



ELI LILLY AND COMPANY

Corporate Responsibility  
Highlights 2012–2013



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OUR GREATEST CONTRIBUTION TO SOCIETY IS MAKING MEDICINES THAT HELP PEOPLE LIVE LONGER, HEALTHIER, MORE ACTIVE LIVES. BUT OUR COMPANY VISION—TO IMPROVE GLOBAL HEALTH IN THE 21<sup>ST</sup> CENTURY—DEMANDS THAT WE DO EVEN MORE.

This summary report highlights the work that we did in 2012 and 2013 to bring our vision to life. More detailed information about our corporate responsibility efforts is available on our website, [www.lilly.com](http://www.lilly.com).

ABOUT THE COVER  
Nosicelo, who lives in the Eastern Cape of South Africa, is a participant in the Lilly NCD Partnership, which aims to develop programs that can meaningfully improve health outcomes for those in need. For more about Nositelo, see page 15.



**“Over the last decade, we have transformed our corporate responsibility efforts, sharpening our focus on improving health for people in low- and middle-income countries and strengthening the communities where we work and live. We’re balancing traditional philanthropy—which dates back to the earliest days of our company—with novel approaches that put to work our scientific and business expertise, resources, and the passion of our employees. We’re increasingly linking our corporate responsibility efforts together—and to our business—for greater impact and continuous learning.”**

**John C. Lehleiter, Ph.D.**

**Chairman, President, and Chief Executive Officer**

## **MESSAGE FROM THE CEO**

In 1876, a 37-year-old man made a decision that changed the course of history. He had just returned from service in the U.S. Army. His wife had recently died from malaria, and he was raising his young son on his own, with little money to their name. Despite these circumstances—maybe because of them—he took a risk. He started Eli Lilly and Company with the goal of creating trusted medicines at a time when untested elixirs peddled by questionable characters were commonplace.

He and subsequent generations of the Lilly family built a remarkable company focused on quality, discovery, and caring—a company that has made life better for millions of people through its medicines to treat diabetes, infectious diseases, mental health disorders, cancer, and more. Now, more than 137 years later, I and my nearly 38,000 Lilly colleagues are entrusted with carrying forward this proud legacy. We humbly take up this task, striving as Colonel Lilly urged, to “Take what you find here and make it better and better.”

As a global biopharmaceutical company, our greatest contribution to society is making medicines that help people live longer, healthier, more active lives. This is the core of what we do. But our company vision—to improve global health in the 21<sup>st</sup> century—demands that we do even more. It calls us to continue along our company’s distinguished path of giving back and lifting up in new and ever-better ways.

## Improving Global Health

Our new approach to corporate responsibility is most vividly on display in our two signature global health programs focused on diabetes and tuberculosis. Through these programs, we are partnering with leading health organizations and governments to explore new approaches to complex global health challenges. Our goal: to find new solutions that can be scaled up and replicated around the world, creating ripple effects and touching even more lives.

The Lilly NCD Partnership was launched in 2011 to help fight the rising tide of non-communicable diseases (NCDs), which include heart disease, cancer, chronic respiratory diseases, and diabetes. NCDs are the leading cause of deaths worldwide, with 80 percent of NCD-related deaths occurring in low- and middle-income countries.

Through the Lilly NCD Partnership, we're investing \$30 million over five years to strengthen diabetes care for people in rural and urban settings in Brazil, Mexico, India, and South Africa.

Collaboration also powers the Lilly MDR-TB Partnership, which was launched in 2003 to fight multidrug-resistant TB. This hard-to-treat form of TB is preventable and curable if patients get the right medicine at the right time. But too often that's not the case: MDR-TB needlessly kills more than 150,000 people each year. The Lilly MDR-TB Partnership is our largest philanthropic effort ever—a \$170 million commitment from 2003-2016. Through the partnership, we gave away our manufacturing technology and know-how for two antibiotics to other manufacturers.

Another example of how we're working to improve global health can be found in the efforts of Elanco, our animal health business. Elanco is helping break the cycle of hunger in communities across the world, including through its partnership with Heifer International. Our goal is to lift 100,000 families out of hunger through the donation of livestock, training, and tools.

There is no question that the complexity of global health challenges requires collaboration across the private sector, governments, NGOs, donors, academia, and providers. In this spirit, Lilly, along with 12 other major healthcare companies, signed on to the Guiding Principles on Access to Healthcare during the United Nations General Assembly in September 2013. These industry-led principles provide a common framework and help shape the cross-sector partnerships that will drive system wide change.

## Strengthening Communities

At the heart of our efforts to strengthen communities are Lilly employees. I never cease to be amazed by the generosity of our people, who donate not only money, but also their time, energy, expertise, and passion in countless ways.

One of my proudest moments each year is when more than 20,000 Lilly employees fan out across their local communities as part of our Global Day of Service. Armies of red-shirted volunteers do everything from supporting patients and their families at our NCD sites, to beautification projects, to working in food pantries, and more. They do in one day what would otherwise take months or years to accomplish.

Through our Connecting Hearts Abroad program, we send at least 100 employees each year to volunteer for two weeks in impoverished communities. Our employees are seeing firsthand the challenges that confront people living in poverty, forging lasting relationships, and bringing back personal insights and inspiration that make us a better, more globally aware company.

Corporate responsibility isn't a department or a function at Lilly. It's part of who we are and can be seen in all we do—from the medicines we make, to how we interact with each other and the customers we serve, to our environmental practices, and more. This summary report highlights just some of our work. You'll find more complete information [online](#) about how we're striving to live out Colonel Lilly's timeless call to "Take what you find here and make it better and better."



**John C. Lehleiter, Ph.D.**

**Chairman, President, and Chief Executive Officer  
January 2014**



## KEY PERFORMANCE INDICATORS

	GOAL	2010	2011	2012
<b>WORKPLACE HIGHLIGHTS<sup>1</sup></b>				
Recordable Injury Rate <sup>2</sup> (per 100 employees)	(↓50%)	0.96	1.09	1.10
Lost-Time Injury Rate (per 100 employees)	(↓50%)	0.41	0.47	0.49
Motor-Vehicle Collision Rate (collisions per million miles driven)	(↓50%)	10.48	10.26 <sup>3</sup>	9.55
<b>PHILANTHROPY HIGHLIGHTS<sup>4</sup></b>				
Product Donations (\$ millions)		\$373	\$549	\$645
Cash Contributions (\$ millions)		\$57	\$48	\$55
Total Contributions (\$ millions)		\$430	\$597	\$700
<b>ENVIRONMENTAL HIGHLIGHTS<sup>5</sup></b>				
Energy Consumption (million BTUs)		11,200,000	10,800,000	10,900,000
Energy Intensity (million BTUs/1,000 square feet)	(↓15%) <sup>6</sup>	521	495	488
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO <sub>2</sub> e)		1,630,000	1,570,000	1,580,000
Greenhouse Gas Emissions Intensity (metric tonnes CO <sub>2</sub> e/1,000 square feet)	(↓15%) <sup>7</sup>	75.9	71.8	70.5
Water Intake (billion liters)	(↓5%) <sup>8</sup>	12.8	13.3	12.4
Water Intensity (million liters/million \$ revenue)		0.555	0.549	0.549
Waste Generation (metric tonnes)		228,000	242,000	278,000
Waste Generation Intensity (metric tonnes/million \$ revenue)		9.88	10.7	12.3
Waste to Landfill (metric tonnes)	(↓20%) <sup>9</sup>	15,900	10,900	12,300
Reportable Permit-Limit Exceedances <sup>10</sup>		11	8	8

For more detailed KPI data please see our [full report](#).

<sup>1</sup> 2013 goal, 2007 baseline for all three workplace-related metrics.

<sup>2</sup> In previous reports, recordable injury rate was referred to as serious injury rate.

<sup>3</sup> The 2011 collision rate was adjusted slightly from our last report to reflect more accurate data collection.

<sup>4</sup> Total charitable donations include funding from both Lilly and The Eli Lilly and Company Foundation.

<sup>5</sup> Following World Resources Institute guidance, energy use, greenhouse gas emissions (except Scope 3), waste, and water-use data are reported on an adjusted basis accounting for mergers, acquisitions, and divestitures, as appropriate, to ensure comparability, unless stated otherwise.

<sup>6</sup> 2013 goal, 2007 baseline.

<sup>7</sup> 2013 goal, 2007 baseline. This goal covers Lilly's Scope 1 and Scope 2 emissions.

<sup>8</sup> 2013 goal, 2010 baseline. In absolute terms. Water intake as used in evaluating our progress toward our water-reduction goal is the total amount of water coming into a facility, 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.

<sup>9</sup> 2013 goal, 2010 baseline. In absolute terms. Lilly's former and current waste-to-landfill goals do not include construction and demolition debris, biosolids from wastewater treatment plants, incinerator ash, coal ash if reused for mine reclamation or road base, and mycelia and urea reused for fertilizer.

<sup>10</sup> Lilly classifies an event as a reportable permit-limit exceedance if it involves an exceedance of a numeric permit or license limit that must be reported to the regulatory authority. The reporting may be immediate (e.g., within 24 hours) or in a routine compliance report. These exceedances do not necessarily result in harm to people or the environment.

## OUR GOALS

# 50%

Reduction in recordable injury rate, lost-time injury rate, and motor-vehicle collision rate<sup>1</sup>

# 15%

Reduction in energy intensity<sup>6</sup> and corresponding greenhouse gas emissions intensity<sup>7</sup>

# 5%

Reduction in water intake<sup>8</sup>

# 20%

Reduction in waste to landfill<sup>9</sup>

## CR HIGHLIGHTS

Signed the new **Guiding Principles on Access to Healthcare** in 2013 with 12 other major pharmaceutical companies as part of a call for more cross-sector collaboration to expand access to quality healthcare.

Sent more than **20,000 Lilly employees in 40 countries to volunteer** in their local communities through our annual Global Day of Service.

**Reduced energy intensity per square foot of facility space by nearly 18 percent** and **decreased greenhouse gas emissions intensity by almost 17 percent** since 2007, exceeding our goals of 15 percent reductions by 2013.

