

Eli Lilly & Co.

2024 CDP Corporate Questionnaire 2024

Word version

Important: this export excludes unanswered questions

This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.

[Terms of disclosure for corporate questionnaire 2024 - CDP](#)

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C1. Introduction

(1.1) In which language are you submitting your response?

Select from:

☒ English

(1.2) Select the currency used for all financial information disclosed throughout your response.

Select from:

☒ USD

(1.3) Provide an overview and introduction to your organization.

(1.3.2) Organization type

Select from:

☒ Publicly traded organization

(1.3.3) Description of organization

Eli Lilly and Company (Lilly) is a global healthcare company committed, since our founding in 1876, to creating high-quality medicines that meet real needs. Our purpose is to unite caring with discovery to create medicines that make life better for people around the world. We discover, develop, manufacture, and market products and related services for human pharmaceuticals. We are headquartered in Indianapolis, Indiana, USA, and at the end of 2023, employed approximately 43,000 people worldwide. We manufacture and distribute our products through facilities in the United States (U.S.), including Puerto Rico, and in Europe and Asia. Our products are marketed in approximately 105 countries. While Lilly's primary contribution to society is the discovery and development of innovative medicines to make life better for people around the world, our sustainability strategy, efforts and goals extend to how we operate our business, care for the environment and strengthen communities. We believe our core values of integrity, excellence and respect for people are key to promoting the long-term interests of our shareholders and other company stakeholders. As a global company committed to making life better for people, we acknowledge that climate change is an ever-present reality that is contributing to a reduction in human and environmental health. We recognize our role to seek to reduce our carbon footprint and manage climate-related risks and opportunities to support the transition to a low-carbon economy. 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. Caution: Our approach to the disclosures included in this questionnaire differ in significant ways from those included in mandatory regulatory reporting, including under U.S. Securities and Exchange Commission (SEC) rules and regulations. References to, or inclusion of, information in this report should not be construed as a characterization regarding the materiality of such

information to our financial results or our operations. While certain matters discussed in this report may be referred to as “significant” or “material,” any such significance or materiality should not be read as necessarily rising to the level of materiality used for the purposes of complying with U.S. securities laws or under similar laws in other jurisdictions, even if we use the word “significant,” “material,” or “materiality” in this report. As a further example, Lilly is in the process of reviewing the European Union’s new Corporate Sustainability Reporting Directive and related ESRS framework (collectively, the “CSRD”). However, Lilly does not currently report in accordance with the CSRD and no responses in this questionnaire should be interpreted as being in accordance with such reporting framework. While certain of our responses in this questionnaire may use words similar words, such as “risks”, “impacts”, “opportunities”, “material”, etc., any such words should not be read as necessarily having the same meanings or meeting the requirements and/or guidance of the CSRD. The information contained in this questionnaire contains forward-looking statements that are based on management’s beliefs and expectations at the time the statements were made, including statements regarding our climate and sustainability targets, goals, future plans, forecasts, commitments and programs and other business plans, initiatives, aspirations and objectives. There is no assurance that any such expectations, plans, forecasts, goals, targets or beliefs will occur or be achieved or that such targets, goals or commitments will be binding on our business decisions and/or management. Forward-looking statements include statements that do not relate solely to historical or current facts, and generally use words such as “aim”, “hope”, “plan”, “estimate”, “goal”, “intend”, “expect”, “believe”, “target”, “anticipate”, “will”, “may”, “future”, “forecast” or similar expressions. Actual results may differ materially due to various risks and uncertainties. We urge you to consider all of the risks, uncertainties and factors described under “Risk Factors” and in cautionary statements in our Form 10-K for the year ended 12/31/2024 and other filings with the Securities and Exchange Commission for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements. Except as required by law, we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

[Fixed row]

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

	End date of reporting year	Alignment of this reporting period with your financial reporting period	Indicate if you are providing emissions data for past reporting years
	12/31/2023	Select from: ☒ Yes	Select from: ☒ No

[Fixed row]

(1.4.1) What is your organization’s annual revenue for the reporting period?

34124000000

(1.5) Provide details on your reporting boundary.

	Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
	Select from: ☒ Yes

[Fixed row]

(1.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ No

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(1.6.2) Provide your unique identifier

US5324571083

CUSIP number

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(1.6.2) Provide your unique identifier

532457108

Ticker symbol

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(1.6.2) Provide your unique identifier

LLY

SEDOL code

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ No

LEI number

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(1.6.2) Provide your unique identifier

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ Yes

(1.6.2) Provide your unique identifier

006421325

Other unique identifier

(1.6.1) Does your organization use this unique identifier?

Select from:

☒ No

[Add row]

(1.7) Select the countries/areas in which you operate.

Select all that apply

☒ Peru

☒ Chile

☒ China

☒ Egypt

☒ India

☒ Canada

☒ Cyprus

☒ France

☒ Greece

☒ Italy

☒ Japan

☒ Qatar

☒ Spain

☒ Brazil

☒ Mexico

☒ Norway

☒ Poland

☒ Serbia

- ✓ Latvia
- ✓ Turkey
- ✓ Algeria
- ✓ Austria
- ✓ Belgium
- ✓ Croatia
- ✓ Ireland
- ✓ Lebanon
- ✓ Morocco
- ✓ Romania
- ✓ Ukraine
- ✓ Slovakia
- ✓ Slovenia
- ✓ Thailand
- ✓ Viet Nam
- ✓ Argentina
- ✓ Kazakhstan
- ✓ Netherlands
- ✓ Philippines
- ✓ Puerto Rico
- ✓ Switzerland
- ✓ Hong Kong SAR, China
- ✓ United Arab Emirates
- ✓ United States of America
- ✓ United Kingdom of Great Britain and Northern Ireland
- ✓ Sweden
- ✓ Czechia
- ✓ Denmark
- ✓ Finland
- ✓ Germany
- ✓ Hungary
- ✓ Bulgaria
- ✓ Colombia
- ✓ Malaysia
- ✓ Pakistan
- ✓ Portugal
- ✓ Australia
- ✓ Indonesia
- ✓ Lithuania
- ✓ Singapore
- ✓ Costa Rica
- ✓ Saudi Arabia
- ✓ South Africa
- ✓ Taiwan, China
- ✓ Republic of Korea
- ✓ Bosnia & Herzegovina

(1.8) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
	<i>Select from:</i> ☒ No, this is confidential data	<i>None</i>

[Fixed row]

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

Select from:

☒ Yes, we have mapped or are currently in the process of mapping our value chain

(1.24.2) Value chain stages covered in mapping

Select all that apply

☒ Upstream value chain

☒ Downstream value chain

(1.24.3) Highest supplier tier mapped

Select from:

☒ Tier 1 suppliers

(1.24.4) Highest supplier tier known but not mapped

Select from:

☒ Tier 2 suppliers

(1.24.7) Description of mapping process and coverage

Lilly has identified and mapped its Tier 1 supplier value chain across its operation. The value chain mapping process encompasses the lifecycle of Lilly's pharmaceutical products, starting from research and development (R&D) through to manufacturing, distribution, and patient delivery. Lilly's supply chain organization is responsible for the value chain mapping which includes identification of upstream activities such as raw material sourcing and active pharmaceutical ingredient (API) manufacturing. Downstream, it covers the logistics and distribution channels that deliver our products to healthcare providers and patients, as well as the end-of-life disposal of our products. By mapping its value chain, Lilly can identify key areas where climate-related risks and opportunities may exist, such as reducing emissions in manufacturing processes, optimizing supply chain logistics, and collaborating with suppliers on sustainable practices.

[Fixed row]

(1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

	Plastics mapping	Primary reason for not mapping plastics in your value chain	Explain why your organization has not mapped plastics in your value chain
	Select from: ☒ No, and we do not plan to within the next two years	Select from: ☒ Not an immediate strategic priority	Value-chain plastics has not been identified as a material issue.

