufacturing, marketing and global services. With broad technical and support functions, we offer employees opportunities to grow, develop their careers and pursue internal positions across areas of interest and geographies. We offer internal learning and development programs and resources to help employees navigate these opportunities, identify career objectives and acquire the right skills in a complex, dynamic environment.

These "upskilling" and "reskilling" offerings are often a win-win for employees and the company: employees can pursue exciting new skills and opportunities, and the company benefits from retaining engaged employees who are already knowledgeable about Lilly and our industry.

Learning and Development Highlights



New to Lilly

- DISCOVER 12-Month Onboarding Program
- Individual Learning Plan



Ongoing Employee Development

- Lilly U: LinkedIn Learning and On-Demand Resources
- Explore Your Career
- Elevate on Demand Platform
- Instructor-Led Classes
- Lilly Data & Analytics Institute
- Tuition Assistance
- Take the Lead Webinar Series
- REACH Leadership Development Programs



Specialized Development Programs for Diverse Employees/Minority Group Members

- Propel Employee Development Program
- Minority Leader Retreats
- Emerge Program for Leaders
- Women in Leadership
- Multicultural Leadership Development Program

Career Development and On-Demand Learning

Learning and Development Programs and Tools

Career Development & On-Demand Learning

Explore Your Career is Lilly's global framework and suite of resources designed to help employees grow and lead every day – and to help engage and retain talent. Explore Your Career provides 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. More than

10,000 employees have engaged in the program during the first three years of availability, signaling a healthy interest in career development. The program also shows encouraging results at the enterprise level, including improved engagement scores, improved retention rates for those who participate and positive perceptions of career development and investment.

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 in an on-demand, learn-anywhere and -anytime format. The platform provides relevant, contemporary learning opportunities across business, creative and technology topics.

Data Analytics & Technology

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 employees and leaders alike to tap more deeply into the power of analytics.

In 2021, Lilly launched an advancement in its employee development, inclusion and engagement through a new global virtual platform, **ELEVATE**, designed to help all employees learn how to **leverage technology to build connections** and performance across the Lilly enterprise. ELEVATE programming, continued in 2022, demonstrates how to use available tools and resources to improve productivity, collaboration, inclusivity and well-being for employees who work on site or remotely.

Leadership Development

Effective leadership is a critically important part of a thriving organization. In recent years we've expanded our investment in leadership development programs, tools and resources for leaders at all levels of the company and across the globe. The aim is to help supervisors develop skills and strategies to lead increasingly inclusive, collaborative and high-performing teams.

In addition to the online **LinkedIn Learning** platform available in multiple languages, we have further expanded our **instructor-led offerings** to target leadership development and skill-building. Our **REACH** Leadership Development programs have been expanded

in 2022 to impact more leaders globally, with both company strategy and skill-building content. Additional initiatives have included training on inclusive leadership in a hybrid environment, a "**Take the Lead**" live webinar series delivered by Lilly executives to all leaders, and quarterly learning labs available for leadership skill-building on topics such as inspiring teams and retaining and developing talent.

Results of this comprehensive leadership development agenda continue to be positive, with employees rating managers with increasingly favorable scores on multiple leadership dimensions in Lilly's annual leadership survey from 2019-2022.

Specialized Development Programs

We develop talent from diverse backgrounds through several signature programs. **Emerge**, a three-day program led by our CEO, is designed to further develop senior-level, historically underrepresented talent at Lilly. Black, Latinx, Asian, and LGBTQ+ cohorts have participated in this enterprise-level program since its inception. In 2022 we introduced a **Minority Leader Retreat** series for mid-level minority group member leaders, as well as **Propel**, a program for Black, Latinx, Asian, and LGBTQ+ individual contributors newer to Lilly who are interested in investing in their career development. Lilly also continues to offer established leadership development programs for women and multicultural talent who are newer to leadership, as well as leaders at all levels.

Inclusive Training Approaches

In addition to providing numerous learning programs across an array of topics, 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.

Continuing Education Support

Lilly supports employee continuing education through several programs, including a U.S. **tuition assistance program** available to all full-time employees and **sponsored graduate degree programs** available to a smaller number of individuals. In 2022, to make participation easier, Lilly transitioned the tuition assistance program from an employee reimbursement model to a Lilly pre-pay model and removed the

requirement for one year of service for eligibility. We also implemented academic coaching, a new “fast track” program to make achieving a bachelor’s degree more accessible, and increased the annual dollar amount of the benefit for all eligible participants by more than 40%. In 2023, the dollar amount of the benefit will increase by an additional 25%, for a total increase of more than 80% since 2021. Lilly also provides training that meets criteria for **professional re-certifications**, such as engineering and accounting.

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

2022 Learning and Development Data



80 hours

Average of 80 total training hours per employee on an annual basis (74 hours technical/compliance-focused and six hours development-focused)



13,000+ employees

13,000+ learners viewed development content on LinkedIn Learning in 2022



9 courses

On average, learners viewed 9 courses and spent 2 hours 9 minutes learning



Top content

The most popular content categories in 2022 included diversity & inclusion, data analytics, wellness, leadership and career management.