Opened a new LIFE (Lilly Integrated Fitness Environment) facility at our Indianapolis headquarters **to support the well-being of our employees.**

Invited to join the **Institute of Medicine's Roundtable on Health Literacy.**

**Raised Lilly's 2013 CDP climate change disclosure score to 86**, above the industry average score of 82 and significantly higher than our 2012 score of 65.

Committed **\$170 million in donations** from 2003 to 2016 through the Lilly MDR-TB Partnership, Lilly's largest philanthropic effort to date.

In 2012, made approximately **\$700 million in charitable contributions**, including cash and products.

**Integrated our Connecting Hearts Abroad volunteer program with the Lilly NCD Partnership** in 2013, sending employees to volunteer at partner sites in South Africa.

In 2013, announced a first for the pharmaceutical industry—a **partnership to train minority clinical trial investigators.**

**Decreased total waste generation by nearly 27 percent** between 2007 and 2012 and **reduced waste to landfill by approximately 62 percent.**

Recognized by *DiversityInc* as a **"Top Company for Working Families"** and cited as a model of workplace flexibility.

**Reduced our total recordable injury rate by 24 percent** since 2007.

**Lowered water intake to 12.4 billion liters**, a 9 percent decrease from 2011 and a nearly 37 percent reduction since 2007.



# 02

## ADVANCING MEDICAL SCIENCE

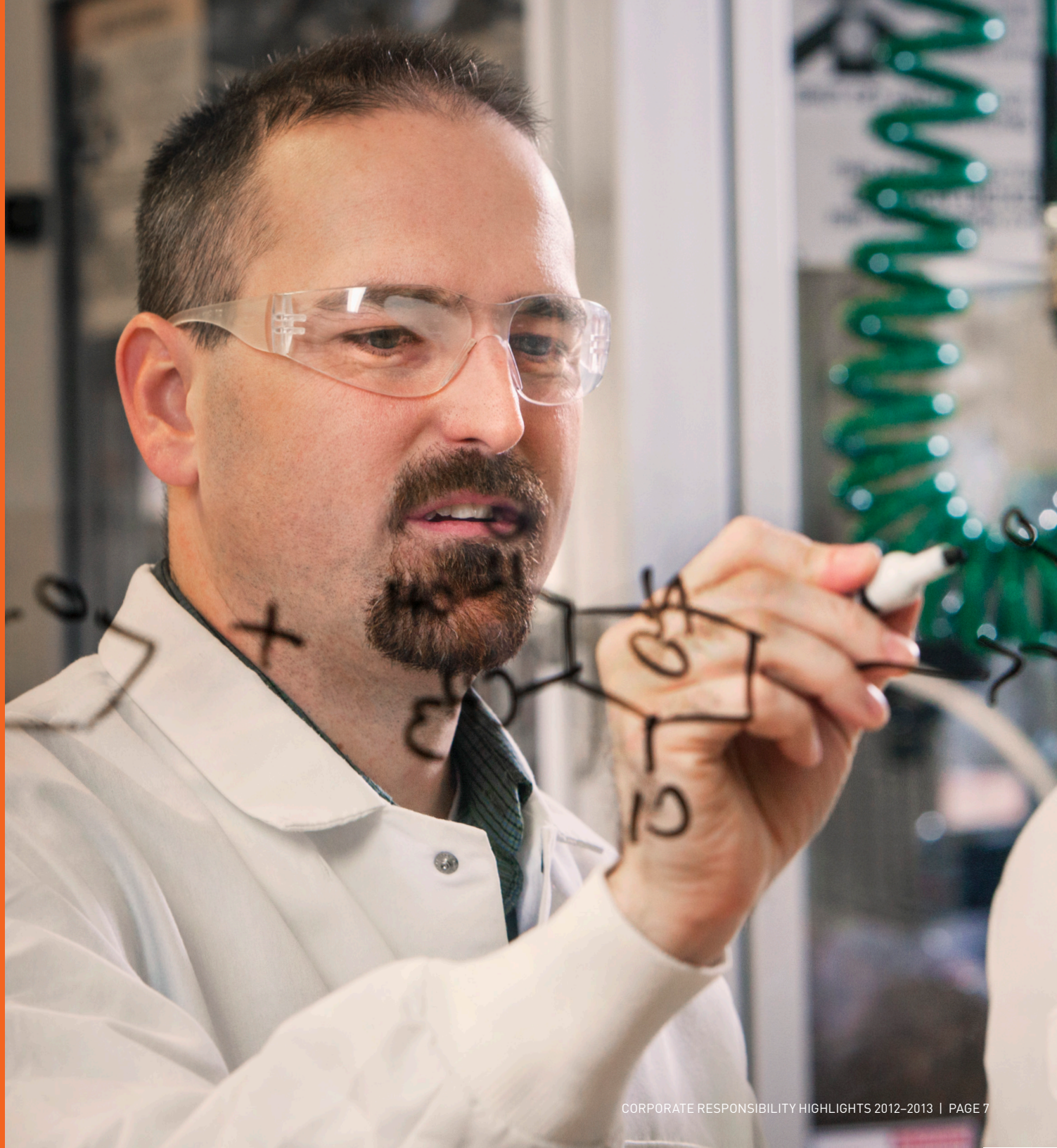
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Developing Innovative Medicines  
.....

Bioethics  
.....

Scientific Discovery  
.....

Diversity in Clinical Trials



Lilly exists to discover and develop innovative medicines that help people live longer, healthier, and more active lives. We recognize that the best pharmaceutical products emerge from an atmosphere of optimism and teamwork, and we seek out top talent and external partnerships to help us achieve our research and development (R&D) goals.

## DEVELOPING INNOVATIVE MEDICINES

We currently have one of the richest Phase III pipelines in Lilly's history, representing a variety of Lilly therapeutic areas, including diabetes, oncology, neuroscience, and autoimmunity. We continue to focus on developing a complementary mix of chemical (small) molecules, taken orally, and biologics (large) molecules, which are often given by injection. Our interactive pipeline website provides details on each of our potential new medicines in clinical development: [www.Lilly.com/Pipeline](http://www.Lilly.com/Pipeline).

At Lilly, we are focused on the quality—not just the quantity—of our R&D efforts. To ensure we can bring needed medicines to patients worldwide who are waiting, we have shifted our R&D strategy to deliver what we call “timely valued medicines” to patients.

“Timely” means our medicines reach patients with unmet needs while maintaining data and patent protection. “Valued” means our medicines are high quality and come with robust, competitive data accepted by healthcare administrators and regulators. We believe consistent application of our timely valued medicines strategy will help us return to sustainable growth post-2014 and beyond.

### Tailored Therapies

Not all medicines affect every individual in the same way. Individual differences in a person's biochemistry, as well as other factors, can determine the ultimate effectiveness of a given treatment. Personalized medicine, also known as “tailored therapeutics,” promises to deliver greater precision, higher value, and improved outcomes for individual patients. These goals are at the heart of Lilly's vision for biopharmaceutical innovation, and are also one of the five quality attributes of our timely valued medicines strategy. To help realize the promise of tailored therapies, Lilly explores tailoring for every single molecule that comes from its labs, using a variety of approaches to identify meaningful differences across patient populations.

While tailoring makes more sense for some therapeutic areas and not others, tailored therapies can significantly increase value for individual patients and healthcare administrators. When successful, they facilitate delivery of the right medicine to the right patient at the right time, and, hopefully, result in improved health outcomes.

# 24

Number of company-owned sites on five continents

# 100

Number of contract manufacturing organizations in 45 countries



## BIOETHICS

The purpose of the Lilly Bioethics Program is to assist employees in identifying and addressing bioethics issues related to Lilly's R&D activities. It is designed to address the increasingly complex ethical challenges in today's fast-paced biotechnology environment. In so doing, the program promotes ethical drug R&D, safeguards the integrity of the scientific process, and protects patients' rights and well-being.

As the Program grows, it continues to involve more people internally in ethics training, with the aim of creating a cohort of "functional experts": a group of employees capable of relating ethical thinking and knowledge back to different functional areas across the company. Lilly's commitment to bioethics education and training is evidenced by an increasing variety of educational offerings, including a day devoted to bioethics lectures and discussion with invited external experts. The Program is also committed to external engagement, demonstrated by presentations at professional and academic conferences, posting and communication of bioethics position statements, and serving on industry, academic, and government committees addressing bioethics issues related to biomedical research.

The innovative and multidimensional program continues and enhances the work begun in 1999, when Lilly became one of the first pharmaceutical companies to establish a standing bioethics committee to systematically identify, evaluate, and communicate bioethics issues.

Lilly strives to maintain the highest standards of ethical behavior in all aspects of the company's business, consistent with its brand.

We have a bioethics framework that is the basis for a single global standard that we apply to the conduct of clinical trials worldwide. Our practices are consistent with the Pharmaceutical Research and Manufacturers of America's Principles on Conduct of Clinical Trials, in addition to the applicable laws and regulations of the country or countries in which a study is conducted.

When choosing locations worldwide to conduct clinical trials, Lilly considers the local prevalence of the disease under study and the medical research capabilities of the candidate institutions. In addition, we work with local ethics committees and/or health authorities, as appropriate, to ensure that conducting the proposed research in each location is scientifically and ethically justified. These decisions take the following factors into consideration:

- The risks and benefits for research participants,
- The potential for the research to yield important scientific advances,
- The relevance of the research to local health needs, and
- The intent to register the drug in the host country.

In applying these considerations, Lilly places paramount importance on the safety and well-being of the individual research participants.

A complete list of our [bioethics position statements](#) is available for review online.



150 

Number of Lilly employees involved in the Lilly Bioethics Network, a virtual community of individuals who are interested in building their knowledge in bioethics

## SCIENTIFIC DISCOVERY

Finding and correctly identifying promising new molecules is a time-consuming and painstaking task. And yet it is the only way that pharmaceutical companies, including Lilly, are able to discover the essential building blocks for the medicines of tomorrow. For Lilly, and the industry, to remain relevant and competitive, we must find new pathways to innovation.

Introduced in 2011, "Innovation Starts Here" is Lilly's global, companywide initiative designed to create and sustain a dynamic environment to foster innovation and quality science. The initiative aims to remove barriers to collaboration and promote the best thinking between our people, programs, and partnerships. It also supports our broader commitment to speeding the delivery of medicines to patients and driving sustainable R&D outputs.