[Fixed row]

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

0

(2.1.3) To (years)

1

(2.1.4) How this time horizon is linked to strategic and/or financial planning

We address short-term issues in our annual business plan. In the short-term, we address business objectives including dependencies, impacts, risks and opportunities to improve business outcomes and performance including energy efficiency, GHG emissions, water stewardship and waste reduction and recycling.

Medium-term

(2.1.1) From (years)

2

(2.1.3) To (years)

5

(2.1.4) How this time horizon is linked to strategic and/or financial planning

We track mid-term milestones related to water, waste and climate-related goals, including major project milestones and progress toward goals such as percentage of renewable electricity, GHG emissions, and capital expenditures for sustainability projects.

Long-term

(2.1.1) From (years)

6

(2.1.2) Is your long-term time horizon open ended?

Select from:

☒ No

(2.1.3) To (years)

10

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Our long-term strategy focuses on transitioning key energy sources used for our operations to renewable energy and implementing new technologies to support our transition to a low carbon economy. Our long-term goals include securing 100% of purchased electricity from renewable sources, to achieve Carbon Neutrality (scope 1 and scope 2 emissions) by 2030, and to enhance our tracking and reporting of full value-chain emissions (Scope 3). Additionally, we track long term goals related to water stress and waste management.

[Fixed row]

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

	Process in place	Dependencies and/or impacts evaluated in this process
	Select from: ☒ Yes	Select from: ☒ Both dependencies and impacts

[Fixed row]

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
	Select from: ☒ Yes	Select from: ☒ Both risks and opportunities	Select from: ☒ Yes

[Fixed row]

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

Select all that apply

☒ Climate change

☒ Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

- ☒ Risks
- ☒ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

- ☒ Direct operations
- ☒ Upstream value chain
- ☒ Downstream value chain

(2.2.2.4) Coverage

Select from:

- ☒ Full

(2.2.2.5) Supplier tiers covered

Select all that apply

- ☒ Tier 1 suppliers

(2.2.2.7) Type of assessment

Select from:

- ☒ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

- ☒ Annually

(2.2.2.9) Time horizons covered

Select all that apply

- ☒ Short-term
- ☒ Medium-term
- ☒ Long-term

(2.2.2.10) Integration of risk management process

Select from:

- ☒ Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- ☒ Not location specific

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

- ☒ WRI Aqueduct
- ☒ WWF Water Risk Filter

Enterprise Risk Management

- ☒ Enterprise Risk Management

International methodologies and standards

- ☒ Alliance for Water Stewardship Standard

Other

- ☒ Materiality assessment

(2.2.2.13) Risk types and criteria considered

Acute physical

- ☒ Drought

Chronic physical

- ☒ Increased severity of extreme weather events
- ☒ Water stress

Policy

- ☒ Carbon pricing mechanisms
- ☒ Changes to national legislation

Market

- ☒ Availability and/or increased cost of raw materials

Reputation

- ☒ Impact on human health
- ☒ Increased partner and stakeholder concern and partner and stakeholder negative feedback

Technology

- ☒ Transition to lower emissions technology and products
- ☒ Transition to water intensive, low carbon energy sources

Liability

- ☒ Exposure to litigation
- ☒ Non-compliance with regulations

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- ☒ Customers
- ☒ Employees
- ☒ Investors
- ☒ Local communities

☒ Suppliers

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

☒ No

(2.2.2.16) Further details of process

Our board, as a whole, is responsible for broad oversight of all existing and emerging enterprise risk (over the short-, mid- and long-term) and of management's development and execution of mitigation strategies designed to address those risks. Our Enterprise Risk Management (ERM) process assesses risks in our business functions and the geographies where we operate to help business leaders understand, prioritize and mitigate risks. Our ERM process is overseen by our chief ethics and compliance officer and involves a multi-disciplinary team to evaluate and prioritize enterprise risks identified by management through both top-down and bottom-up processes. The team annually evaluates risks based on their potential business, financial, and strategic impacts. Management frequently collaborates throughout the year to keep an open dialogue on emerging risks identified from a variety of internal and external sources. Our corporate Health, Safety, and Environmental (HSE) team engages in the ERM risk profiling process for business continuity planning, third party oversight, evolving regulatory environment and disruption of supply risks (both upstream and downstream) including natural disasters and other climate-related risks. This process includes reviews of business continuity and emergency response plans for manufacturing facilities and offices, as well as investing in climate-related opportunities to enhance the robustness of Lilly's climate transition. Our processes for identifying, evaluating and prioritizing impacts, risks and opportunities are dynamic and are expected to continue to evolve as our business, regulatory and stakeholder environment evolve.

Row 2

(2.2.2.1) Environmental issue

Select all that apply

☒ Climate change

☒ Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

☒ Dependencies

☒ Impacts

(2.2.2.3) Value chain stages covered

Select all that apply

☒ Direct operations

(2.2.2.4) Coverage

Select from:

☒ Full

(2.2.2.7) Type of assessment

Select from:

☒ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☒ Annually

(2.2.2.9) Time horizons covered

Select all that apply

☒ Short-term

☒ Medium-term

☒ Long-term

(2.2.2.11) Location-specificity used

Select all that apply

☒ Site-specific

☒ Local

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

- ☒ LEAP (Locate, Evaluate, Assess and Prepare) approach, TNFD
- ☒ WRI Aqueduct

Enterprise Risk Management

- ☒ Enterprise Risk Management

International methodologies and standards

- ☒ Alliance for Water Stewardship Standard
- ☒ Environmental Impact Assessment

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- | | |
|---|--|
| ☒ Customers | ☒ Water utilities at a local level |
| ☒ Employees | ☒ Other water users at the basin/catchment level |
| ☒ Suppliers | |
| ☒ Regulators | |
| ☒ Local communities | |

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- ☒ No

(2.2.2.16) Further details of process

We utilize tools such as LEAP (Locate, Evaluate, Assess, and Prepare), WRI Aqueduct, Alliance for Water Stewardship, and other Environmental Impact Assessments to evaluate potential dependencies and impacts for our direct operations and relationship to risks such as Water Stress and Biodiversity. We seek to understand where and how its physical assets are situated within different natural contexts, helping to establish the direct and indirect interactions with natural ecosystems and the potential nature-related impacts and dependencies.

[Add row]

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Select from:

☒ Yes

(2.2.7.2) Description of how interconnections are assessed

We have utilized the Taskforce for Nature-related Financial Disclosures (TNFD) LEAP approach to assess how they depend on and impact nature. LEAP stands for "Locate, Evaluate, Assess, and Prepare". Locate: Identify business activities and geographic areas with the highest impact on and dependence from nature. This involves overlaying business operations with spatial data on ecosystems and biomes. Evaluate: Understand the organization's dependencies and impacts on nature, and the severity of both positive and negative impacts. Assess: Identify nature-related risks and opportunities. Prepare: Develop a plan for responding to and reporting on nature-related issues.

[Fixed row]

(2.3) Have you identified priority locations across your value chain?

(2.3.1) Identification of priority locations

Select from:

☒ Yes, we have identified priority locations

(2.3.2) Value chain stages where priority locations have been identified

Select all that apply

☒ Direct operations

(2.3.3) Types of priority locations identified

Sensitive locations

☒ Areas important for biodiversity

☒ Areas of limited water availability, flooding, and/or poor quality of water

Locations with substantive dependencies, impacts, risks, and/or opportunities

- ☒ Locations with substantive dependencies, impacts, risks, and/or opportunities relating to water
- ☒ Locations with substantive dependencies, impacts, risks, and/or opportunities relating to biodiversity

(2.3.4) Description of process to identify priority locations

Priority locations were identified based on water-stress analysis using the WRI Aqueduct tool. The tool provides information on water-related risks and assessment of exposure to water risk across multiple locations. Locations rated as high for water-stress have been prioritized.

(2.3.5) Will you be disclosing a list/spatial map of priority locations?