Recruiting & Retaining Top Talent

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

We strive to find top talent, with a focus on diversity, but always ensuring the best candidate is hired for each job. We need to be innovative in how we access and develop key talent. For example, Lilly Research Labs offers several programs that focus on individuals at different points in their career, including:

- **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.

- **Postdoctoral scientist program:** Through this initiative, Lilly hired 54 postdoctoral scientists in 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.

In recent years we have also developed programs specifically targeted at employee retention.

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 developed a resource 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 framework and suite of resources noted above, helps drive retention through extensive career learning and development opportunities. Additionally, to support career progression, we recently realigned job titles and added levels within our career paths to provide more opportunities.

In early 2022, we launched Discover, a 12-month new employee onboarding program in the U.S. The program has multiple touchpoints designed to foster integration into the Lilly culture, accelerate learning and to create connections that further a sense of belonging at Lilly.

Attrition Rate

Lilly’s 2022 voluntary attrition rate was 8.9%, with an involuntary rate of 1.2%, for a total attrition rate of 10%. Total attrition decreased from the previous year, and we have consistently remained below industry averages.

Employee Engagement

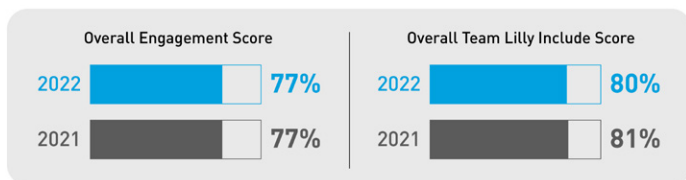
Our quarterly employee engagement survey, the Pulse survey, has been administered in some form since 1995. Currently each quarter, 25% of global employees are randomly invited to participate in the Pulse survey.

Our most recent survey in 2022 asked employees more than 90 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.

Over the past four years, our response rate has been between 60-70%, with more than 22,000 employees responding to the survey in 2022, which is available in 19 languages. During 2021, we also added a Micro-Pulse survey, which was administered to small, randomized groups of 500-5,000 employees and further tested just-in-time concepts, such as preferences of working on-site versus remote, facilities, benefits and communication strategies. This continues to be a key platform to listen to employees and ensure their voices are heard. The most recent Micro-Pulse survey was administered in late 2022 and listened to employee’s perceptions about current work environment trends.

2022 Employee Engagement Data

Lilly uses its Pulse survey as one way of measuring employee engagement. Global Pulse survey data from 2022 showed an Overall Engagement Score of 77% and an Overall Team Lilly Include score of 80%. The scores improved later in the year (e.g., in Q4, Engagement scored 79%, and Team Lilly Include scored 82%) which is likely due to comprehensive people strategy improvements made throughout the year. 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.”



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 safety performance to promote the well-being of employees and to help safeguard communities where we operate.

All employees are required to complete routine training on health, safety and environmental programs. This includes general health, safety and environmental training, as well as training on industry-specific and job-specific programs and procedures. Employees are also trained on relevant emergency preparedness and response procedures.

Our Lilly Technology Center in Indianapolis, Indiana has been a participant in the OSHA Voluntary Protection Program (VPP) since 2001 and has achieved the STAR certification. Lilly’s Technology Center is our largest manufacturing footprint with more than 5,000 employees. The Voluntary Protection Programs (VPP) recognize employers and workers who have implemented effective safety and health management systems and maintain injury and illness rates below national Bureau of Labor Statistics averages for their respective industries. To be recognized in the STAR program specifically, employers and employees must demonstrate exemplary achievement in the development, implementation, and continuous improvement of their safety and health management system.

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.

Lilly has established 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 safety goal – to achieve zero severe injuries – with a focus on continuous improvement. In 2022, our severe injury rate was 0.55 injuries per 500 employees, which represents an increase over the 2021 rate of 0.41. This increase was primarily driven by a higher number of injuries related to ergonomics and motor vehicle collisions. Some of the increase in severe injuries from 2021 to 2022 are likely attributed to more onsite and field-based activity post-pandemic. We strive to achieve continuous 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 metric, 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 applicable 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 DSS+ Bradley Curve™ – to measure our progress. In addition, we evaluate and respond to the results from the safety leadership questions within our company’s employee Pulse surveys.

In 2022, we advanced several key initiatives including:

- Partnering with DSS+, Lilly executed the DSS+ Safety Perception Survey™ across the company’s affiliates

globally, collecting over 11,000 employee responses. Results from this survey are used to help our teams develop actions plans to continuously improve our safety culture.

- Executing a pilot with manufacturing senior leadership to use the Dekra Leadership Diagnostic Instrument (LDI) tool, which is designed to provide leaders with individualized feedback to help improve their safety leadership skills.
- Launching a new HSE IT platform, including an updated version of our safety observation reporting tool (BSafe) that expands the ability for employees to report observations of safe or unsafe conditions and behaviors to reduce risks in the workplace.

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. Helping employees work safely at home or other remote locations remains a priority for Lilly.

Our Ergo Answers@Home program includes educational resources, connects employees to ergonomic experts and shares ergonomic success stories and best practices. 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. Additionally, we continue to promote the use of an IT software that prompts employees to take pauses and safety breaks based on computer use and enables employees and their supervisors to monitor 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 (e.g., manufacturing operations and motor vehicle accidents).