In addition to Lilly's own R&D efforts, we continue to invest in ways that supplement our pipeline through collaboration with external scientists, and the Open Innovation Drug Discovery (OIDD) platform is one of the ways we do this. Lilly's OIDD platform is unique in that it aims to remove barriers to sustainable innovation with a novel transactional model between Lilly and external scientists. Launched in 2009, OIDD is a Web-based platform that provides external researchers—who may not have previously worked with Lilly—with a point of entry into our drug discovery process. By providing external investigators with direct access to Lilly's scientific infrastructure and talent, these scientists may uncover innovation above and beyond what Lilly researchers are producing in their labs.

Lilly actively participates in more than 50 public-private partnerships and consortia that pursue innovative methods and technologies capable of dramatically enhancing the delivery of tailored therapies and improving the quality and efficiency of drug discovery and development. These types of partnerships offer tremendous opportunity for innovation by bringing together the best and brightest scientists in academia and industry to solve critical unanswered questions.

### Increasing the Speed of Innovation

To help us identify the most promising molecules as soon as possible, Lilly is developing and implementing methods to establish "proof-of-concept" (proof that a molecule works in the body as intended/ theorized) sooner than ever before. Working earlier in the drug development process, we hope to lower a molecule's potential attrition rate. Lilly has goals to utilize this methodology of establishing early proof-of-concept for at least two-thirds of our pipeline.

We are using biomarkers to help generate earlier proof-of-concept data in humans to decrease the odds of late-stage pipeline attrition. We are also employing "adaptive seamless study designs." Generally speaking, adaptive study designs aim to use the information generated in clinical studies as it emerges, in a blinded fashion, not simply when the studies have been completed. As such, they are a natural attempt to be smarter and faster about determining who benefits and, just as important, who does not benefit, from a potential medicine.



**“Lilly’s goal is to help improve individual patient outcomes. Because medicines don’t work the same for everyone, we need to understand how medicines work and the safety profile in the patients likely to take them. And because culture can strongly influence how patients define health perception, lifestyle choices, and healthcare-seeking behaviors, we need to understand relevant cultural differences that impact patient outcomes.”**

**Coleman Obasaju, M.D., Ph.D.**

**Senior Medical Director  
Lilly Oncology Global Leader,  
Diversity in Clinical Research**

## DIVERSITY IN CLINICAL TRIALS

The impact of disease isn’t the same for everyone. Research has shown that health disparities exist between groups of people who are different from one another. Minorities often suffer a disproportionately higher incidence of certain diseases, such as stroke and diabetes, compared to whites. For example, we know that African Americans are twice as likely to have diabetes and Hispanics are 1.7 times more likely to have diabetes than Caucasian Americans.<sup>11</sup>

As scientific technology has improved, it has become increasingly clear that there are differences in patients’ responses to medicines based on a variety of factors, including genetics, ethnicity, and cultural differences. Yet, historically, fewer minority patients have participated in clinical trials, resulting in more limited information on a given medicine’s safety and efficacy in racially and ethnically diverse populations. These realities make it critical for Lilly to help increase the enrollment of minority populations in U.S. clinical trials.

We need more diverse representation in clinical trials to gain insights for making medicines that will be the most effective for all people who use them. Lilly aims to better match the demographic composition of clinical test groups with the disease prevalence rate in the general population. Our clinical diversity strategy is designed to help account for the patient differences that may affect clinical outcomes. We feel this strategy will help us better understand the efficacy, side-effect profiles, and risks in minority groups, which are the fastest-growing segment of the U.S. population.

Lilly has taken a leading role in the industry in enrolling minorities into U.S. clinical trials. The strategy, which is part of the company’s goal to improve health outcomes for individual patients, includes the following elements:

- Translating patient materials into Spanish,
- Providing physician-education materials that include background information on the different needs of distinct patient groups,
- Partnering with advocacy organizations to raise awareness about health disparities and the need for diversity in clinical trials, and
- Actively recruiting investigators to work with diverse patient populations.

Since we began our focus in 2008 on increasing minority participation in clinical trials, we have added more than 360 new clinical trial sites with minority patient populations of more than 25 percent. We have also developed education materials to raise awareness of clinical trials.

In 2013, Lilly and The Center for Drug Development and Clinical Trials at the Roswell Park Cancer Institute in Buffalo, New York, announced a first for the pharmaceutical industry—a partnership to train minority clinical trial investigators. There are approximately 10,400 oncologists in the United States, but approximately 1 to 2 percent are African American and approximately 2 to 3 percent are Hispanic. The goal of the new initiative is to train 75 to 150 minority oncologists in the conduct of clinical trials.

<sup>11</sup> Diabetes Data/Statistics. The Office of Minority Health. Available at [minorityhealth.hhs.gov/templates/browse.aspx?lvl=3&lvlid=62](http://minorityhealth.hhs.gov/templates/browse.aspx?lvl=3&lvlid=62). Accessed September 30, 2013.



# 03

## IMPROVING GLOBAL HEALTH

Providing Access to Medicines

The Lilly NCD Partnership

The Lilly MDR-TB Partnership

Patient Profiles

Patient Programs

Hunger Relief





Governments and global health organizations worldwide are looking for new, sustainable solutions that can expand access to health care in low-income countries<sup>12</sup>, and the pharmaceutical industry has an important role to play. There is a need for greater action—and we believe we can be a key part of the solution.

## PROVIDING ACCESS TO MEDICINES

Around the world, there is a need for better access to medicines and quality healthcare systems to deliver medicines to the people we serve. In addition, there is growing recognition of the importance of underlying environmental factors that contribute to poor health worldwide, including malnutrition, a lack of clean drinking water, and a lack of adequate sanitation. A wave of public-private partnerships has been launched since the United Nations established the Millennium Development Goals (MDGs) in 2000, creating specific targets for improving social and economic conditions in the world's poorest countries by 2015. At Lilly, we have several initiatives that directly address many of the MDG targets, including combating tuberculosis (TB) and eradicating extreme poverty and hunger.

A new approach to complex global challenges is gaining significant traction: a concept known as “shared value.” Shared value encourages the creation of sustainable, profitable business solutions at the intersection of societal needs, business expertise,

and business opportunity. Lilly and other global pharmaceutical companies have embraced the shared value approach as we look to expand access to medicines and health care. Lilly will continue to engage in philanthropic support of a variety of important issues. At the same time, we will focus on ways to harness the full range of Lilly's resources and expertise—human, scientific, and commercial—to help contribute long-lasting solutions to pressing global health challenges.

The Lilly Global Health Innovation Campaign aims to improve the health of people living in impoverished communities that frequently lack adequate health systems. The campaign is an umbrella that encompasses two of Lilly's current signature programs: the Lilly NCD Partnership, a multipronged effort focused on non-communicable diseases, and our long-standing program treating multidrug-resistant tuberculosis, the Lilly MDR-TB Partnership.



## GUIDING PRINCIPLES

**The complexity of global health challenges requires collaboration among private companies, governments, non-governmental organizations, donors, academia, and providers. That's why Lilly, along with 12 other major healthcare companies, signed on to the Guiding Principles on Access to Healthcare during the United Nations General Assembly in September 2013. These industry-led principles provide a common framework to help shape the cross-sector partnerships that will expand access to quality healthcare.**

<sup>12</sup> The World Bank classifies an economy as low income, middle income, or high income based on the country's gross national income per capita.  
[data.worldbank.org/about/country-classifications](http://data.worldbank.org/about/country-classifications)

## THE LILLY NCD PARTNERSHIP

The burden of non-communicable diseases (NCDs)—such as diabetes, heart disease, and cancer—is a complex public health threat. In low- and middle-income countries, this impact is exacerbated by the fact that healthcare systems have generally been oriented toward infectious diseases—even as the prevalence of NCDs is rising rapidly. Yet many patients are diagnosed late, or not at all, or are not treated according to standard protocols.

In September 2011, Lilly launched the Lilly NCD Partnership, with a commitment of \$30 million over five years to work with world-class health organizations in Brazil, India, Mexico, and South Africa—countries that suffer a large burden of NCDs. Focused on diabetes, the Partnership aims to develop effective, efficient, and sustainable programs that can meaningfully improve health outcomes for those in need. The lessons from these programs will have positive impacts on the immediate populations where the programs are in operation and will inform areas of substantial improvement at the country and global level.

## THE LILLY MDR-TB PARTNERSHIP

TB, often thought of as a disease of the past, continues to plague the world’s most vulnerable populations. A preventable and curable disease, it is also one of the most contagious, and, when untreated, under-treated, or undiagnosed, spreads rapidly. Especially deadly to those with weakened immune systems, TB claims the lives of approximately 1.3 million people each year, according to the World Health Organization (WHO). And 98 percent of those deaths occur in the developing world, according to the U.S. Agency for International Development.

Curing TB requires a regimen of several medicines that must be taken daily for six to nine months. But many patients fail to complete the treatment, take poor-quality medicines, or receive medication that is incorrectly prescribed, which can lead to multidrug-resistant tuberculosis (MDR-TB). MDR-TB is even more virulent than TB, is also highly contagious, and requires an even more complex treatment regimen lasting up to two years.

Since 2003, the Lilly MDR-TB Partnership has worked with leading global organizations to battle MDR-TB. A key component of the Lilly MDR-TB Partnership was to transfer the technology and know-how for manufacturing its two MDR-TB medications, capreomycin and cycloserine, to manufacturers in high-burden countries. After two successful phases of work (2003–2011), amounting to \$140 million in investments from our company, funding of the Partnership was assumed by The Eli Lilly and Company Foundation with a final additional commitment of \$30 million.

The third and final phase extends from 2012 through 2016 and focuses on two areas critical for more effective MDR-TB treatment: training healthcare providers, including nurses, doctors and pharmacists, as well as informal caregivers, such as community volunteers; and improving the supply of and access to safe, effective, and high-quality MDR-TB drugs. Activities will be conducted primarily in four high-burden MDR-TB countries: China, India, Russia, and South Africa.