Select from:

- ☒ No, we have a list/geospatial map of priority locations, but we will not be disclosing it

[Fixed row]

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

Select all that apply

- ☒ Qualitative
- ☒ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

- ☒ Direct operating costs

(2.4.3) Change to indicator

Select from:

- ☒ Absolute decrease

(2.4.5) Absolute increase/ decrease figure

750000000

(2.4.6) Metrics considered in definition

Select all that apply

- ☒ Time horizon over which the effect occurs
- ☒ Likelihood of effect occurring

(2.4.7) Application of definition

High: Greater than or equal to 50% likely to occur; event has occurred in the last 24 months or is likely to occur in the time period associated with the company's strategic plans. Medium: 10 to 50% likely to occur; event has occurred in distant past or is moderately likely to occur in the time period associated with the company's strategic plans. Low: Less than 10% likely to occur; not likely to occur in the time period associated with the company's strategic plans.

Opportunities

(2.4.1) Type of definition

Select all that apply

- ☒ Qualitative

(2.4.6) Metrics considered in definition

Select all that apply

- ☒ Time horizon over which the effect occurs
- ☒ Likelihood of effect occurring

(2.4.7) Application of definition

High: Greater than or equal to 50% likely to occur; event has occurred in the last 24 months or is likely to occur in the time period associated with the company's strategic plans. Medium: 10 to 50% likely to occur; event has occurred in distant past or is moderately likely to occur in the time period associated with the company's strategic plans. Low: Less than 10% likely to occur; not likely to occur in the time period associated with the company's strategic plans.
[Add row]

(2.5) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

(2.5.1) Identification and classification of potential water pollutants

Select from:

☒ Yes, we identify and classify our potential water pollutants

(2.5.2) How potential water pollutants are identified and classified

PROCEDURES AND STANDARDS IN PLACE TO IDENTIFY AND ADDRESS THE USE OF HAZARDOUS SUSTANCES: 1. We conduct an environmental development review (EDR) for products. A EDR is a systematic, detailed analysis of product development processes to identify, understand, evaluate, prioritize, and resolve complicated and subtle environmental issues of future manufacturing processes. The goal of environmental development reviews is to assess whether a process with an acceptable environmental profile for long-term manufacturing will be delivered to the manufacturing site and that the manufacturing site will be prepared to handle wastes generated by that process. These reviews enhance the company's overall understanding of environmental issues and provide general learning points to improve process development and product manufacturing. 2. Lilly has management and chemical tracking systems that screen for and track the use of hazardous substances in our product development and manufacturing processes. We have raw material and solvent selection guides that help us transition away from sourcing/using hazardous substances in our processes and products. MEASURES/SUCESSES: The EDR process has successfully influenced raw materials substitutions, optimized processes for process efficiency and influenced environmental control operational and capital spending.
[Fixed row]

(2.5.1) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Row 1

(2.5.1.1) Water pollutant category

Select from:

- ☒ Other synthetic organic compounds

(2.5.1.2) Description of water pollutant and potential impacts

Uncontrolled releases of active pharmaceutical ingredients may cause water quality issues and negatively affect our company reputation.

(2.5.1.3) Value chain stage

Select all that apply

- ☒ Direct operations
☒ Upstream value chain

(2.5.1.4) Actions and procedures to minimize adverse impacts

Select all that apply

- ☒ Beyond compliance with regulatory requirements

(2.5.1.5) Please explain

We are committed to understanding the potential effects of products in the environment as well as on humans. We have public goals for sites and active ingredient discharges. We support using science-based evaluations to assess and minimize the environmental risks of our products. We collaborate with partners, academia, and researchers. PROCEDURES: We have procedures to help develop safe levels for predicted, no-effect concentrations in the environment and company standards that require our sites to meet established discharge limits. Our internal notification procedures specify that senior management be notified when we have exceeded a limit or may have had a "near miss" event that could have caused an exceedance. MEASURES OF SUCCESS: We actively assessed emissions of active ingredients from our manufacturing facilities and require sites to report annually on their compliance with emissions limits. In 2023, 100% of sites were below their emission limits.

Row 3

(2.5.1.1) Water pollutant category

Select from:

- ☒ Nitrates

(2.5.1.2) Description of water pollutant and potential impacts

Excessive nutrients in surface waters can lead to undesirable eutrophication conditions (i.e., lack of dissolved oxygen, taste issues for drinking water). Increased resilience to future regulatory changes is considered strategic because our operations throughout the world are subject to various regulations. Conformance to these regulations is required to be able to maintain operations. We have proactively been developing future controls needed for discharges of nitrogen.

(2.5.1.3) Value chain stage

Select all that apply

☒ Direct operations

(2.5.1.4) Actions and procedures to minimize adverse impacts

Select all that apply

☒ Beyond compliance with regulatory requirements

(2.5.1.5) Please explain

PROCEDURES: We conduct Environmental Development Reviews (EDRs) which are a systematic, detailed analysis of product development processes to identify, understand, evaluate, prioritize, and resolve complicated and subtle environmental issues of future manufacturing processes. The potential for nitrogen discharge for new products and processes is addressed in EDRs. We also have collaboration-information sharing across business units that provide opportunities for sharing best practices and lessons learned on how to optimize the nutrient needs for cell culturing to influence not having excess nitrogen discharges. MEASURES OF SUCCESS: The EDR process has successfully influenced raw materials substitutions and optimized processes to reduce nitrogen emissions.

[Add row]

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.1.1) Environmental risks identified

Select from:

☒ No

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Select from:

☒ Environmental risks exist, but none with the potential to have a substantive effect on our organization

(3.1.3) Please explain

The assessment of climate related risks did not exceed the requirements described in section 2 for having a substantive impact to our organization.

Water

(3.1.1) Environmental risks identified

Select from:

☒ No

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Select from:

☒ Environmental risks exist, but none with the potential to have a substantive effect on our organization

(3.1.3) Please explain

The assessment of water related risks did not exceed the requirements described in section 2 for having a substantive impact to our organization.

Plastics

(3.1.1) Environmental risks identified

Select from:

☒ No

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Select from:

☒ Environmental risks exist, but none with the potential to have a substantive effect on our organization

(3.1.3) Please explain

The assessment of plastics related risks did not exceed the requirements described in section 2 for having a substantive impact to our organization.

[Fixed row]

(3.3) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
	<i>Select from:</i> ☒ No	<i>None.</i>

[Fixed row]

(3.5) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Select from:

☒ Yes

(3.5.1) Select the carbon pricing regulation(s) which impact your operations.

Select all that apply

☒ EU ETS

(3.5.2) Provide details of each Emissions Trading Scheme (ETS) your organization is regulated by.

EU ETS

(3.5.2.1) % of Scope 1 emissions covered by the ETS

14.6

(3.5.2.2) % of Scope 2 emissions covered by the ETS

0

(3.5.2.3) Period start date

01/01/2023

(3.5.2.4) Period end date

12/31/2023

(3.5.2.5) Allowances allocated

8531

(3.5.2.6) Allowances purchased

17000

(3.5.2.7) Verified Scope 1 emissions in metric tons CO2e

29950

(3.5.2.8) Verified Scope 2 emissions in metric tons CO2e

0

(3.5.2.9) Details of ownership

Select from:

☒ Facilities we own and operate

(3.5.2.10) Comment

None

[Fixed row]

(3.5.4) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

The EU ETS applies to one manufacturing facility we own in Europe (Kinsale, Ireland). STRATEGY: At this facility, our overall strategy is to improve energy and GHG efficiency in line with our global energy and GHG efficiency targets, with goals of limiting our obligations under the EU ETS and being more resilient to potential price changes. To meet the specific obligations of the EU ETS, we use a global third-party organization that specializes in emissions trading to advise on trading strategy

and compliance. **ACTION AND TIMESCALE:** Examples of actions that have been taken to comply with EU ETS is the implementation of several energy efficiency measures. In 2023, our site in Kinsale, Ireland optimized its combined heat and power system usage, started a new 2.5 megawatt solar photovoltaic system, optimized lighting and implemented air change reductions in their laboratory locations. **RESULTS:** These projects are estimated to have reduced the site's energy consumption by approximately 20,700 megawatt-hours per year.