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. 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 and to continuously identify opportunities to improve safety.

Achievements of the LIFE team in 2022 include:

- Completing assessments designed to reduce exposure risk while working at heights at our manufacturing sites globally.
- Delivering educational multimedia LIFE campaigns to supervisors and employees on topics including hazard recognition and control, warehouse safety, lockout, gravity and electrical safety.
- Conducting a focused workshop aimed at improving Lilly's contractor safety program during several significant capital investment projects.
- Initiating a global effort to identify and execute critical controls around high-risk activities for employees and contractors.

Addressing Our Highest Risks

To further minimize warehouse risks, our manufacturing sites have continued to provide engineering controls such as automated storage and retrieval systems, dock restraint systems, automated guided vehicles and anti-collision systems. 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-related events. In 2022, we continued to advance our process safety management program, including:

- Revising our GIPSM audit protocol, which is used as part of our corporate auditing program.
- Conducting a three-day global GIPSM workshop hosted at our facility in Carolina, Puerto Rico, involving process safety representatives from across our sites. Data from the workshop will be used to develop a multiyear transformation map to set our future strategic direction.
- Completing a large-scale process safety applicability exercise for our external manufacturing footprint to identify our highest risk processes. This information will be used to enhance our GIPSM program and strengthen our due diligence and periodic assessment programs.

Affiliate Motor Vehicle Safety

Our affiliate employees (sales, marketing, medical affairs and value and access) represent one third of our global workforce. Their jobs require significant time driving, exposing them to risks of collisions and injuries that are challenging to mitigate. In 2010, we launched a motor vehicle safety program including driver training, collision monitoring and analysis, coaching discussions, safe/ergo vehicle selection criteria and support for high-risk drivers. This program is part of our global HSE Directions 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. By the end of 2019 (pre-pandemic), we reduced our vehicle collision rate to 12%, a 63% reduction from our 2010 (23.4%) rate, calculated using the percent of vehicles experiencing a collision.

In 2021 and 2022, 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 2022 global collision rate was 11.1%, which demonstrates continuous improvement over pre-pandemic levels.

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.

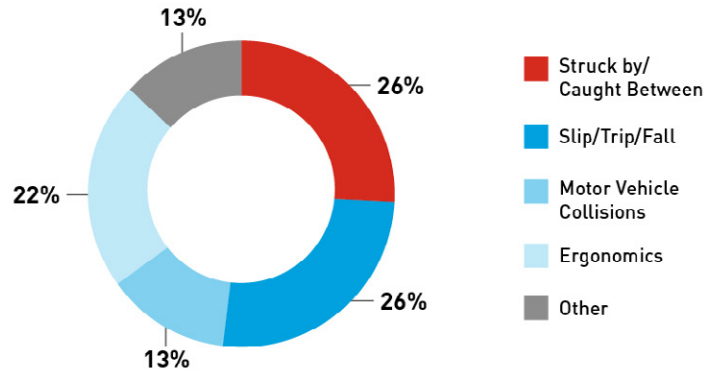
Contractor Safety

Lilly's Global Facilities Delivery organization is responsible for the delivery of the major capital expenditures for the company at our facilities globally. In 2022, these capital projects had over 2 million exposure hours across approximately 15 major projects. Our contractor injury rate (based on OSHA recordkeeping criteria) was 1.44 incidents per 100 workers, which is lower than the 2021 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.

Lilly's Safety Progress and Performance

Severe Injury Categories in 2022



2022 Data

Safety Performance	2019	2020	2021	2022
Fatalities (Lilly employees and Lilly-supervised contractors)	0	0	0	0
Severe injury rate ¹	Not Tracked	0.51	0.41	0.55
OSHA total recordable injury rate, TRIR (US and Puerto Rico only)	1.32	0.92	1.00	1.00
OSHA lost time incident rate, LTIR (US and Puerto Rico only)	0.32	0.16	0.19	0.16
Contractor injury rate ²	0.51	0.9	0.6	1.44
Safety leadership score ³	Not Tracked	89%	87%	88%

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 2015-2021 in our [2021 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](#).

- 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 Experience](#) 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.



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

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

is 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)

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 and 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, as well as maintaining 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 to identify potential safety concerns. Lilly reviews these adverse events across trial participants to help inform researchers, participants and regulators how 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 2,900 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. In addition, Lilly places an emphasis on the culture of quality and has implemented a program focusing on culture. Aspects of the program include both leadership training and employee engagement. Lilly performs quality culture assessments of the manufacturing sites to reinforce cultural strengths and operational excellence. We work to create an environment where employees are empowered to speak up and share concerns. Learn more about our [Business Ethics](#).

Lilly regularly hosts inspections by global regulatory bodies of our manufacturing facilities, as well as inspections in our marketing affiliates and clinical areas. These inspections examine our adherence to regulations such as Good Manufacturing Practices (GMP), Good Clinical Practices (GCP) and quality standards. The successful outcome of these inspections support continued reliable supply to patients, while driving continuous improvement to meet regulatory expectations based on learnings from the inspections.