**\$30M**

Amount committed through the Lilly MDR-TB Partnership between 2012 and 2016

**49**

Number of countries where Lilly does not seek patents

## PATIENT PROFILES



### PRISCILLA

Five-year-old Priscilla, recovering from pulmonary multidrug-resistant tuberculosis (MDR-TB), lives with 11 relatives in extreme poverty in Lima, Peru. She was infected by her aunt, who also suffered from the disease. It is suspected that the bacteria was dormant in Priscilla for nearly three years before becoming active. Today, Priscilla is recovering successfully and is undergoing an 18-month medication treatment process under the support of the state of Peru and Partners in Health. Due to the medication, Priscilla suffers from hyperactivity, which leaves her restless and often nauseated. Priscilla's diagnosis and treatment were made possible through the partnership between Partners in Health and Lilly.



### NOSICELO

Nosicelo and her family live in the Eastern Cape of South Africa, where the rural, rugged landscape makes delivering health care immensely challenging, but not impossible. Her family is participating in Lilly's diabetes partnership, which leverages our deep expertise and capabilities along with those of leading local organizations to find new solutions for patients like Nosicelo. The Lilly NCD Partnership exemplifies how we are increasingly linking our corporate responsibility efforts to our business expertise and capabilities. By doing so, we are focusing our efforts and having greater impact around the world.



### LILIAN

Lilian, 58, is a patient at a Johannesburg, South Africa, community center clinic run by Hope Project, in partnership with Lilly. Here she is seen with her 2-year-old granddaughter, Lethabo. Lilian's health has improved significantly since she began taking medication for high blood pressure after a check-up at the clinic. She now has the energy to take care of daily tasks such as washing, cleaning, and cooking. Home visits from health care workers give her a chance to discuss symptoms and progress. She still goes to the clinic to obtain her medicine and she plans to join a support group for wellness motivation.

## PATIENT PROGRAMS

At Lilly, we are committed to shaping a healthcare environment with better patient outcomes. This means going beyond medicine to do our part to create a more accessible healthcare system with better treatment options and better care. We also believe we can play a role in educating family members, thought leaders, stakeholders, and decision makers who impact patient outcomes, both directly and indirectly.

Our responsibilities to patients include working within our sphere of influence and cooperatively across sectors to promote access to medicines, including sponsoring patient-assistance programs. Through the diverse patient-assistance programs supported by Lilly, a wide portfolio of valuable medications is available to eligible patients. In the United States, **Lilly TruAssist** provides access to products for eligible patients through several patient-assistance programs. The majority of our product donations are made through TruAssist, which serves as the umbrella program for Lilly's many patient-assistance efforts.

We are also going beyond medicine to help patients improve their health and manage their diseases. Our patient programs typically focus on our core areas of expertise, including Alzheimer's disease, cancer, diabetes, and mental illness, and are aligned with our business objectives. Our programs help us to gain valuable patient insights while offering patients the best treatments possible. Lilly is a patient-focused business, and these programs help us stay true to our purpose. Moreover, we believe they are the right thing to do.



We support many programs, including the following examples.

## Diabetes Programs

### Diabetes Conversations

Lilly Diabetes sponsors the Diabetes Conversations program, featuring Conversation Map™ education tools. This innovative education method uses a unique, visual approach to facilitate interactive group participation and empower people with diabetes to become actively involved in managing the disease.

### Type 1 Diabetes (T1D): Collaboration with Disney

This collaboration between Lilly and Disney offers healthcare providers and families a variety of fun and educational printed resources. Lilly and Disney also offer online content that provides advice and practical everyday tips for families affected by T1D at [www.Spoonful.com/type1](http://www.Spoonful.com/type1).

### Lilly Camp Care Package

For more than a decade, Lilly has been one of the largest providers of insulin and glucagon, educational materials, volunteers, scholarships, and special guests to diabetes camps through the comprehensive Lilly Camp Care Package.

## Mental Health Programs

### Lilly Reintegration Scholarship

Over the past 15 years, Lilly Reintegration Scholarships have assisted students living with mental illness by directing more than \$4 million to cover their tuition, lab fees, and books at nearly 350 schools across the United States.

## Alzheimer's Programs

### "Worried About Your Memory?" Campaign

To help people who have concerns about dementia, Lilly has partnered with the Alzheimer's Society on the "Worried About Your Memory?" campaign. The campaign encourages people concerned about their memories to visit their doctors and seek diagnoses.

## Oncology Programs

### Oncology On Canvas<sup>SM</sup>

The Lilly Oncology On Canvas: Expressions of a Cancer Journey Art Competition and Exhibition honors the journeys people face when confronted with a cancer diagnosis.

### PACE

In 2012, Lilly Oncology launched PACE (Patient Access to Cancer care Excellence), an initiative that aims to encourage public policies and healthcare decisions that speed the development of new medicines, assure cancer treatments respond to the needs and qualities of individual patients, and improve patient access to the most effective cancer medicines.

## HUNGER RELIEF

Our Elanco animal health division is focused on breaking the cycle of hunger in 100 communities by 2017. Through our innovations, volunteer efforts, customer engagement, and financial support, we've already begun "breaking the cycle" in more than 20 communities. Through a strategic relationship with Heifer International we are also committed to end hunger for 100,000 families—or 600,000 individuals—globally by 2025. To date, more than 10,000 families have been helped. In Indiana, Elanco is a primary sponsor of the Indy Hunger Network (IHN), a coalition of hunger relief organizations in Indianapolis. IHN has a goal of delivering 27 million meals by the end of 2015.

Our commitments complement the work of our products to help farmers deliver a safe, affordable, and sufficient food supply. We believe enhancing efficiency and improving technology in food production is critical to solving world hunger. As the global population continues rising and demand for protein increases, we must be able to produce more with less.

Globally, Elanco develops the technology needed to feed a growing population. Locally, we provide solutions to achieve food security through community partnerships and initiatives to create awareness and increase engagement. Personally, our employees donate their time and talents to break the cycle of hunger in their communities. Elanco provides all our employees with a half-day of paid time off per quarter to volunteer with a local hunger project.

# 04

## STRENGTHENING COMMUNITIES

Lilly Around the World

Volunteering

Education



Our history of community involvement is nearly as old as the company itself, with a global reach that extends far beyond the medicines we make. Many of our donations—including those provided through The Eli Lilly and Company Foundation—focus on improving access to medicines and quality health care.

## OUR COMMUNITY APPROACH

We are increasingly linking our corporate responsibility efforts and charitable investments to our therapeutic and business expertise. These investments are critical for the people they benefit—and for our company—at a time when society is demanding greater involvement from businesses such as our own. We aim to demonstrate leadership by using our resources and our deep expertise to make a meaningful, measurable, and sustainable difference.

All of our giving—both as a company and through The Eli Lilly and Company Foundation— focuses on advancing two goals. First, we are improving health outcomes for those in need. For company funded activities, we are increasingly seeking to do this through a “shared value” lens; in other words, we are applying our unique assets and expertise to help address pressing societal challenges, thereby creating value for society and our company. Second, we are strengthening the communities in which we live and work.

In 2012, we gave more than \$700 million in products and cash, a sizeable jump up from \$597 million the prior year.

At the local level, we focus our community investments on programs that improve patient outcomes, especially in Lilly’s therapeutic areas of expertise, including diabetes, cancer, and mental health. In addition, we look for ways to enhance the quality of life in communities in which Lilly has a presence. For example, in 2012, we made our largest United Way donation of more than \$12 million, which will primarily benefit local residents in our headquarters state of Indiana. In addition, Lilly, through the Lilly Foundation, contributes to organizations strengthening public education in Indiana.

Our animal health division, Elanco, focuses on hunger relief and is developing the technology needed to feed a growing world population. Elanco has committed to sustainably end hunger for 100,000 families globally through a partnership with the nonprofit Heifer International®.

# \$700M

Total Lilly charitable contributions in products and cash

# \$26.4M

Total dollar amount given by The Eli Lilly and Company Foundation



## LILLY AROUND THE WORLD

The programs captured in the map represent some of our biggest philanthropic initiatives. Several of the programs are highlighted in greater detail elsewhere in this report and in Lilly's full Corporate Responsibility Report.



**\$2.5 MILLION**

Mind Trust Grant

**100,000 FAMILIES**

for whom Elanco has committed to end hunger



**24K HOURS**

donated by Lilly employees through Connecting Hearts Abroad program

**800,000**

vials of insulin committed for the Life for a Child program



**\$30 MILLION**

philanthropic commitment by the Lilly Foundation to extend the Lilly MDR-TB Partnership by five years



**\$30 MILLION**

to fight non-communicable diseases (NCDs) through the Lilly NCD Partnership over five years

**\$890,000**

employee donations since 2011 to support hundreds of global projects



**\$60 MILLION**

donated through the AMPATH Program since 2002



**\$700M**

**IN CHARITABLE CONTRIBUTIONS WORLDWIDE**

In 2012, we gave more than \$700 million in charitable contributions (including cash, products, and other in-kind donations) to organizations around the world, driven by an 18 percent increase in the number of people served through our U.S. patient-assistance program.

**\$750,000**

**IN CASH AND PRODUCT DONATIONS FOR DISASTER RELIEF**

We gave approximately \$750,000 in cash and product donations in 2012 following natural disasters.

**20,000+**

**EMPLOYEE VOLUNTEERS FOR GLOBAL DAY OF SERVICE**

Our annual Global Day of Service is among the largest single-day volunteer initiatives of any U.S. company. In 2012, more than 20,000 employees in 40 countries volunteered in their local communities.



### THE LILLY NCD PARTNERSHIP

The Lilly NCD Partnership, launched in 2011, provides \$30 million over five years (2012-2016) to fight the rising burden of non-communicable diseases (NCDs) in developing nations, with a focus on diabetes.



### CONNECTING HEARTS ABROAD

Our Connecting Hearts Abroad program sends at least 100 "Lilly Ambassadors" each year on two-week assignments to provide assistance in developing communities. More than 600 employees from nearly 50 countries have volunteered through this life-changing program.



### ELANCO'S HUNGER COMMITMENT

Our Elanco animal health division has committed to end hunger for 100,000 families—or 600,000 individuals—globally by 2025 through a partnership with Heifer International®. To date, more than 10,000 families have been helped.



### LIFE FOR A CHILD

We have committed to donating more than 800,000 vials of insulin to the International Diabetes Federation's "Life for a Child" program between 2008 and 2015. As of the end of 2012, Lilly had donated nearly 345,000 vials to help children who have no access to diabetes treatment.