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.6.1) Environmental opportunities identified

Select from:

☒ No

(3.6.2) Primary reason why your organization does not consider itself to have environmental opportunities

Select from:

☒ Opportunities exist, but none anticipated to have a substantive effect on organization

(3.6.3) Please explain

The assessment of climate related opportunities did not exceed the requirements described in section 2 for having a substantive impact to our organization.

Water

(3.6.1) Environmental opportunities identified

Select from:

☒ No

(3.6.2) Primary reason why your organization does not consider itself to have environmental opportunities

Select from:

☒ Opportunities exist, but none anticipated to have a substantive effect on organization

(3.6.3) Please explain

The assessment of water related opportunities did not exceed the requirements described in section 2 for having a substantive impact to our organization.
[Fixed row]

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

Select from:

☒ Yes

(4.1.2) Frequency with which the board or equivalent meets

Select from:

☒ More frequently than quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

Select all that apply

☒ Executive directors or equivalent

☒ Independent non-executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

Select from:

☒ Yes, and it is publicly available

(4.1.5) Briefly describe what the policy covers

The board selects director candidates who represent a mix of backgrounds and experiences that will enhance the quality of the board's deliberations and decisions. Such candidates shall have substantial experience with one or more publicly traded national or multinational companies or shall have achieved a high level of distinction in their chosen field. Board membership should reflect diversity in its broadest sense, including persons diverse in geography, gender, and ethnicity.

(4.1.6) Attach the policy (optional)

(4.1.1) Is there board-level oversight of environmental issues within your organization?

	Board-level oversight of this environmental issue
Climate change	Select from: ☒ Yes
Water	Select from: ☒ Yes
Biodiversity	Select from: ☒ Yes

[Fixed row]

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☒ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☒ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☒ Board mandate

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☒ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☒ Overseeing and guiding the development of a business strategy

☒ Monitoring the implementation of the business strategy

☒ Overseeing and guiding acquisitions, mergers, and divestitures

☒ Overseeing and guiding major capital expenditures

(4.1.2.7) Please explain

The Directors and Corporate Governance Committee (DCGC) of the Board is responsible for identifying and bringing to the attention of the 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. The Board is engaged in strategic ESG oversight, receiving regular updates (at least annually) on Sustainability/ESG matters at Board meetings, reviewing the company's long-term environmental goals, business strategy and significant strategic investments.

Water

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☒ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☒ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☒ Board mandate

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☒ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☒ Overseeing and guiding the development of a business strategy

☒ Monitoring the implementation of the business strategy

☒ Overseeing and guiding acquisitions, mergers, and divestitures

☒ Overseeing and guiding major capital expenditures

(4.1.2.7) Please explain

The Directors and Corporate Governance Committee (DCGC) of the Board is responsible for identifying and bringing to the attention of the 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. The Board is engaged in strategic ESG oversight, receiving regular updates (at least annually) on Sustainability/ESG matters at Board meetings, reviewing the company's long-term environmental goals, business strategy and significant strategic investments.

Biodiversity

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☒ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☒ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☒ Board mandate

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☒ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☒ Overseeing and guiding the development of a business strategy

☒ Monitoring the implementation of the business strategy

☒ Overseeing and guiding acquisitions, mergers, and divestitures

☒ Overseeing and guiding major capital expenditures

(4.1.2.7) Please explain

The Directors and Corporate Governance Committee (DCGC) of the Board is responsible for identifying and bringing to the attention of the 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. The Board is engaged in strategic ESG oversight, receiving regular updates (at least annually) on Sustainability/ESG matters at Board meetings, reviewing the company's long-term environmental goals, business strategy and significant strategic investments.

[Fixed row]

(4.2) Does your organization's board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

Select from:

☒ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☒ Consulting regularly with an internal, permanent, subject-expert working group

Water

(4.2.1) Board-level competency on this environmental issue

Select from:

☒ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☒ Consulting regularly with an internal, permanent, subject-expert working group

[Fixed row]

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	Select from: ☒ Yes

	Management-level responsibility for this environmental issue
Water	Select from: ☒ Yes
Biodiversity	Select from: ☒ Yes

[Fixed row]

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☒ President

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☒ Assessing environmental dependencies, impacts, risks, and opportunities

☒ Managing environmental dependencies, impacts, risks, and opportunities

Engagement

☒ Managing value chain engagement related to environmental issues

Policies, commitments, and targets

- ☒ Monitoring compliance with corporate environmental policies and/or commitments
- ☒ Measuring progress towards environmental corporate targets
- ☒ Setting corporate environmental targets

Strategy and financial planning

- ☒ Developing a climate transition plan
- ☒ Implementing a climate transition plan
- ☒ Conducting environmental scenario analysis issues
- ☒ Managing annual budgets related to environmental issues
- ☒ Implementing the business strategy related to environmental issues
- ☒ Developing a business strategy which considers environmental issues
- ☒ Managing environmental reporting, audit, and verification processes
- ☒ Managing acquisitions, mergers, and divestitures related to environmental issues
- ☒ Managing major capital and/or operational expenditures relating to environmental issues

Other

- ☒ Providing employee incentives related to environmental performance

(4.3.1.4) Reporting line

Select from:

- ☒ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

- ☒ Annually

(4.3.1.6) Please explain

The Executive Vice President and President of Manufacturing Operations, who is a member of the company's Executive Committee and reports directly to the CEO, is responsible for assessing and managing climate-related risks and opportunities. The President of Manufacturing chairs our Global Health, Safety and Environment Committee which meets quarterly and oversees performance related to compliance with environmental regulations, policies, procedures and standards globally, as well as assessing and managing climate-related risks and opportunities, assessing performance against our climate-related goals and driving improvement on

environmental performance throughout the organization. The Global Health, Safety and Environmental Committee membership also includes executives and senior leadership from business functions across the company to drive cross-functional alignment and action.

Water

(4.3.1.1) Position of individual or committee with responsibility

Executive level

- ☒ President

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

- ☒ Assessing environmental dependencies, impacts, risks, and opportunities
- ☒ Managing environmental dependencies, impacts, risks, and opportunities

Engagement

- ☒ Managing value chain engagement related to environmental issues

Policies, commitments, and targets

- ☒ Monitoring compliance with corporate environmental policies and/or commitments
- ☒ Measuring progress towards environmental corporate targets
- ☒ Setting corporate environmental targets

Strategy and financial planning

- | | |
|--|---|
| ☒ Developing a climate transition plan | ☒ Developing a business strategy which considers environmental issues |
| ☒ Implementing a climate transition plan | ☒ Managing environmental reporting, audit, and verification processes |
| ☒ Conducting environmental scenario analysis issues | ☒ Managing acquisitions, mergers, and divestitures related to environmental |
| ☒ Managing annual budgets related to environmental issues | ☒ Managing major capital and/or operational expenditures relating to environmental issues |
| ☒ Implementing the business strategy related to environmental issues | |

Other

- ☒ Providing employee incentives related to environmental performance

(4.3.1.4) Reporting line

Select from:

- ☒ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

- ☒ Annually

(4.3.1.6) Please explain

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Biodiversity

(4.3.1.1) Position of individual or committee with responsibility

Executive level

- ☒ President

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

- ☒ Assessing environmental dependencies, impacts, risks, and opportunities

- ☒ Managing environmental dependencies, impacts, risks, and opportunities

Engagement

- ☒ Managing value chain engagement related to environmental issues

Policies, commitments, and targets

- ☒ Monitoring compliance with corporate environmental policies and/or commitments
- ☒ Measuring progress towards environmental corporate targets
- ☒ Setting corporate environmental targets

Strategy and financial planning

- ☒ Developing a climate transition plan
- ☒ Implementing a climate transition plan
- ☒ Conducting environmental scenario analysis issues
- ☒ Managing annual budgets related to environmental issues environmental issues
- ☒ Implementing the business strategy related to environmental issues
- ☒ Developing a business strategy which considers environmental issues
- ☒ Managing environmental reporting, audit, and verification processes
- ☒ Managing acquisitions, mergers, and divestitures related to environmental
- ☒ Managing major capital and/or operational expenditures relating to

Other

- ☒ Providing employee incentives related to environmental performance

(4.3.1.4) Reporting line

Select from:

- ☒ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

- ☒ Annually

(4.3.1.6) Please explain

The Executive Vice President and President of Manufacturing Operations, who is a member of the company's Executive Committee and reports directly to the CEO, is responsible for assessing and managing climate-related risks and opportunities. The President of Manufacturing chairs our Global Health, Safety and Environment Committee which meets quarterly and oversees performance related to compliance with environmental regulations, policies, procedures and standards globally, as well as assessing and managing climate-related risks and opportunities, assessing performance against our climate-related goals and driving improvement on environmental performance throughout the organization. The Global Health, Safety and Environmental Committee membership also includes executives and senior leadership from business functions across the company to drive cross-functional alignment and action.