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

2019	2020	2021	2022
1	0	5 <small>(1 Recall due to counterfeit medicines)</small>	0

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

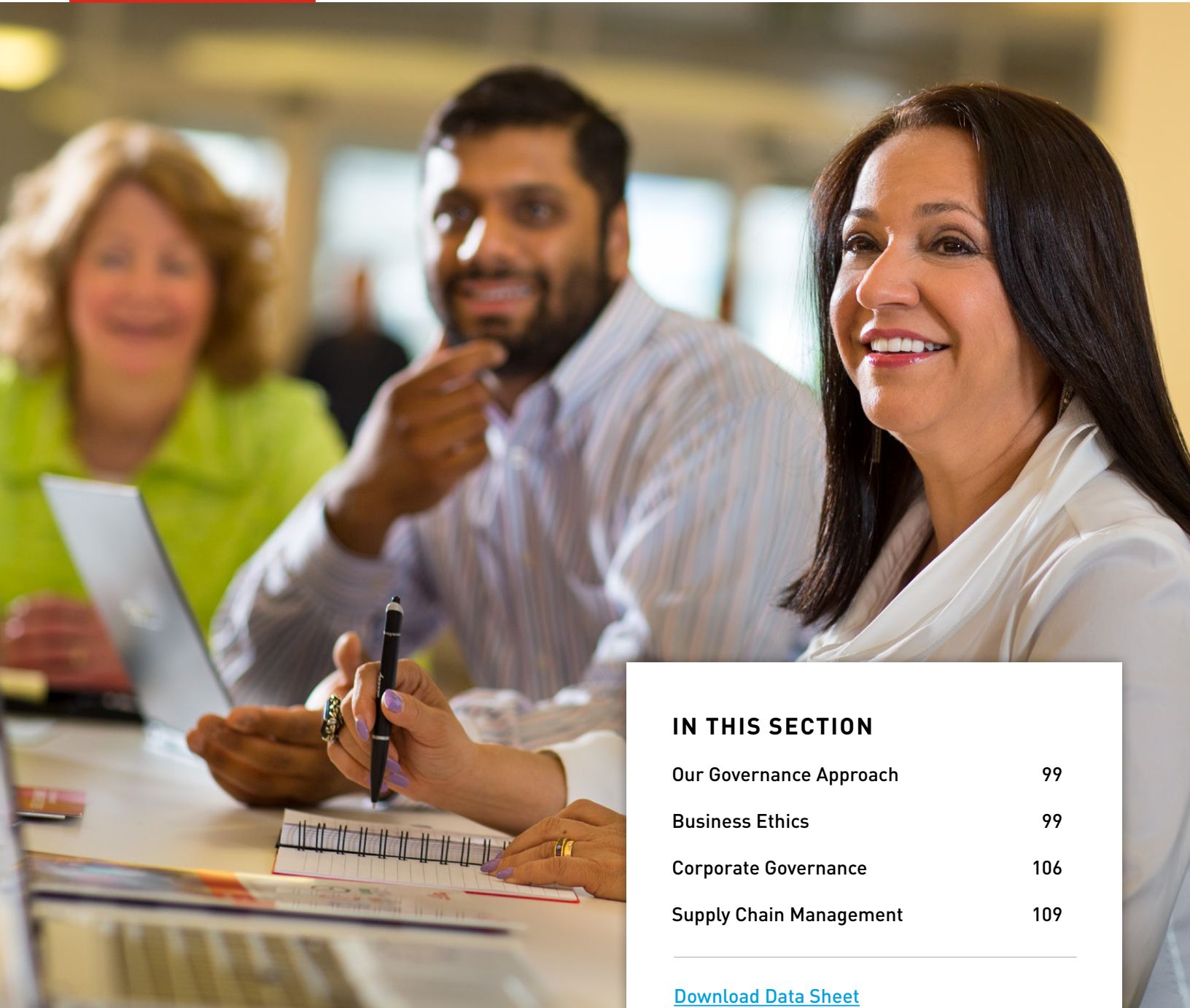
- **Testing and Assurance Checks** – Testing and assurance checks are performed throughout the manufacturing process, starting with testing raw materials and components to in-process testing of active pharmaceutical ingredients to final product testing to conform to regulatory and internal specifications.
- **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, employees routinely receive training to ensure they adhere to the applicable enterprise quality policies. For our employees working in GMP areas, we have a robust CGMP (current good manufacturing practices) training program to ensure that they 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. See [Business Ethics](#) for more information.
- **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 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



IN THIS SECTION

Our Governance Approach	99
Business Ethics	99
Corporate Governance	106
Supply Chain Management	109

[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)

IN THIS SECTION

- > Ethics and Compliance
- > Anti-Corruption Compliance
- > Respecting Privacy
- > Bioethics
- > Transparency, Disclosure & Political Engagement

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.

As part of our commitment to operating ethically and responsibly, we have and continue to improve our ethics and compliance program. The program is designed to promote ethical conduct and instill a culture of integrity. We have dedicated individuals and teams within the ethics and compliance organization supporting global anti-corruption, bioethics, business continuity, enterprise risk management and privacy programs, as well as the fundamental elements of board-level oversight, written standards, education and training initiatives, and communications. Our program also includes monitoring, auditing and response to potential violations.



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.

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.