### AMPATH

Lilly's more than 10-year partnership with Indiana University and the Moi Teaching and Referral Hospital provides donations and medicines to treat diabetes, mental illness, and cancer. Through the AMPATH (Academic Model Providing Access to Healthcare) Program, Indiana University and Moi staff collaborate to improve patient outcomes. Lilly has donated about \$60 million in medicines since 2002.



### GLOBAL GIVING

Since the launch of Lilly Global Giving in 2011, employees have helped raise nearly \$890,000 to support hundreds of global projects. Some of the most popular programs supported aim to help children in Guatemala and Haiti, address food insecurity and illness in Zambia, and provide disaster relief in Thailand, Turkey, and East Africa.



### THE LILLY MDR-TB PARTNERSHIP

This public/private initiative works to tackle multidrug-resistant tuberculosis (MDR-TB) in high-burden countries. In 2011, Phase III launched with a \$30 million philanthropic commitment over five years (2012-2016) from The Eli Lilly and Company Foundation. This initiative works to improve healthcare provider training and access to high-quality second-line medicines.

### MIND TRUST GRANT

*Indianapolis*

Our largest-ever education-focused grant (\$2.5 million over three years through 2012) to The Mind Trust is helping improve public education for underserved children in Indianapolis through programs such as Teach For America and by providing support for a novel charter school network.

### UNITED WAY

*Indiana*

In 2012, Lilly donated a record breaking \$12.69 million to the United Way.

### STEM EDUCATION

*Indiana*

Lilly is financially and strategically supporting the implementation of the Indiana Science Initiative in our home state, supporting 2,000 teachers serving 53,000 students. This investment is part of our commitment to encourage students to study and perform well in the subjects of Science, Technology, Engineering, and Mathematics (STEM).

### INDY HUNGER NETWORK

*Indianapolis*

Elanco is a primary sponsor of the Indy Hunger Network (IHN), a coalition of hunger relief organizations in Indianapolis. IHN has a goal of delivering 27 million meals by the end of 2015.

### GOLDEN HARVEST

*Augusta, Georgia*

Elanco employees grew and harvested more than 20,000 pounds of watermelon and 6,000 pounds of pumpkins on land owned and managed by Elanco Augusta to benefit Golden Harvest, a local food bank.



“One of our goals with Connecting Hearts Abroad is to give our employees an opportunity to view the world through a different lens and bring their talents, energy, passion, and compassion to serve people around the world. As we think about the kind of company we want to be over the next several decades, Connecting Hearts Abroad gives our employees—and Lilly—a clearer view of the world, which can only make us a better company.”

**Bart Peterson**

**Lilly Senior Vice President of Corporate Affairs and Communications**

## VOLUNTEERING

Each year, in addition to donating substantial amounts of products and cash, our employees volunteer their time and skills around the world. In 2011, we began a new approach to employee volunteerism, building on our long tradition of innovation and caring. Lilly introduced Connecting Hearts Abroad, a program that sends at least 100 employees per year on two-week assignments to provide assistance in communities in need.

Through Connecting Hearts Abroad, Lilly has sent more than 600 employees from its operations worldwide on service assignments in communities throughout Asia, Africa, Eastern Europe, and Latin America—communities that often lack access to basic resources such as clean water, medical care, or quality education. Since the program began, Lilly employees have devoted nearly 24,000 hours of service to helping children, families, the elderly, and communities in need.

Upon returning from their service assignments, Lilly ambassadors share their experiences and insights with colleagues through town hall style and team meetings, blogs, and videos. The goal is to help employees gain a deeper global perspective and spark new ideas and ways of thinking about patients, ultimately making Lilly a better company.

### Global Day of Service

Our annual Global Day of Service is among the largest single-day volunteer initiatives of any U.S. company. In 2012, more than 20,000 employees in 40 countries volunteered in their local communities.

In Indianapolis, Indiana, we focused our work along six waterways as part of a larger citywide collaborative known as Reconnecting to Our Waterways. Nearly

8,000 Lilly employees and other volunteers picked up litter, removed invasive plants, marked storm drains, and painted or installed public art projects.

Since the annual service day's inception in 2008, Lilly has contributed approximately 475,000 volunteer hours at an estimated value of nearly \$10 million.

## EDUCATION

In our headquarters state of Indiana, we have made significant commitments to education. Our two largest investments are for The Mind Trust and the Indiana Science Initiative.

Our \$2.5 million investment in The Mind Trust provides all students in Indianapolis with a choice for high quality education through financial support, manpower, and strategic direction. Through the Indiana Science Initiative, Lilly has committed to ensuring that science education is integrated into all classrooms, from kindergarten through eighth grade. (See the **Lilly Around the World** section for more details about these programs.)

Lilly employees are also working to improve education in their communities. Employees are given the opportunity to volunteer on company time as science coaches in Indianapolis schools. Through the United Way's Read UP program, employees volunteer as reading tutors in Indianapolis classrooms.

Improving education in our home state not only strengthens our communities; it also helps us to develop a pipeline of talent for our own company.



# 05

## OPERATING RESPONSIBLY

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Ethics and Transparency

Supply Chain

Counterfeit Medicines

Animal Care and Use

Workplace

Environmental Stewardship





The people of Lilly approach our company's business with a deep sense of responsibility to those we serve. Our actions are grounded in our core values of integrity, excellence, and respect for people. These values apply across our business, from our work within our supply chain to the way we treat our own employees to our commitments to responsible environmental management.

## ETHICS AND TRANSPARENCY

At Lilly, how we do business is as important as what we do. We strive to be a leader in corporate responsibility. We demonstrate our values through responsible business practices that reflect our commitments to strong governance principles; transparency; patient, customer, and employee privacy; ethical product promotion; and stakeholder engagement. Our participation in the public policy process also demonstrates our values and affects how we do business.

Our commitment to ethics and compliance is born of our commitment to integrity. Our Code of Business Conduct (which we call *The Red Book*), establishes the foundation for our ethics and compliance programs, the elements of which reinforce ethical behavior.

As a global leader in the development, manufacturing, and sale of pharmaceutical products, we have implemented—and we continue to refine and improve—programs designed to promote ethical conduct and instill a culture of integrity. We train all of our employees in ethical business practices and have systems in place to detect potential violations of the law and company policies.

We have invested significant resources in our ethics and compliance programs, among them programs that focus on privacy, anti-corruption, and appropriate product promotion. The elements of each program include policies, training, and communications designed to prevent potential issues from arising, as well as reporting, auditing, and monitoring to detect potential compliance gaps. We also have a robust investigation process and corrective and preventive action plans to address issues that are identified.

Lilly is also a leader in transparency regarding business practices that involve financial payments to physicians, which helps to build trust with the public and other stakeholders.

### The Lilly Code

The Lilly Code, established in 1899 and illustrated in this 1932 version of the Code, served as the company's first mission statement and code of conduct. The Code established three areas of focus that endure to this day.



# 100%

Percentage of Lilly employees trained in ethical business practices

# 1899

Year the Lilly Code was established

## SUPPLY CHAIN

Ensuring our products are in stock and available globally wherever patients need them is one of our top priorities. As worldwide attention has increasingly focused on the need to monitor global supply chains to ensure reliability and safety, we at Lilly have continued to invest in this area. Through better integration of Lilly-owned facilities and external suppliers, we have been able to provide a consistent flow of materials so we can manufacture our medicines in a more efficient and effective manner. We view our supply chain as an extension of our operations, and we strive to instill our company's operating principles within our supplier network. These include our support of the United Nations Global Compact principles, adherence to labor laws, development of a diverse supply base, and the promotion of sustainability efforts to minimize our environmental impact.

We maintain relationships with thousands of suppliers of materials and services. We categorize these suppliers into three tiers to help identify their potential impact to our business from a supply risk<sup>13</sup> perspective.

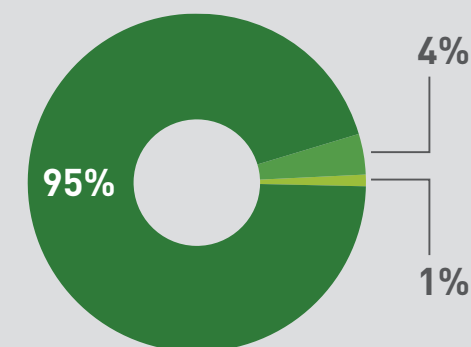
Our ability to manufacture quality medicines for the people we serve depends on the quality and availability of the materials used in the manufacturing process.

In 2012, most of our bulk manufacturing occurred in Lilly-owned sites, including three locations in the United States, as well as facilities in Ireland, Puerto Rico, and the United Kingdom. Finishing operations, including labeling and packaging, take place at multiple Lilly and third-party sites throughout the world. Distribution and warehousing activities are located at or near each site.

We conduct annual business continuity and supply risk assessments at each of our sites. We also track and map suppliers by location, enabling a faster evaluation of our supply risk by geographic area. For those suppliers deemed to have a higher risk, additional evaluations are conducted. We have a number of ongoing initiatives to enhance the security of our supply chains and our extended distribution network.

Lilly follows the Pharmaceutical Industry Principles for Responsible Supply Chain Management, as set forth by the Pharmaceutical Supply Chain Initiative (PSCI), an industry group in which Lilly is an active participant. The PSCI principles, which Lilly adopted in 2009, were designed to align with those of the United Nations Global Compact; they represent high-level expectations set for industry suppliers in the areas of ethics, labor, health and safety, the environment, and related management systems.

## LILLY SUPPLIERS IN 2012 BY TYPE



- TIER A:** Suppliers provide goods and services across a range of areas needed for general business functioning. These include general office supplies, travel services, IT equipment, catering, and other routine services.
- TIER B:** Suppliers provide raw materials and other common commodities used for packaging and manufacturing operations. These include packaging materials, waste disposal services, and energy.
- TIER C:** Suppliers provide active pharmaceutical ingredients, including specialty chemicals. Suppliers in this tier include active ingredient suppliers, contract manufacturers, and research and development labs.