[Add row]

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Climate change

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:

☒ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

0

(4.5.3) Please explain

Improvement in certain environmental performance areas, including climate-related issues (e.g., reducing greenhouse gas emissions, transition to renewable electricity, increasing supplier engagement on climate related issues and improving energy efficiency) are included in the performance expectations for the company's Chairman, President, and CEO, and relevant members of the executive team such as the Executive Vice President and President of Manufacturing. Performance against these goals and expectations is included amongst other factors when evaluating overall executive performance and future compensation awards.

Water

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:

☒ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

0

(4.5.3) Please explain

Improvement in certain environmental performance areas, including climate-related issues (e.g., reducing greenhouse gas emissions, transition to renewable electricity, increasing supplier engagement on climate related issues and improving energy efficiency) are included in the performance expectations for the company's Chairman, President, and CEO, and relevant members of the executive team such as the Executive Vice President and President of Manufacturing. Performance against these goals and expectations is included amongst other factors when evaluating overall executive performance and future compensation awards.

[Fixed row]

(4.5.1) Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Climate change

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☒ President

(4.5.1.2) Incentives

Select all that apply

☒ Bonus - % of salary

☒ Salary increase

(4.5.1.3) Performance metrics

Targets

☒ Progress towards environmental targets

☒ Achievement of environmental targets

Emission reduction

- ☒ Increased share of renewable energy in total energy consumption

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

- ☒ Both Short-Term and Long-Term Incentive Plan, or equivalent

(4.5.1.5) Further details of incentives

Improvement in certain environmental performance areas, including climate-related issues (e.g., reducing greenhouse gas emissions, transition to renewable electricity, increasing supplier engagement on climate related issues and improving energy efficiency) are included in the performance expectations for the company's Chairman, President, and CEO, and relevant members of the executive team such as the Executive Vice President and President of Manufacturing. Performance against these goals and expectations is included amongst other factors when evaluating overall executive performance and future compensation awards.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

By providing monetary incentives to key members of the executive team, it helps drive engagement and alignment on priorities. These priorities are typically cascaded from the top-down in the organization and can help provide support (prioritization, resources or budget) for the organization in implementing environmental commitments, climate transition activities and contribute to achieving environmental-related (climate, waste, water, etc) targets and goals. Monetary rewards and incentives provide motivation for them to proactively identify and implement innovative solutions, establish robust sustainability strategies, and exceed established goals. By aligning financial rewards with performance indicators related to environmental sustainability, we ensure a dedicated focus on achieving tangible and measurable outcomes.

Water

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

- ☒ President

(4.5.1.2) Incentives

Select all that apply

- ☒ Bonus - % of salary
- ☒ Salary increase

(4.5.1.3) Performance metrics

Targets

- ☒ Progress towards environmental targets
- ☒ Achievement of environmental targets

Emission reduction

- ☒ Increased share of renewable energy in total energy consumption

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

- ☒ Both Short-Term and Long-Term Incentive Plan, or equivalent

(4.5.1.5) Further details of incentives

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(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

By providing monetary incentives to key members of the executive team, it helps drive engagement and alignment on priorities. These priorities are typically cascaded from the top-down in the organization and can help provide support (prioritization, resources or budget) for the organization in implementing environmental commitments, climate transition activities and contribute to achieving environmental-related (climate, waste, water, etc) targets and goals. Monetary rewards and incentives provide motivation for them to proactively identify and implement innovative solutions, establish robust sustainability strategies, and exceed established goals. By aligning financial rewards with performance indicators related to environmental sustainability, we ensure a dedicated focus on achieving tangible and measurable outcomes.

[Add row]

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	Select from: ☒ Yes

[Fixed row]

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

Select all that apply

- ☒ Climate change
- ☒ Water
- ☒ Biodiversity

(4.6.1.2) Level of coverage

Select from:

- ☒ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

- ☒ Direct operations

(4.6.1.4) Explain the coverage

Our policy is applicable to all employees in all geographies and business areas.

(4.6.1.5) Environmental policy content

Environmental commitments

- ☒ Commitment to comply with regulations and mandatory standards

Climate-specific commitments

- ☒ Commitment to 100% renewable energy

Water-specific commitments

- ☒ Commitment to control/reduce/eliminate water pollution

Social commitments

- ☒ Commitment to respect internationally recognized human rights

Additional references/Descriptions

- ☒ Acknowledgement of the human right to water and sanitation
- ☒ Reference to timebound environmental milestones and targets

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

- ☒ Yes, in line with Sustainable Development Goal 6 on Clean Water and Sanitation

(4.6.1.7) Public availability

Select from:

- ☒ Publicly available

(4.6.1.8) Attach the policy

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

(4.10.1) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Select from:

☒ Yes

(4.10.2) Collaborative framework or initiative

Select all that apply

☒ UN Global Compact

(4.10.3) Describe your organization's role within each framework or initiative

Our company has an ongoing commitment to support and advance the United Nations Global Compact's ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption, in addition to the United Nations Sustainable Development Goals.

[Fixed row]

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

Select all that apply

☒ Yes, we engaged directly with policy makers

☒ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Select from:

☒ Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

(4.11.3) Global environmental treaties or policy goals in line with public commitment or position statement

Select all that apply

☒ Paris Agreement

☒ Sustainable Development Goal 6 on Clean Water and Sanitation

(4.11.4) Attach commitment or position statement

2023_Sustainability_Report_Final.pdf

(4.11.5) Indicate whether your organization is registered on a transparency register

Select from:

☒ Yes

(4.11.6) Types of transparency register your organization is registered on

Select all that apply

☒ Mandatory government register

(4.11.7) Disclose the transparency registers on which your organization is registered & the relevant ID numbers for your organization

European Transparency Register, ID number: 04657143399-39

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

The Lilly Board of Directors exercises governance oversight of our political expenditures and lobbying activities to ensure that we fulfill our commitment to stewardship of corporate funds and risk minimization with respect to such activities, as well as other environmental, social and governance matters. The Directors and Corporate Governance Committee of the Board is responsible for identifying 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.
[Fixed row]

(4.11.1) On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Row 1

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

General Pharmaceutical Legislation

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

Select all that apply

- ☒ Climate change
- ☒ Water

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Environmental protection and management procedures

- ☒ Environmental protection requirements

(4.11.1.4) Geographic coverage of policy, law, or regulation

Select from:

- ☒ Regional

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

Select all that apply

☒ Europe

(4.11.1.6) Your organization's position on the policy, law, or regulation

Select from:

☒ Support with minor exceptions

(4.11.1.7) Details of any exceptions and your organization's proposed alternative approach to the policy, law, or regulation

Support environmental risk assessments, as long as done so without creating barriers to marketing authorizations.

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

Select all that apply

☒ Ad-hoc meetings

☒ Submitting written proposals/inquiries

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

We continue to strive to meet environmental objectives without hindering our objectives to improve human health through production of medicines that make lives better for people around the world. This has informed our engagement as we strive to balance these priorities. The measurement of success is if we are able to minimize environmental risks while speeding patient access to medicines.