The Executive 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. 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 Board of Directors reviews the company’s prioritized enterprise risks, their associated mitigation plans and the company’s overall state of compliance. To provide a comprehensive review, the overall state of compliance report blends key information from various groups within Lilly, including corporate audit services, ethics and compliance, health, safety, and environment, and global quality.

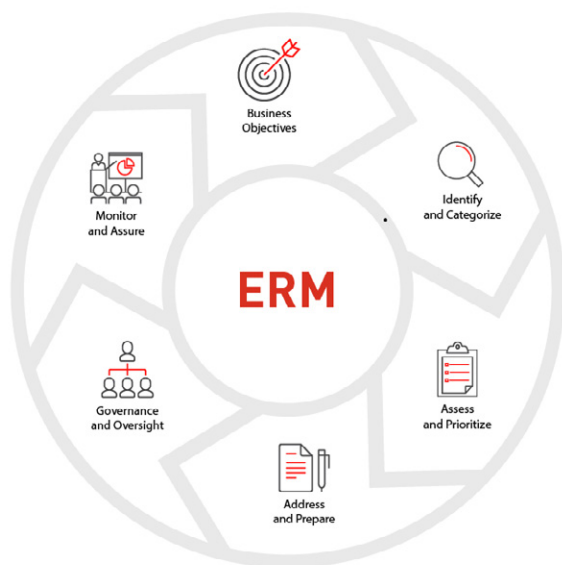
Our Code of Conduct, Policies and Procedures

Our code of business 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, as warranted, 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), US Food and Drug Administration (US FDA) Center for Drug Evaluation and Research (CDER) or the Advertising and Promotional Labeling Branch (APLB) US FDA Center for Biologics Evaluation and Research. We received one untitled letter from OPDP in 2021 regarding a product campaign and one in 2022 regarding a social media post. Lilly applied the learnings from these untitled letters to its review processes for future communications involving all marketed products.

Enterprise Risk Management (ERM) Framework



<p>Business Objectives</p> <ul style="list-style-type: none"> • Specific • Measurable • Aligned • Realistic • Timely 	<p>Identify and Categorize</p> <ul style="list-style-type: none"> • Strategic • Operational • Reporting • Compliance 	<p>Assess and Prioritize</p> <ul style="list-style-type: none"> • Impact • Likelihood
<p>Address and Prepare</p> <ul style="list-style-type: none"> • Assess ability to impact residual risk • Understand preparedness • Develop mitigation • Leverage opportunity 	<p>Governance & Oversight</p> <ul style="list-style-type: none"> • Board of Directors • Executive Committee • Compliance and Enterprise Risk Management Committee • Risk Owners • Business Liaisons 	<p>Monitor and Assure</p> <ul style="list-style-type: none"> • Assess, Monitor and Audit • Report and Respond



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 trainings are designed to support a judgment-based approach emphasizing the company's values and the importance of ethical decision-making. The code of business 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 2022. 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.

In addition to having core ethics and compliance subject matter experts as part of the ethics and compliance function, 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 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 have worked 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 surveys. Results from the 2022 surveys 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). 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). In addition, employees or the public may submit reports of misconduct, inquiries or other allegations to Lilly via email. 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. Audits are determined based on prioritization of the risk landscape using a risk-based methodology, leveraging data analytics, and is influenced by the results of the annual Enterprise Risk Management (ERM) process aligned with the company's strategic plan. Audits include reviews of our anti-corruption program, privacy and other policies related to ethical interactions (e.g., off-label promotion).
- **Assurance Governance** – To effectively align and integrate our companywide audit, assessment and monitoring activities to provide a focus on enterprise risks, we operate an Assurance Governance Forum. The forum is comprised of leadership from multiple assurance functions including ethics and compliance, audit, quality and information security. This team's objective is to provide integrated leadership to ensure that our risk and compliance programs meet the expectations of stakeholders and that our programs are integrated across the company to deliver maximum value and efficiency. The forum shares its learnings and insights with senior leadership and the Board of Directors.

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 2022 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 2022, we investigated and closed 288 high-risk allegations*, and confirmed that a violation had occurred 66% of the time. Outcomes related to violations are listed below:
- Individuals disciplined, up to and including termination – 54%
- Individuals received corrective feedback or other outcome – 46%

*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 January 2023.

During investigations of high-risk matters, our team works to identify root causes. Following an 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 Anti-Bribery Anti-Corruption (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 business 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 2022, more than 99% 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 only with those who are authorized and have a legitimate business need to see it, and we insist our suppliers and third parties handle personal information in accordance with core privacy expectations, as well as 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 our Respecting Privacy procedure, and are emphasized in enterprise-wide training on the responsible use of personal information.

Governance of Privacy

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 and local privacy experts. The Chief Privacy Officer reports directly to the Executive Vice President, Enterprise Risk Management and Chief Ethics and Compliance Officer, reflecting a governance structure emphasizing the importance of data privacy. 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. In addition to running its standard risk assessment process, the privacy team is actively engaged with relevant external constituents to stay abreast of new privacy laws, related risks and potential impacts of noncompliance, as appropriate, and to inform leadership of such developments as warranted. The privacy team also shares developing privacy requirements and identifies key privacy risks to our broader ethics and compliance organization, as well as to other key internal stakeholders, including our corporate audit team partners.