# 86,000

Number of Lilly suppliers in 2012

<sup>13</sup> Supply risk is the risk associated with Lilly's dependence on a third party for either services or materials that are critical to the operation of our business. Supply risk can come from many factors, including but not limited to supplier financial stability, the ability to produce or provide services in a quality manner, or the impact of a natural disaster on the supplier's site. This risk is monitored on an annual basis, and mitigation plans are implemented and monitored to minimize it.



In March 2013, INTERPOL and 29 of the world's leading pharmaceutical companies joined forces to launch a landmark agreement to combat counterfeit medicines. The three-year initiative is funded by an investment of nearly \$5.9 million combined from the companies involved and is designed to forge strong partnerships between law enforcement and industry to enhance the global response to pharmaceutical crime.

## COUNTERFEIT MEDICINES

Counterfeit medicines, produced and distributed by global criminal networks, are an increasing threat to patient safety. The Pharmaceutical Security Institute documented 2,018 incidents of pharmaceutical crime during 2012, a 1.6 percent increase over 2011, with incidents reported in 123 countries. According to data from the World Economic Forum, counterfeit drug sales generated an estimated \$200 billion in illicit profits in 2011 alone. Every year, healthcare providers, health authorities, and law enforcement agencies must spend an increasing amount of resources to combat this growing threat. Lilly faces this same challenge. We employ a variety of anti-counterfeiting strategies for our medicines and are actively engaged in efforts to combat counterfeiting to protect patients and the Lilly brand.

Counterfeiting is an issue that has historically affected many developing countries, but the Internet has exacerbated the problem by serving as a platform to increase the availability of these dangerous products globally. In the European Union, approximately a quarter of all counterfeit goods detained in postal traffic in 2012 were medicines.

Today, counterfeit medicines are exported across borders using conventional and unconventional trade routes and shipping methods that change frequently in response to regulatory and law enforcement actions. Products are often made in one country, trafficked through other countries, and ultimately sold to consumers in yet another country.

Ensuring that patients can continue to benefit from safe medicines requires innovative approaches to expose and outwit counterfeiters—and a broad, coordinated effort among many stakeholders to give patients confidence in the safety and efficacy of the medicines

they take. Lilly has made a sustained, long-term commitment to address this problem. Our anti-counterfeiting strategy is composed of three key objectives:

- Securing the integrity of Lilly medicines through the legitimate supply channels;
- Deterring major counterfeiters of Lilly medicines through targeted investigations, Internet monitoring, and legal actions;
- Partnering with governments, non-governmental organizations, and trade associations to raise awareness and to strengthen, enact, and enforce anti-counterfeiting laws.

Serialization, the unique identification of individual packs of medications, is a particularly promising technology to help determine if a given medicine is a fake or the real thing. As each batch of finished product is packaged, a globally unique two-dimensional code is assigned and physically marked on the product's packaging.

Implemented correctly, serialization will help secure the legitimate supply chain, while simultaneously offering other benefits to patients and the healthcare providers who serve them. Lilly is making a considerable investment in its packaging operations, distribution centers, and information technology infrastructure to support this initiative, which will include new technology on more than 30 packaging assembly lines around the world. The incremental cost of meeting these standards is significant: a roughly \$100 million investment. Additionally, Lilly is working closely with other organizations to advocate for common serialization standards in the United States and globally. These efforts will help doctors, pharmacists, and patients around the world trust the legitimacy of the medicines they prescribe, dispense, and receive, respectively.

## ANIMAL CARE AND USE

Animal studies remain a vital component of the discovery and development of innovative medicines for both humans and animals. Regulations that govern the approval of our products for human and animal use dictate that we use animals for testing when alternatives do not meet regulatory standards. At Lilly, we believe we have a moral, ethical, and scientific responsibility to ensure the welfare of animals used for any purpose by our company. Our policy and standards regarding the use of animals are based upon the U.S. Government Principles for the Utilization and Care of Vertebrate Animals Used in Testing, Research and Training.

All Lilly-owned animal testing facilities are accredited by the Association for the Assessment and Accreditation of Laboratory Animal Care (AAALAC), which provides independent review and confirmation of appropriate animal care and use. Lilly also uses the services of third-party facilities located at various sites around the world. These third parties include contract research organizations or third-party operations that conduct research on behalf of Lilly, supply animals to Lilly, or supply feedstuffs to animals at Lilly. More than 95 percent of the animals used in pharmaceutical research for Lilly—including at third-party facilities—are rats and mice.

To monitor practices on animal research and welfare, Lilly maintains a global oversight program of all animal testing facilities with which we do business, including visits by trained specialists to conduct welfare evaluations. Lilly requires all employees and

all third parties involved in our research to adhere to all applicable country and local laws, regulations, and standards regarding the care and use of animals. Moreover, we require Lilly researchers and contractors to adhere to the Lilly Animal Care and Use Principles, even if these principles are more stringent than applicable local laws. Lilly also encourages animal research and animal supply companies globally to obtain and maintain accreditation from the AAALAC.

When other acceptable alternatives do not exist, Lilly researchers conduct in vivo studies on animals to assess the potential efficacy and safety of compounds for human use. When conducting such live animal assessments, all personnel must comply with our global policy on animal care and use. They must adhere to several principles, including the following:

- Studies must be designed and conducted with due consideration for the relevance of the study to human or animal health, and to the advancement of scientific knowledge.
- Animals must be provided with living conditions that are appropriate for the species and that will contribute to their health and well-being.
- Personnel who care for animals or who design or conduct animal studies must be appropriately qualified and trained.
- Animals must be treated humanely to eliminate or minimize pain and distress.

Lilly has adopted “3 Rs” when it comes to principles of animal care and use: Replacement of animals in studies whenever scientifically valid and acceptable alternatives exist; reduction of the number of animals used; and refinement of procedures to minimize distress to the animals. The 3Rs will be applied prior to the start of any study involving animal testing.



## WORKPLACE

At Lilly, we invest in our people, providing competitive salaries, robust training and development programs, and benefits to support their overall well-being. Our culture fosters collaboration and engagement, builds teamwork, and inspires creativity. Our talented and engaged employees are part of an enterprise that strives to make a positive difference in the lives of patients worldwide.

We're proud to be recognized year over year as one of the best places to work. That's a legacy instilled more than 137 years ago by our founder, Colonel Eli Lilly. His values of integrity, excellence, and respect for people remain the hallmarks of our company and drive us in fulfilling our mission: making medicines that help people live longer, healthier, more active lives.

Creating an environment where our employees are able to bring their whole selves to work is important for an innovation company like ours. When employees feel they belong, they're free to focus on what truly matters: our patients. Inspired levels of employee engagement and productivity are achieved through investments that promote individual well-being and contribute to overall organizational health. This includes offering competitive compensation and benefits, employee learning and development, supporting our employees in work and life, and providing a flexible workplace.

### Workplace Awards

Recent recognition includes the following awards:

- Top 50 Companies for Diversity: For the third year in a row, Lilly has been named to *DiversityInc's* "Top 50 Companies for Diversity" list (2013), which recognizes diversity best practices.
- Top 100 Best Places to Work: *Working Mother* magazine (1995–2013).
- Best Places to Work, Corporate Equality Index: Lilly achieved a perfect score of 100 each year on the Human Rights Campaign (2006–2012).
- Top Company for Working Families: Lilly was cited as a model of workplace flexibility for employees by *DiversityInc* (2012).

### Diversity and Inclusion

Lilly has been recognized among the top companies in the United States for our commitment to diversity and inclusion. Ensuring that diversity is sought, valued, and respected is critical to our company's success. Our focus is finding innovative medical solutions for patients, and we can only do that with a workforce that brings a wide variety of perspectives.

We are working to further embed diversity within the culture at Lilly by weaving it into every aspect of our business—from how we hire our employees to our clinical trial and marketing practices.

Our commitment to diversity empowers us to generate unique insights and ideas, create solutions, and deliver innovation to improve outcomes for individual patients. We invest in and nurture relationships with diverse groups of customers, partners, advocates, suppliers, and community organizations to help us better serve our patients. Lilly must have a diverse group of employees who understand the varying needs of the diverse people we serve.

Fostering a nondiscriminatory work environment and a culture of inclusion are key priorities for us. For Lilly employees, embracing diversity means understanding, respecting, and valuing differences, including but not limited to race, religion, gender, sexual orientation, work style, national origin, and age.

Our diversity commitment extends through the full spectrum of our business, including our clinical trial strategy and our supply chain. Promoting diversity externally is vital as we strive to improve the health care our patients receive. The inclusion of diversity is also essential in our health education initiatives globally. Lilly is committed to cultural competency and ensuring multicultural groups have access to healthcare information to decrease healthcare disparities through ongoing community and national outreach. In recent years, we have also increased our leaders' accountability for developing diverse talent globally.

## Fighting for Equality

We are proactive in working in the legal system to ensure that the communities in which we operate are open and welcoming. We are coming from the perspective of a large Indiana employer with a global and diverse workforce.

Many of Lilly's employees are scientists, medical doctors, pharmacists, and engineers who are critical to the research and development of new medicines. We recruit worldwide for these highly skilled people in an intensely competitive environment for excellent employees. Our ability to thrive in our home state of Indiana is dependent on an environment that is welcoming.

That is why we continue to raise our voice in opposition to a proposed Indiana constitutional amendment, House Joint Resolution 3 (HJR 3), which seeks to ban same-sex marriages and civil unions. Lilly views this proposed amendment as harmful and overreaching. In addition to restricting marriage and civil unions, it could pose challenges to the extension of domestic partner benefits. Lilly has advocated that HJR 3 be stopped. We believe this amendment detracts from our ability to attract and retain talent, and it is detrimental to Indiana's efforts to be a life sciences leader, which requires a critical mass of world-class talent in the private sector and at our academic institutions. It will also place further burdens on our lesbian, gay, bisexual, and transgender colleagues and will make them feel less welcome in our home state.

Lilly is prepared to continue our strong advocacy against having this unfair language incorporated into Indiana's highest legal document.

Lilly has joined a new grassroots organization called Freedom Indiana, which is dedicated to raising awareness and advocating that Indiana will be better off if the legislature sets aside HJR 3 so we can focus on more pressing issues. Lilly donated \$100,000 to the efforts.

Our involvement in this campaign is an important investment in our future. As we search for answers to complex diseases, such as Alzheimer's, diabetes, and cancer, we need the world's best, most innovative minds.