(4.11.1.11) Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Select from:

☒ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Select all that apply

☒ Sustainable Development Goal 6 on Clean Water and Sanitation

Row 2

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

Urban Wastewater Treatment Directive

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

Select all that apply

☒ Water

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Environmental impacts and pressures

☒ Water pollution

(4.11.1.4) Geographic coverage of policy, law, or regulation

Select from:

☒ Regional

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

Select all that apply

☒ Europe

(4.11.1.6) Your organization's position on the policy, law, or regulation

Select from:

- ☒ Support with major exceptions

(4.11.1.7) Details of any exceptions and your organization's proposed alternative approach to the policy, law, or regulation

Support responsible management of micropollutants based on the polluter pays principle. However, the proposal puts disproportionate allocations of costs onto the pharmaceutical and cosmetic sectors, and ignores other categories of polluters which could be considered discriminatory. This also offers no driver for other polluters to address the issue.

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

Select all that apply

- ☒ Ad-hoc meetings
☒ Responding to consultations
☒ Submitting written proposals/inquiries

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

Support responsible management of micropollutants based on the polluter pays principle. However, the proposal puts disproportionate allocations of costs onto the pharmaceutical and cosmetic sectors, and ignores other categories of polluters which could be considered discriminatory. This also offers no driver for other polluters to address the issue.

(4.11.1.11) Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Select from:

☒ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Select all that apply

☒ Sustainable Development Goal 6 on Clean Water and Sanitation

[\[Add row\]](#)

(4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Row 1

(4.11.2.1) Type of indirect engagement

Select from:

☒ Indirect engagement via a trade association

(4.11.2.4) Trade association

Europe

☒ Other trade association in Europe, please specify :European Federation of Pharmaceutical Industries and Associations (EFPIA)

(4.11.2.5) Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Select all that apply

☒ Climate change

☒ Water

(4.11.2.6) Indicate whether your organization's position is consistent with the organization or individual you engage with

Select from:

☒ Consistent

(4.11.2.7) Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Select from:

☒ No, we did not attempt to influence their position

(4.11.2.8) Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

An example of a trade associations our organization is a member of is the European Federation of Pharmaceutical Industries and Associations (EFPIA). EFPIA has drafted a white paper on climate change. It noted EFPIA's commitment to the following principles: policies and strategies based on materiality; actions that support science-based CO2e reduction targets; increased energy efficiency; and harmonized, public reporting on recognized calculation methodologies. These actions are consistent with our position on climate change, therefore, we are not attempting to influence their position.

(4.11.2.9) Funding figure your organization provided to this organization or individual in the reporting year (currency)

163523

(4.11.2.10) Describe the aim of this funding and how it could influence policy, law or regulation that may impact the environment

Funding attributable to the Transparency Register for lobbying.

(4.11.2.11) Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

Select from:

☒ Yes, we have evaluated, and it is aligned

(4.11.2.12) Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

Select all that apply

☒ Paris Agreement

☒ Sustainable Development Goal 6 on Clean Water and Sanitation

[Add row]

(4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select from:

☒ Yes

(4.12.1) Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

Select from:

☒ In voluntary sustainability reports

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☒ Climate change

☒ Water

☒ Biodiversity

(4.12.1.4) Status of the publication

Select from:

☒ Complete

(4.12.1.5) Content elements

Select all that apply

- ☒ Strategy
- ☒ Governance
- ☒ Emission targets
- ☒ Emissions figures
- ☒ Value chain engagement
- ☒ Water accounting figures
- ☒ Water pollution indicators
- ☒ Content of environmental policies

(4.12.1.6) Page/section reference

<https://sustainability.lilly.com/environmental>

(4.12.1.7) Attach the relevant publication

[2023_Sustainability_Report_Final.pdf](#)

(4.12.1.8) Comment

N/A

Row 2

(4.12.1.1) Publication

Select from:

- ☒ In mainstream reports

(4.12.1.3) Environmental issues covered in publication

Select all that apply

- ☒ Climate change

(4.12.1.4) Status of the publication

Select from:

☒ Complete

(4.12.1.5) Content elements

Select all that apply

☒ Risks & Opportunities

(4.12.1.6) Page/section reference

Pg 31 and 35

(4.12.1.7) Attach the relevant publication

ELI LILLY 2023 Annual Report.pdf

(4.12.1.8) Comment

N/A
[Add row]

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

Select from:

☒ Yes

(5.1.2) Frequency of analysis

Select from:

☒ Not defined

Water

(5.1.1) Use of scenario analysis

Select from:

☒ Yes

(5.1.2) Frequency of analysis

Select from:

☒ Not defined

[Fixed row]

(5.1.1) Provide details of the scenarios used in your organization's scenario analysis.

Climate change

(5.1.1.1) Scenario used

Climate transition scenarios

- ☒ Bespoke climate transition scenario

(5.1.1.3) Approach to scenario

Select from:

- ☒ Qualitative

(5.1.1.4) Scenario coverage

Select from:

- ☒ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

- | | |
|--|--|
| ☒ Policy | ☒ Acute physical |
| ☒ Market | ☒ Chronic physical |
| ☒ Liability | |
| ☒ Reputation | |
| ☒ Technology | |

(5.1.1.6) Temperature alignment of scenario

Select from:

- ☒ 1.5°C or lower

(5.1.1.7) Reference year

2019

(5.1.1.8) Timeframes covered

Select all that apply

☒ 2030

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☒ Climate change (one of five drivers of nature change)

Stakeholder and customer demands

☒ Impact of nature footprint on reputation

Regulators, legal and policy regimes

☒ Global regulation

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

In alignment with Lilly's strategy to contribute to the transition to a low-carbon economy, we developed scenarios through consultation with an external consultant. These scenarios are further developed to assess potential events that could occur and what impact these might have on the business. The scope of our scenario analysis was inclusive of all our Scope 1 and Scope 2 emissions. This helped inform our climate ambition to transition 100% of purchased electricity to renewable sources, and to become carbon neutral within our Scope 1 and 2 emissions by 2030. The scenario analysis suggested that this climate target is in line with a 1.5°C scenario. This particular identification and assessment of climate-related risks was done at both the company and asset level in the five-to-ten-year timeframe. This time horizon is relevant to our organization because it is aligned with our strategic planning process. Inputs to this process include a formal, annual processes for identifying Health, Safety, and Environmental (HSE) issues (including climate change issues) and related risks and opportunities. Our organization defines substantive financial or strategic impact using low/medium/high ratings for both "likelihood" and "impact". This results in risks identified on a 3x3 matrix that is used to identify the highest risks to the enterprise and inform which scenarios to analyze. The areas of our organization that have been considered as part of the scenario analysis include Lilly's owned or leased facilities, third party suppliers, and product supply/distribution. The results of the scenario analysis have been used to inform our company's strategic decisions such as technology investments, capital/facility investments, and supply chain design decisions.

(5.1.1.11) Rationale for choice of scenario

Alignment with 1.5deg C temperature rise is widely accepted and utilized.

Water

(5.1.1.1) Scenario used

Water scenarios

- ☒ Customized publicly available water scenario, please specify

(5.1.1.3) Approach to scenario

Select from:

- ☒ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

- ☒ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

- ☒ Acute physical
☒ Chronic physical

(5.1.1.7) Reference year

2019

(5.1.1.8) Timeframes covered

Select all that apply

- ☒ 2030
☒ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

- ☒ Number of ecosystems impacted
- ☒ Climate change (one of five drivers of nature change)

Stakeholder and customer demands

- ☒ Impact of nature footprint on reputation

Regulators, legal and policy regimes

- ☒ Global regulation

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

We evaluate statistical long-term low flow data for rivers and streams that either directly or indirectly receive wastewater from one active ingredient and drug product manufacturing sites. This helps protect water quality under more extreme drought conditions. We also apply mixing zone restrictions for specific substances that further protect water quality. This also helps to protect biodiversity.