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. 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. In 2022, we shared information about our bioethics program at national and international bioethics meetings including the 16th World Congress of Bioethics and the Public Responsibility in Medicine and Research annual conference.

Governance of Bioethics

Our bioethics program reports into the Executive 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.

Bioethics Program

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

Our bioethics staff provides consultations for employees seeking advice regarding bioethics and research ethics issues. To increase workforce knowledge about bioethics, we have developed the Bioethics Leadership Academy (BELA) that provides a specialized curriculum in bioethics for Lilly employee development. Our [Bioethics Framework for Human Biomedical Research](#) and our [Principles of Medical Research](#) provide a bioethics foundation for the company's positions on bioethics issues, promoting alignment with broadly accepted ethics principles and Lilly's core values of integrity, excellence and respect for people. As an example of collaboration, in 2022 our bioethics team partnered with the advanced analytics and data sciences organization to devise a framework for the responsible development and application of artificial intelligence. Our bioethics program aims to work with other companies to establish best practices and to bring an industry perspective to bioethics discussions.

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. Under certain conditions Lilly may offer continued access (otherwise known as post-trial 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, and
- 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 is committed 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.

Since 2021, Lilly has created plain language summaries of Phase 2-4 clinical trial results in English.

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 effective 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 prudent decision-making. Over the years, our Board has instituted several governance best practices to ensure effective independent oversight.

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 conduct an extended review and discussion of the company's strategy, goals, external environment and key risks. Decisions reached in this session are reevaluated 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 on an ongoing basis and incorporate feedback as appropriate.

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

IN THIS SECTION

- > ESG Governance
- > Health, Safety and the Environment (HSE) Governance

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 (DCG) committee 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 DCG committee [charter](#). In addition, the Talent and 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 aligning on the company's long-term goals and weighing in on significant strategic investments.

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 at least annually with the full Board, and relevant enterprise risks are also addressed in periodic business function reviews and at annual Board and executive management strategy sessions.

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 our ESG strategy,

evaluating our ESG approach compared to peers and the broader environment, assessing and responding to ESG regulations, 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 for the individual and allows for adjustments in forward-looking compensation based on the level of ESG achievement. It also considers the ESG topics most relevant for an executive officer's responsibilities. For example, each executive officer has performance objectives tied to diversity, equity and inclusion. For other ESG topics such as environment, performance objectives are established for the individuals most accountable for these topics, such as the executive vice president of manufacturing.

Health, Safety and the Environment (HSE) Governance

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.

- **Lilly Research Laboratories HSE Lead Team** – Promotes HSE aspects across research and development.
- **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.
- **Executives and lead teams** – Oversee HSE performance in our business groups and administrative functions.
- **Local safety teams** – Includes cross-functional team members focused on monitoring performance, execution and continuous improvement activities within the day-to-day operations of a specific site or business area.

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 continuously 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, emergency preparedness 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 Standard** – Provides requirements for identifying and evaluating workplace hazards and establishing control measures to eliminate or reduce the risk of injuries and illnesses.
- **Process Safety Standard** – Establishes requirements designed to reduce the potential for catastrophic events (fires and explosions), focusing on the establishment of safe initial conditions, management of change, and the prevention of system decay.
- **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](#).

HSE 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 external auditor to ensure it conforms to the RCMS.

All employees are subject to routine training on health, safety and environmental programs. This includes general health, safety and environmental training, as well as training on industry-specific and job-specific programs and procedures. Employees are also trained on relevant emergency preparedness and response procedures.

HSE Audits

We conduct HSE audits of Lilly sites and functional areas for each of our Global HSE Standards as well as regulatory requirements. Our multiyear 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 at least every three years. All audit results are shared with senior management and the Board of Directors, and management must respond to and address all audit observations and track progress against 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.

IN THIS SECTION

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



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 (UNGC) 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, active pharmaceutical ingredients (APIs) and final drug products, 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 (approximately every three years) 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 2022, Lilly HSE professionals led the Industrial Hygiene PSCI supplier capability

building team and served on several of PSCI's supplier capability building teams. 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 assessing our supply chain and the potential upstream impacts of our supply and purchasing decisions as they relate to the minerals at issue.

Lilly filed annual reports for 2014 to 2022 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. We filed our [latest conflict minerals disclosure](#) documents with the SEC in May 2023.

We seek to understand the origin of these materials and 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 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 companywide responsibility that includes third party participation.

With leadership from an internal 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 & 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 our expectations. Additionally, we engage with key suppliers on environmental sustainability topics such as climate change (greenhouse gas emissions), waste reduction and other relevant opportunities to minimize the environmental footprint of our supply-chain.

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 2023, we are continuing the use of Rx-360 Supplier Audit Reports to supplement our internal audit plan as needed. Some highlights of our involvement with Rx-360 include:

- 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.
- In 2022 Lilly participated in development of a white paper on Good Distribution & Warehouse Practices for Warehouse & Transportation in Latin America (LATAM). This document sets the guidelines for the proper warehousing and distribution of regulated medical products within Latin America in compliance with Good Distribution Practices.