## Employee Health, Safety, and Wellness

As one of the world's top-10 providers of medicines, we strive to make people's lives better—including those of our own employees. Indeed, the health and safety of our workforce is one of our greatest concerns. We want our employees to be healthy and productive for the work they do at Lilly and in their lives outside of the workplace.

We believe that no employees should be hurt while doing their jobs at Lilly—ever. We also believe that successful injury prevention requires all employees to be vigilant about keeping themselves and others safe. Our health and safety programs are tailored to each of our business areas, including sales and marketing, manufacturing, research and development, and administrative global services.

In 2008, we set new goals to significantly reduce employee-injury rates. We have been reporting our progress against these targets to senior management and the public. Lilly measures health and safety performance globally using rates of total recordable injuries and lost-time injuries<sup>14</sup>. Our goals aimed to reduce both rates by 50 percent by the end of 2013, compared with 2007 rates<sup>15</sup>. Our third safety goal was to reduce collisions per million miles (CPMM), the rate of motor vehicle accidents, by 50 percent by the end of 2013, also compared with 2007. As part of our injury prevention strategy, we focused on situations that posed the greatest risks for our employees worldwide: slips, trips, and falls; motor vehicle collisions; and ergonomic risks.

The goals, which were aggressive and aspirational, have resulted in a change in workplace climate and a reduction in the severity of injuries across our global operations.

However, while we have made solid progress over the years, we did not meet our 2013 reduction goals. In 2014, we will be evaluating how to reset our goals and considering new target dates.

<sup>14</sup> The total recordable injury rate is defined by the number of work-related injuries and illnesses that require medical treatment beyond immediate first aid per 100 employees working full time for a year. The lost-time injury rate, which reflects the severity of serious injuries, equals the number of serious injuries that result in an employee missing at least one day of work per 100 employees working full time for a year.

<sup>15</sup> Recent acquisitions, such as ImClone and Elanco Kansas City, are included in the data in this report.

## ENVIRONMENTAL STEWARDSHIP

The medicines we make require the use of valuable resources, such as energy, water, and raw materials. How we operate our business today can have a long-lasting impact on people and the planet, so we take a broad approach to understanding and managing our environmental impacts. We're committed to conducting our business in a patient-centered and an environmentally, socially, and financially responsible manner.

### Our Commitment and Approach

Each stage of the pharmaceutical product life cycle (see below) includes distinct environmental, health, and safety impacts and offers opportunities for improvement. We manage our performance at each point, from research and development all the way to product end of life. This document highlights some of our activities. See the [full report](#) for more detail.

Lilly's [Global Policy on Health, Safety, and the Environment \(HSE\)](#) and several company standards define our commitments and guide our efforts in this area. Our formal HSE governance structure ensures that management of HSE issues is integrated companywide. Lilly's global HSE committee—which includes senior executives from key areas of the business—ensures proper oversight and plays a central role in monitoring corporate performance and ensuring continuous improvement. All company business units have an HSE management system aligned with our Management System Standard, which is consistent with leading third-party standards. To assess performance, we audit a significant portion of our sites globally each year.

### Energy, Waste, Water, and Natural Resource Use Reduction Fund

Making capital investments in technology and physical plant operations can have a substantial, positive environmental impact. To support these projects, we established an Energy, Waste, Water, and Natural Resource Use Reduction Fund. The Fund helps pay

for capital projects at our facilities globally and promotes the development of environmentally superior, efficient technologies, and best-practice sharing across our facilities.

A total of more than \$32 million has been approved for investment in 121 projects since 2006, in addition to the amounts spent by those facilities independently of the global fund. These projects have collectively saved nearly 940 billion BTUs of energy, avoiding more than 100,000 metric tonnes carbon dioxide equivalent (CO<sub>2</sub>e) of emissions.

### Product Stewardship

Lilly's Product Stewardship Standard defines our health, safety, and environmental requirements for assessing Lilly products. Numerous Lilly business units and functional groups contribute to implementing this standard across the entire value chain. We focus on green chemistry, materials use, product manufacturing, sustainable packaging, pharmaceuticals in the environment, and product end of life.

## PRODUCT LIFE CYCLE





## Innovations in Green Chemistry

In the early 1990s, Lilly was one of the first pharmaceutical companies to use green chemistry to transform our manufacturing processes to be inherently safer, more efficient, and more environmentally friendly. We seek improvements by reducing the amount of hazardous material used to make a product, increasing overall materials efficiency, evaluating chemical alternatives, and avoiding use of the riskiest substances. We also strive to advance the underlying chemistry and engineering technologies used to make medicines through innovation, both internally and externally through partnerships.

To support these efforts, we have established guidelines for both the quantity of materials needed for the synthesis of a new product and the restricted use of materials that could significantly increase the environmental and safety risks of a process.

We have developed several processes that improve environmental performance and enhance process safety by reducing the operational scale of the most hazardous manufacturing steps by more than one hundredfold. For example, one of our recent innovations reduces Process Mass Intensity (PMI)<sup>16</sup> for a reaction related to pharmaceutical production by more than 30 percent and decreases the amount of metals and reactive raw materials required by more than 99 percent.

## Environmental Development Review

Lilly uses an Environmental Development Review (EDR) process in our human health pharmaceutical business to evaluate potential environmental issues and opportunities during the scale-up of medicine production to manufacturing levels. An EDR conducted in 2013 identified significant opportunities for the recovery and reuse of solvents for the manufacture of a product in our pipeline. Compared to incineration of these solvents, this reuse would decrease greenhouse gas (GHG) emissions by more than 83 percent (equivalent to 4,300 metric tonnes CO<sub>2</sub>e per year), while recovering solvent worth up to \$5 million annually.

## Packaging

Through our sustainable packaging efforts, we continually review packaging technologies and practices to reduce the amount of packaging used; to utilize lower environmental impact materials, including recycled content; to enhance recyclability; and to reuse or recycle packaging throughout the supply chain. During recent years, we've saved thousands of metric tonnes of packaging and millions of dollars through these efforts.

## Pharmaceuticals in the Environment

Using advances in analytical testing technologies, scientists at locations around the world have measured trace amounts of residues of pharmaceutical products in the environment that were not previously detectable. Reported concentrations are extremely low—as low as one part per trillion (equivalent to about one teaspoon of sugar dissolved in more than 3,300 Olympic-sized swimming pools). An estimated 90 percent of the medicines found in the environment are due to excretion from patients after normal use as prescribed.

As part of our commitment in this area, we continually assess the emissions of active ingredients from all Lilly manufacturing facilities. Lilly is dedicated to understanding the potential effects of our products in the environment as well as in humans, and we support using science-based evaluations to assess and minimize related environmental risks. We collaborate with industry partners, academic researchers, and regulatory agencies to further proactively address any potential impacts from the production, distribution, use, and disposal of our products.

## Performance in Operations

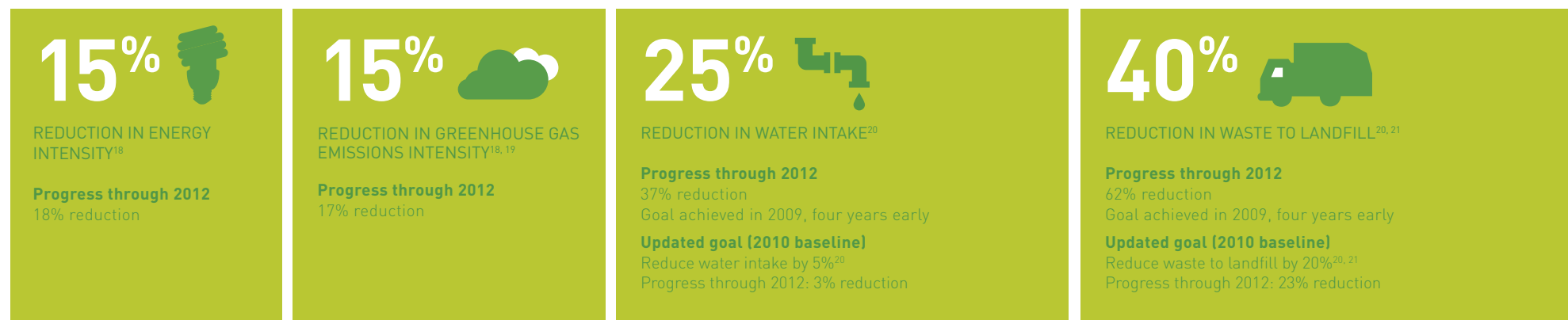
We are committed to continually improving environmental performance across Lilly's operations. This includes our most significant areas of environmental impact—energy use, GHG emissions, water use, and waste. We are also dedicated to maintaining compliance with applicable legal standards, advancing our green procurement, reducing non-GHG air emissions, and supporting biodiversity efforts in communities where we operate.

<sup>16</sup> A ratio of the total mass of raw materials (including water) put into a process for every kilogram of drug produced.

## Lilly's Environmental Goals

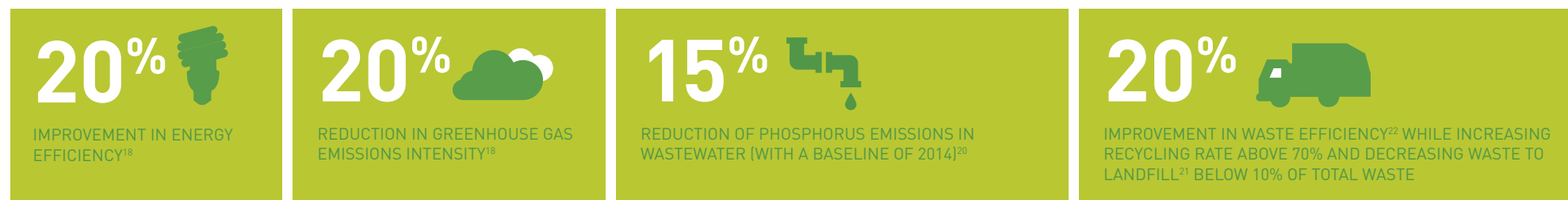
In 2008, Lilly established several HSE performance goals to minimize our impact on the environment and to reduce employee and contractor injuries. We achieved our water intake and waste-to-landfill reduction goals significantly ahead of the target date and reset our goals for these measures, demonstrating our drive for continuous improvement. For information about progress toward our health and safety goals, see [page 28](#).