(5.1.1.11) Rationale for choice of scenario

These scenarios and tools help us understand and respond to water risks – such as water stress, variability from season-to-season, pollution, and water access.
[Add row]

(5.1.2) Provide details of the outcomes of your organization's scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

- ☒ Risk and opportunities identification, assessment and management
- ☒ Strategy and financial planning
- ☒ Resilience of business model and strategy
- ☒ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☒ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The results of the scenario analysis showed that our business units in certain regions such as the EU, would be financially impacted through the rising price of carbon. Purchasing fossil-fuel generated electricity in the long-term would not be in line with our climate goals, could impact our business financially, as well as negatively impact the environment and climate. These results highlighted the need for Lilly to set a goal to secure 100% of purchased electricity from renewable sources and to become carbon neutral in our Scope 1 and 2 operations by 2030. These goals, which were informed in part by the results of the scenario analysis, will mitigate financial, regulatory, transitional, and physical risks related to climate change. The results of the scenario analysis also demonstrated that if Lilly decided to continue with business-as-usual greenhouse gas reporting of Scope 1 and 2 only, our business could be subjected to damaging reputational risks. Additionally, we would not be able to understand the extent of our full carbon footprint if we did not capture and measure all our qualitative and quantitative emissions data. That is why we invested in new efforts to assess and report on Lilly's Scope 3 emissions footprint, so that we can be in a position to both disclose these emissions to our stakeholders, and to better understand and manage our carbon footprint more holistically.

Water

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☒ Strategy and financial planning

☒ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☒ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

Outcomes of our analysis led to establishing and implementing water management plans for Lilly sites in water-stressed areas, as well as efforts to prevent our internal and external manufacturing operations from adversely impacting the waterways as a result of discharges of pharmaceuticals.

[Fixed row]

(5.2) Does your organization's strategy include a climate transition plan?

(5.2.1) Transition plan

Select from:

☒ Yes, we have a climate transition plan which aligns with a 1.5°C world

(5.2.3) Publicly available climate transition plan

Select from:

☒ Yes

(5.2.4) Plan explicitly commits to cease all spending on, and revenue generation from, activities that contribute to fossil fuel expansion

Select from:

☒ No, and we do not plan to add an explicit commitment within the next two years

(5.2.6) Explain why your organization does not explicitly commit to cease all spending on and revenue generation from activities that contribute to fossil fuel expansion

Viable alternatives do not exist at scale.

(5.2.7) Mechanism by which feedback is collected from shareholders on your climate transition plan

Select from:

☒ We have a different feedback mechanism in place

(5.2.8) Description of feedback mechanism

We regularly meet with investors and potential investors to discuss our sustainability strategy, goals and progress, including those related to climate change. In these discussions, we obtain feedback on our plans and how our plans compare with other companies in our industry. We use this feedback to inform our prospective actions in the near and long-term.

(5.2.9) Frequency of feedback collection

Select from:

☒ More frequently than annually

(5.2.10) Description of key assumptions and dependencies on which the transition plan relies

Climate Transition plan assumes continued evolution of climate-related policies and regulations, continued transition of the energy grid to low-carbon inputs, the need to support nature-based solutions, and the assumption that we will continue to fund transition activities.

(5.2.11) Description of progress against transition plan disclosed in current or previous reporting period

Secure 100% of our purchased electricity from renewable sources Through the end of 2023, 28.4% of our purchased electricity – 185,770 MWh – came from renewable sources. As members of RE100, we are focusing our efforts to bring renewable electricity onto the grid, using a three-pronged approach. On-Site Generation: The first, and most effective effort, is implementing direct renewable electricity through on-site solar installation. We have established on-site solar arrays at our sites in France, Ireland, India, Italy, Spain and Puerto Rico. We aim to expand our use of on-site solar generation where possible at existing sites and implement on-site solar arrays at our new manufacturing sites as we expand our footprint to support business growth. Purchased Renewable Electricity: We are actively purchasing renewable energy from our utility providers across our sites in Germany, India, Ireland, Spain, Switzerland and the UK. Renewable Energy Certificates (RECs): Lilly purchases renewable energy credits as part of our efforts to transition to 100% renewable electricity. We purchase RECs associated with renewable electricity sources in the regions where we operate and in alignment with RE100 technical criteria. Lilly strives to be carbon neutral in our own operations by 2030, and we are working to reduce greenhouse gas 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 2023, we achieved a 26% absolute emissions reduction in our own operations and 3% year-on-year reduction from 2022. This reduction was driven by energy efficiency improvements and increased use of our renewable electricity, which was partially offset by business growth at existing sites and the startup of a new manufacturing facility in North Carolina.

(5.2.12) Attach any relevant documents which detail your climate transition plan (optional)

2023_Sustainability_Report_Final.pdf

(5.2.13) Other environmental issues that your climate transition plan considers

Select all that apply

☒ No other environmental issue considered

[Fixed row]

(5.4) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

	Identification of spending/revenue that is aligned with your organization’s climate transition
	Select from: ☒ No, but we plan to in the next two years

[Fixed row]

(5.9) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

(5.9.1) Water-related CAPEX (+/- % change)

5

(5.9.2) Anticipated forward trend for CAPEX (+/- % change)

5

(5.9.3) Water-related OPEX (+/- % change)

5

(5.9.4) Anticipated forward trend for OPEX (+/- % change)

5

(5.9.5) Please explain

The CAPEX value is based on the annual amount of corporate capital projects tracked for water related investments. It does not reflect costs for licensing or permitting. Water-related CAPEX has increased year-over-year as we invest in new facilities, which includes water-related infrastructure and equipment, and we anticipate CAPEX will increase going forward as these multi-year projects continue. The OPEX value was estimated based on the annual water intake and wastewater discharge volumes and expenses. Water-related OPEX has increased year-over-year as we have increased production rates and brought new facilities online. For future OPEX, we are expecting continued increase as additional new facilities are brought online to support production growth. CAPEX and OPEX changes indicated represent estimates based on production and footprint growth.

[Fixed row]

(5.10) Does your organization use an internal price on environmental externalities?

	Use of internal pricing of environmental externalities	Environmental externality priced
	Select from: ☒ Yes	Select all that apply ☒ Carbon

[Fixed row]

(5.10.1) Provide details of your organization's internal price on carbon.

Row 1

(5.10.1.1) Type of pricing scheme

Select from:

☒ Shadow price

(5.10.1.2) Objectives for implementing internal price

Select all that apply

- ☒ Drive low-carbon investment
- ☒ Incentivize consideration of climate-related issues in decision making
- ☒ Stress test investments

(5.10.1.3) Factors considered when determining the price

Select all that apply

- ☒ Benchmarking against peers
- ☒ Alignment to scientific guidance
- ☒ Alignment with the price of a carbon tax
- ☒ Price/cost of renewable energy procurement
- ☒ Price/cost of voluntary carbon offset credits
- ☒ Cost of required measures to achieve climate-related targets
- ☒ Alignment with the price of carbon border adjustment mechanism
- ☒ Alignment with the price of allowances under an Emissions Trading Scheme

(5.10.1.4) Calculation methodology and assumptions made in determining the price

Projects that have multiple environmental benefits are given greater flexibility on the threshold price per ton CO₂e saved. By assigning a cost to carbon emissions, the internal carbon price has created an economic incentive for Lilly to reduce its emissions. It helps in assessing the external costs of greenhouse gas emissions/ carbon offsets, contributing to making it financially advantageous for us to invest in emission reduction measures and adopt cleaner technologies. This internal carbon price encourages decision-making in prioritizing low-carbon investments and operational improvements. Relying on financial ROI alone would have led to many of the projects not being supported. The extended ROI for projects saving sufficient emissions/energy is supporting the business in taking a longer-term outlook to resource efficiency, and by valuing the GHG saving it drives an efficiency focus in the most GHG intensive locations, that may otherwise not have been prioritized.