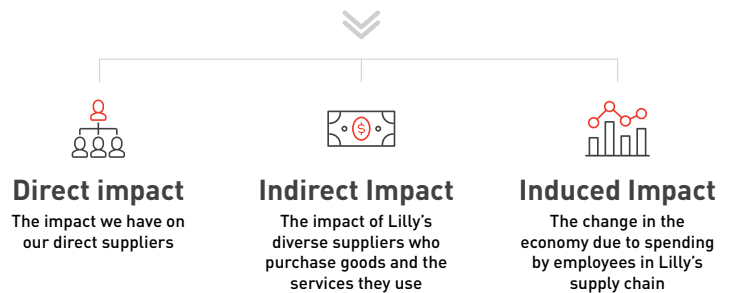
Supplier Diversity

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’ have created help us deliver on our purpose while also helping improve the economic situation 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 job creations throughout the supply chain and in local communities.

Economic Impact



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](#).

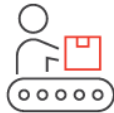
Given the importance of advancing supplier diversity, we have developed a comprehensive strategy focusing on three key areas:

- Engage small and diverse suppliers, advocacy organizations and industry partners (for best practices);
- Empower small and diverse suppliers as well as internal stakeholders; and
- Impact the community where we live and operate.

We met or exceeded our targets for all six government categories in 2022 from both spend and percentage perspectives. 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 diverse suppliers build stronger business practices. We hosted multiple virtual and in person matchmaking events to connect qualified suppliers with our procurement professionals and to enhance our partnership with advocacy groups.

In 2022, we spent more than \$685 million with 1,093 suppliers classified as small businesses. We spent \$640 million with 475 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.

2022 Supplier Diversity Spend



\$685 Million+

spent with 1,093 suppliers
classified as small business



\$640 Million

spent with 475 suppliers,
large or small, classified as:

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

As part of our [Racial Justice Commitment](#), we set an aggressive goal in 2020 to double our spend with African American-owned suppliers and vendors in two years. We exceeded this doubling goal by 25%, increasing from a baseline of \$143 million in 2020 to \$358 million for fiscal 2022.

We again offered the Lilly Mentor Protégé program again by, mentoring nine 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 proteges’ readiness for future business opportunities. Through this program, the supplier builds its their network and capabilities for working with Lilly and more broadly with other customers. Of the nine Black-owned businesses in the program, four were new suppliers in 2021, two were added in 2022 because of the program, and the remaining three suppliers are pursuing opportunities at Lilly in 2023.

Externally, we continued to provide strategic leadership influence by serving on various boards and committees with several 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 a new corporate partnership with INDY Black Chamber of Commerce in 2022.

In 2022, we also rolled out supplier diversity training for our procurement team and over 900 managers. This 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; and
- Indianapolis Urban League’s African American Quality of Life Initiative.



2022 Supplier Diversity Impact



\$1.9 Billion

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



More than

12,700 Jobs



More than

\$700 Million

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



Jobs generated in our diverse supply chain include:

- professional
- scientific
- technical services

Transparency



IN THIS SECTION

Transparency	115
ESG Metrics	115
SASB Index	115
SDGs	119
TCFD Metrics	122
UN Global Compact Index	123
Reports and Policies	125

[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 regulation, frameworks and standards that best meet the needs of our stakeholders.

ESG Metrics

- Download our full [2022 ESG data](#)
- View Lilly's [environmental data from 2021](#), including our previous environmental goals and progress through 2021
- See additional historical environmental and full ESG data in our [reporting archives](#)
- View our latest [EEO-1 report](#)



SASB Index

This report outlines how our existing disclosures align with the recommended metrics for the SASB Biotechnology & Pharmaceuticals standards. All data is for the year ended December 31, 2022, unless otherwise noted.

IN THIS SECTION

- › Safety of Clinical Trial Participants
- › Access to Medicines
- › Affordability & Pricing
- › Drug Safety
- › Counterfeit Drugs
- › Ethical Marketing
- › Employee Recruitment, Development & Retention
- › Supply Chain Management
- › Business Ethics
- › Activity Metrics

SASB Code	Accounting Metric	Response
Safety of Clinical Trial Participants		
HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	Patient Safety
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	U.S. Access & Affordability Global Access & Health
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 & 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	U.S. Access & 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

SASB Code	Accounting Metric	Response
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 & Retention		
HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	Employee Experience
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 Experience
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		
HC-BP-000.A	Number of patients treated	Our ESG Strategy
HC-BP-000.B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	Current Medicines Medicines in Development



UN 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 51 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.

[U.S. Access and Affordability,](#)

[Global Access & Health,](#)

[Community Engagement,](#)

[Patient Safety,](#)

[Employee Experience](#)



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

[Diversity, Equity and Inclusion,](#)

[Employee Experience,](#)

[Human Rights](#)



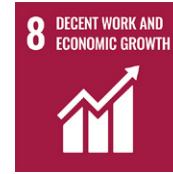
Our Action: Water is a critical resource that Lilly is committed to using wisely. We continue to assess our water risks as we focus on conserving water, reducing our intake and improving water quality. One-hundred percent of Lilly sites will meet predicted no-effect concentrations (PNEC) for Pharmaceuticals 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 2022, we spent more than \$685 million with nearly 1,100 suppliers classified as small businesses.