### 2013 Goals (baseline of 2007 unless otherwise noted)<sup>17</sup>



As described above, we've made significant progress against our 2013 environmental goals. To motivate Lilly to continually decrease our environmental impacts, we've launched a new set of goals for 2020. As in the past, we'll continue to report our progress transparently.

### 2020 Goals (baseline of 2012 unless otherwise noted)<sup>17</sup>



<sup>17</sup> Following World Resources Institute guidance, progress toward environmental goals is reported on an adjusted basis accounting for mergers, acquisitions, and divestitures, as appropriate, to ensure comparability, unless stated otherwise.

<sup>18</sup> Per square foot of facility space.

<sup>19</sup> This goal covers Lilly's Scope 1 and Scope 2 emissions.

<sup>20</sup> In absolute terms.

<sup>21</sup> Lilly's former and current waste-to-landfill goals do not include construction and demolition debris, biosolids from wastewater treatment plants, incinerator ash, coal ash if reused for mine reclamation or road base, and mycelia and urea reused for fertilizer.

<sup>22</sup> Per unit of production or relevant index.

## Scope of Health, Safety, and Environmental Data in this Section

- Data in this section cover Lilly's global operations, including wholly-owned subsidiaries, unless stated otherwise.
- Data may be revised compared to prior reports due to changes in calculation methodology and other factors.
- Following World Resources Institute guidance, energy use, GHG emissions (except Scope 3), and water-use data are reported on an adjusted basis accounting for mergers, acquisitions, and divestitures, as appropriate, to ensure comparability, unless stated otherwise.
- Years are calendar years, unless stated otherwise.
- Bureau Veritas provided independent, third-party verification of GHG emissions data for Scopes 1, 2, and 3. View a [statement](#) about Scopes 1 and 2 and a [statement](#) about Scope 3. In addition, Bureau Veritas verified the percentage decrease from both the baseline year (2007) and from 2011 compared to 2012 for the following metrics: energy intensity, waste to landfill, and water intake. See [Key Performance Indicators](#) on page 5.



## Energy Use and Greenhouse Gas Emissions

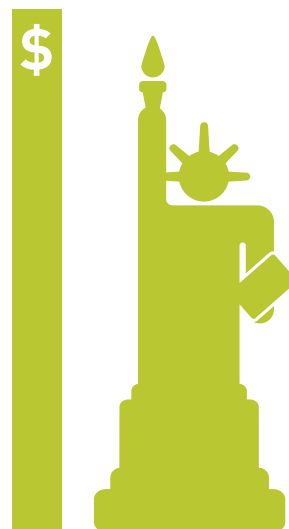
The topic of climate change is compelling governments, companies, and citizens worldwide to act. We've responded by setting and making progress toward aggressive targets for improved energy efficiency and reduced GHG emissions. Energy assessments are central to our approach. Since 2006, we have conducted 30 energy assessments at our most energy-intensive sites.

**\$137** MILLION

ENERGY COSTS LILLY SAVED FROM 2007-2012

equivalent to  
**A STACK OF  
\$100 BILLS  
TALLER  
THAN**

**THE STATUE OF  
LIBERTY**  
(ground to torch)



In 2012, Lilly's energy use totaled 10,900,000 million BTUs, almost 1 percent more than in 2011. Since 2007, our energy intensity per square foot of facility space has improved by nearly 18 percent, exceeding the company's goal of a 15 percent reduction by 2013.<sup>23</sup>

During 2012, the company's Scope 1 and Scope 2 GHG emissions equaled 1,580,000 metric tonnes CO<sub>2</sub>e, less than 1 percent greater than in 2011. Lilly's GHG emissions intensity improved by almost 17 percent compared with 2007, surpassing the company's goal of a 15 percent improvement by 2013.<sup>24</sup> The decrease in Scope 1 and Scope 2 GHG emissions between 2007 and 2012 is equivalent to the annual emissions of about 54,000 passenger vehicles.<sup>25</sup>

Lilly's 2013 CDP climate change disclosure score increased to 86, compared to the average score of 82 in the healthcare sector and our company's score of 65 in 2012. Our performance band also improved, from C to B.

## Water Use

Water remains an important issue for Lilly. Predicted future regional water scarcity, increased costs, and climatic changes have only strengthened our commitment to use water wisely.

Manufacturing operations represent a majority of the water consumed by Lilly. Some sites have updated to waterless cooling systems, and others have installed technology that reclaims water for this purpose. To a lesser extent, we consume water for domestic uses in our offices (such as cafeterias, bathrooms, and landscaping).

<sup>23</sup> Following World Resources Institute guidance, progress toward environmental goals is reported on an adjusted basis accounting for mergers, acquisitions, and divestitures, as appropriate, to ensure comparability, unless stated otherwise.

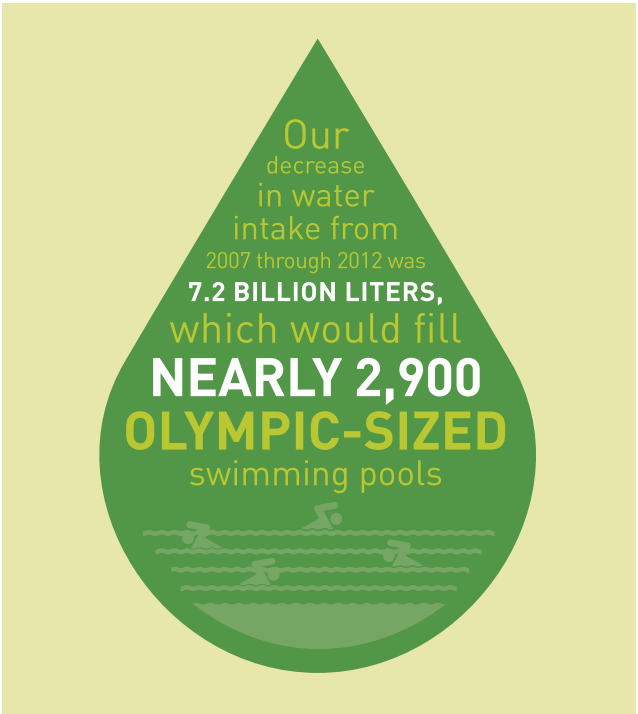
<sup>24</sup> This goal covers Lilly's Scope 1 and Scope 2 emissions per square foot of facility space.

<sup>25</sup> According to [www.epa.gov/cleanenergy/energy-resources/refs.html](http://www.epa.gov/cleanenergy/energy-resources/refs.html).



Our Engineering Technical Center helps our sites to identify water-saving technologies. Additionally, capital is available to sites through Lilly's Energy, Waste, Water, and Natural Resource Use Reduction Fund.

In 2012, Lilly's water intake<sup>26</sup> was 12.4 billion liters, a greater than 9 percent decrease from 2011 and a nearly 37 percent reduction since 2007. Major contributing factors to the 2012 reduction included implementation of a product-recovery process at one of our bulk production sites as well as pumping improvements at another bulk production location.



**Waste**

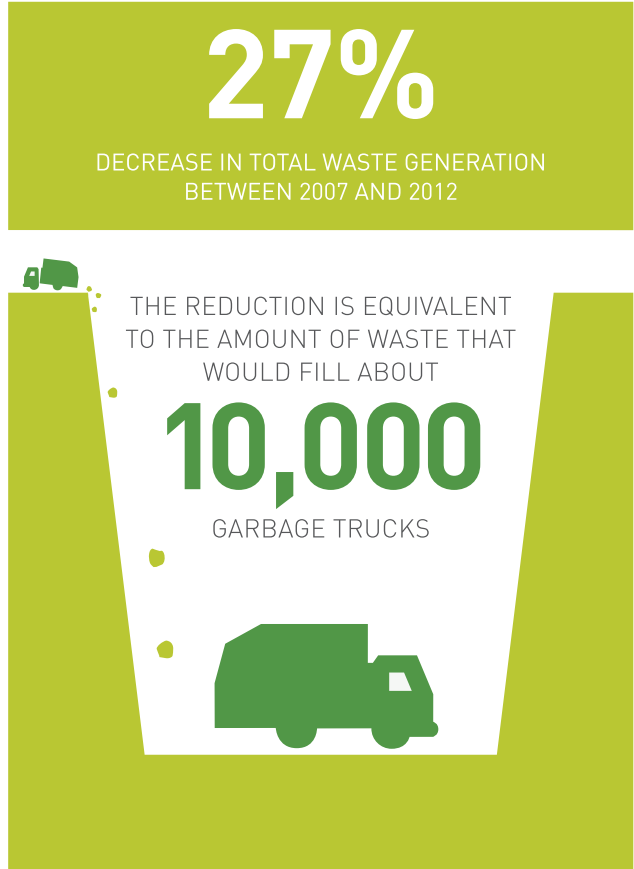
Lilly uses the following hierarchy to manage waste:

- Eliminate or reduce the amount of waste produced,
- Reuse materials when possible (often multiple times),
- Recycle used materials to make new products,
- Recover energy from waste,
- Treat waste to reduce toxicity and volume, and
- Send waste to landfill only when the options above are not feasible.

Due to increases in production, total waste generation rose by nearly 15 percent from 2011 to 2012, to 278,000 metric tonnes. Specifically, the difference related to increases in fermentation waste and a sizable amount of concrete and soil waste associated with construction at one site, much of which was reused. Between 2007 and 2012, however, total waste generation decreased by nearly 27 percent.

During 2012, Lilly sent 12,300 metric tonnes of waste to landfill, up from 10,900 metric tonnes in 2011, but approximately 62 percent less than in 2007.<sup>27</sup> During the year, 11 Lilly sites globally reported "zero-landfill" status (indicating that they send less than 0.5 percent of generated waste to landfill).

See more detail about Lilly's environmental stewardship programs and performance, including a summary data table, in the [full report](#).



<sup>26</sup> "Water intake" is the total amount of water coming into a facility, 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.

<sup>27</sup> These data do not include construction and demolition debris, biosolids from wastewater treatment plants, incinerator ash, coal ash if reused for mine reclamation or road base, and mycelia and urea reused for fertilizer.