[Employee Experience,](#)

[Supply Chain Management](#)



Our Action: We're partnering with industry peers and other organizations with proven track records to improve global health, including through improved NCD care for children and adolescents and supporting community health workers in Africa. We also work with leading disaster relief organizations to provide medicines and support people and communities to help them recover.

[U.S. Access and Affordability,](#)

[Global Access & Health,](#)

[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](#),

[Biodiversity](#)



Our Action: We strive to protect designated biodiversity rich areas, manage existing biodiversity at our sites and enhance biodiversity within the communities where we operate.

[Biodiversity](#)



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.

[U.S. Access and Affordability](#),

[Global Access & Health](#),

[Community Engagement](#)

TCFD Metrics

TCFD Metrics	Response
TCFD Governance	
Describe the board’s oversight of climate-related risks and opportunities	CDP Climate report: C1.1, C1.1a, C1.1b Climate
Describe management’s role in assessing and managing climate-related risks and opportunities	CDP Climate report: C1.2, C1.2a Climate
TCFD Strategy	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	CDP Climate report: C2.3, C2.3a, C2.4, C2.4a Climate
Describe the impact of climate-related risks and opportunities on the organization’s business, strategy and financial planning	CDP Climate report: C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4 Climate
Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	CDP Climate report: C3.2, C3.2a, C3.2b Climate
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
TCFD 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 U.S. 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 Lilly Supplier Code of Business Conduct
Labor		
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Rights Employee Experience Business Ethics Corporate Governance
Principle 4:	the elimination of all forms of forced and compulsory labor;	Human Rights Corporate Governance Lilly Supplier Code of Business Conduct
Principle 5:	the effective abolition of child labor; and	Human Rights Corporate Governance Lilly Supplier Code of Business Conduct
Principle 6:	the elimination of discrimination in respect of employment and occupation.	Employee Experience 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 Lilly Supplier Code of Business Conduct
3. Measurement of outcomes		
		Environmental Social Governance ESG Metrics SASB Index TCFD Index CDP Climate Change Response CDP Water Security Response

Reports and Policies

Reports

- [ESG Reporting Archive](#)
- [2022 Year in Review](#)
- [Annual Report and Proxy Statement archive](#)
- [2023 CDP Climate Change Response](#)
- [2023 CDP Water Security Response](#)
- [Bureau Veritas Assurance Statement with Verified Data](#)
- [2022 EE0-1 Report](#)
- [Lilly DEI Impact Report](#)

Policies

- [Public Policies](#)
- [Business Ethics Policies](#)
- [Lilly Code of Business Conduct \(The Red Book\)](#)
- [Lilly Supplier Code of Conduct](#)
- [Protecting People, the Environment and Our Assets](#)
- [Human Rights Policy](#)
- [Privacy Program](#)
- [Tax Principles](#)
- [Principles of Medical Research](#)
- [HCO and HCP Transparency](#)

Sustainability Bond

- [2022 Sustainability Bond Allocation Report](#)
- [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](#)
[Other Resources](#)

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 2022. Data and other updates contained in this digital report are focused on the 2022 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 and its affiliates provide medicines to separate charitable organizations that offer free Lilly medicines to qualifying patients. Throughout this report, products are valued at wholesale acquisition costs.

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. The data presented in this report is collected using various methodologies, which in some instances are based on assumptions and estimates in which there are inherent uncertainties and limitations. For example, information may come from third-party sources and operations outside of our control. While we believe such information is reasonably accurate and is based on reasonable principles and methodology, the third-party collection of this data is beyond our direct control. In addition, the achievement of certain sustainability goals and targets may be dependent on the actions of our partners, suppliers and other third parties, all of which are outside of our control.

Our global health, safety and the environment (HSE) management system is consistent with third-party standards such as the International Organization for Standardization (ISO) ISO 14001, ISO 45001 and the American Chemistry Council's Responsible Care® Management System standards.

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 2022 ESG Report contains forward-looking statements that are based on management's assumptions, estimates, 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 significant costs and uncertainties in the pharmaceutical research and development process, including with respect to the timing and process of obtaining regulatory approvals; the impact and outcome of acquisitions and business development transactions and related integration costs; the expiration or enforceability of intellectual property protection for certain of our products; changes in patent law or regulations; competitive developments affecting current products and our pipeline; unauthorized access, disclosure, misappropriation or compromise of confidential information or other data in our information technology systems, networks and facilities, or those of third parties with whom we share our data; the impact of global macroeconomic conditions, trade disruptions, disputes, unrest, war, regional dependencies or other costs, uncertainties and risks related to engaging in business globally; unexpected safety or efficacy concerns associated with our products; litigation, investigations or other similar proceedings involving past, current or future products or commercial activities; issues with product supply and regulatory approvals stemming from manufacturing difficulties, disruptions or shortages, including as a result of unpredictability and variability in demand, labor shortages, third-party performance, quality or regulatory actions related to our facilities; the impact of public health outbreaks, epidemics or pandemics, such as the COVID-19 pandemic; and

changes or other developments in laws or regulations. 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 2022 ESG Report, including the forward-looking statements, are made as of the publication date of May 17, 2023, 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 [Latest ESG Developments](#) page of the company's website.



Eli Lilly and Company

Lilly Corporate Center, Indianapolis, IN 46285 USA | 317.276.2000 | Lilly.com