(5.10.1.5) Scopes covered

Select all that apply

- ☒ Scope 1
- ☒ Scope 2

(5.10.1.6) Pricing approach used – spatial variance

Select from:

- ☒ Uniform

(5.10.1.8) Pricing approach used – temporal variance

Select from:

☒ Static

(5.10.1.10) Minimum actual price used (currency per metric ton CO2e)

5

(5.10.1.11) Maximum actual price used (currency per metric ton CO2e)

100

(5.10.1.12) Business decision-making processes the internal price is applied to

Select all that apply

☒ Capital expenditure

(5.10.1.13) Internal price is mandatory within business decision-making processes

Select from:

☒ No

(5.10.1.14) % total emissions in the reporting year in selected scopes this internal price covers

1

(5.10.1.15) Pricing approach is monitored and evaluated to achieve objectives

Select from:

☒ Yes

(5.10.1.16) Details of how the pricing approach is monitored and evaluated to achieve your objectives

We monitor market pricing for renewable energy credits, carbon offset pricing, and industry standard pricing approach taken by peers and other benchmarking where available. We also evaluate if application of the shadow price influenced the project viability or investment decision. Projects that have multiple environmental benefits are given greater flexibility on the threshold price per tons CO2e saved. By assigning a cost to carbon emissions, the internal carbon price has created an economic incentive for Lilly to reduce its emissions. It helps in assessing the external costs of greenhouse gas emissions/ carbon offsets, contributing to making it financially

advantageous for us to invest in emission reduction measures and adopt cleaner technologies. This internal carbon price encourages decision-making in prioritizing low-carbon investments and operational improvements. Relying on financial ROI alone would have led to many of the projects not being supported. The extended ROI for projects saving sufficient emissions/energy is supporting the business in taking a longer-term outlook to resource efficiency, and by valuing the GHG saving it drives an efficiency focus in the most GHG intensive locations, which may otherwise not have been prioritized.

[Add row]

(5.11) Do you engage with your value chain on environmental issues?

Suppliers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☒ Yes

(5.11.2) Environmental issues covered

Select all that apply

☒ Climate change

☒ Water

☒ Plastics

Customers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☒ Yes

(5.11.2) Environmental issues covered

Select all that apply

☒ Climate change

☒ Plastics

Investors and shareholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☒ Yes

(5.11.2) Environmental issues covered

Select all that apply

☒ Climate change

☒ Water

☒ Plastics

Other value chain stakeholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☒ No, and we do not plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

Select from:

☒ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

Other stakeholders engagements are ad-hoc.

[Fixed row]

(5.11.1) Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

Climate change

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

☒ Yes, we assess the dependencies and/or impacts of our suppliers

(5.11.1.2) Criteria for assessing supplier dependencies and/or impacts on the environment

Select all that apply

☒ Contribution to supplier-related Scope 3 emissions

(5.11.1.3) % Tier 1 suppliers assessed

Select from:

☒ 76-99%

(5.11.1.4) Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

Substantive is defined by the likelihood and impact: Greater than or equal to 50% likely to occur; event has occurred in the last 24 months or is likely to occur in the time period associated with the company's strategic plans, and greater than or equal to 750,000,000 of impact.

(5.11.1.5) % Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

Select from:

☒ None

Water

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

☒ Yes, we assess the dependencies and/or impacts of our suppliers

(5.11.1.2) Criteria for assessing supplier dependencies and/or impacts on the environment

Select all that apply

- ☒ Impact on water availability
- ☒ Impact on pollution levels

(5.11.1.3) % Tier 1 suppliers assessed

Select from:

- ☒ 76-99%

(5.11.1.4) Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

Substantive is defined by the likelihood and impact: Greater than or equal to 50% likely to occur; event has occurred in the last 24 months or is likely to occur in the time period associated with the company's strategic plans, and greater than or equal to 750,000,000 of impact.

(5.11.1.5) % Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

Select from:

- ☒ None

Plastics

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

- ☒ No, we do not assess the dependencies and/or impacts of our suppliers, and have no plans to do so within two years
- [Fixed row]

(5.11.2) Does your organization prioritize which suppliers to engage with on environmental issues?

Climate change

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☒ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☒ Procurement spend

☒ Strategic status of suppliers

(5.11.2.4) Please explain

For climate, we focus on the suppliers representing higher proportions of our business relative to procurement spend, and suppliers that are of highest strategic impact. This is done because spend is typically correlated to scope 3 emissions, and suppliers of more strategic importance are typically more willing to work with us to achieve common goals and implement enhancements to their climate-related efforts.

Water

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☒ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☒ Business risk mitigation

☒ Reputation management

(5.11.2.4) Please explain

For water-related issues, we focus on the suppliers representing higher risk to business continuity and reputation. This is done because water-related dependencies are linked to potential impacts to ensuring continuity of supply of medicines, and because of the importance of responsibly managing water discharges such as preventing potentially harmful discharges of active pharmaceutical ingredients.

Plastics

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☒ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☒ Procurement spend

☒ Strategic status of suppliers

(5.11.2.4) Please explain

For plastics, we focus on the suppliers representing higher proportions of our business relative to procurement spend, and suppliers that are of highest strategic impact. This is done because spend is typically correlated to our reliance on that supplier for materials needed to support our manufacturing processes, and suppliers of more strategic importance are typically more willing to work with us to achieve common goals and implement enhancements to their plastic-related efforts.

[Fixed row]

(5.11.5) Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?

Climate change

(5.11.5.1) Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process

Select from:

☒ No, and we do not plan to introduce environmental requirements related to this environmental issue within the next two years

(5.11.5.2) Policy in place for addressing supplier non-compliance

Select from:

☒ No, we do not have a policy in place for addressing non-compliance

(5.11.5.3) Comment

We have communicated climate-related expectations to suppliers, but these are not used as a requirement to do business with that supplier.

Water

(5.11.5.1) Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process

Select from:

☒ Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts

(5.11.5.2) Policy in place for addressing supplier non-compliance

Select from:

☒ Yes, we have a policy in place for addressing non-compliance

(5.11.5.3) Comment

Suppliers are required to comply with discharge permit limits and have controls in place to minimize risk of potentially harmful discharges of active pharmaceutical ingredients to wastewater.

[Fixed row]

(5.11.6) Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water

(5.11.6.1) Environmental requirement

Select from:

- ☒ Setting and monitoring water pollution-related targets

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

- ☒ First-party verification

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:

- ☒ 100%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:

- ☒ 100%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:

- ☒ Retain and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:

- ☒ 100%

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply

- ☒ Developing quantifiable, time-bound targets and milestones to bring suppliers back into compliance

(5.11.6.12) Comment

We assess the pharmaceuticals in our medicines for potential environmental impacts before introducing a medicine to market. To do this we use environmental risk assessment procedures that are aligned with several global regulatory agencies. We also assess the environmental risk posed by manufacturing 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. The LAEG program has been in place for more than three decades at Lilly facilities, and we are now fully implementing LAEG assessments at contract manufacturers across our supply chain. Lilly has committed to 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.

[Add row]

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

Select from:

☒ No other supplier engagement

Water

(5.11.7.2) Action driven by supplier engagement

Select from:

☒ No other supplier engagement

Plastics

(5.11.7.2) Action driven by supplier engagement

Select from:

☒ No other supplier engagement

[Add row]

(5.11.9) Provide details of any environmental engagement activity with other stakeholders in the value chain.

Climate change

(5.11.9.1) Type of stakeholder

Select from:

☒ Investors and shareholders

(5.11.9.2) Type and details of engagement

Education/Information sharing

☒ Share information on environmental initiatives, progress and achievements

(5.11.9.3) % of stakeholder type engaged

Select from:

☒ Less than 1%

(5.11.9.4) % stakeholder-associated scope 3 emissions

Select from:

☒ Less than 1%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

Investors and shareholders represent a substantial population of stakeholders in the company. Engagement can help us understand various perspectives, build trust, and provide early signals to potential evolving expectations.

(5.11.9.6) Effect of engagement and measures of success

We regularly meet with investors and potential investors to discuss our sustainability strategy, goals and progress, including those related to climate change. In these discussions, we obtain feedback on our plans and how our plans compare with other companies in our industry which helps us assess if we are successfully meeting investor/shareholder expectations. We use this feedback to inform our prospective actions in the near and long-term.

Water

(5.11.9.1) Type of stakeholder

Select from:

☒ Investors and shareholders

(5.11.9.2) Type and details of engagement

Education/Information sharing

☒ Share information about your products and relevant certification schemes

(5.11.9.3) % of stakeholder type engaged

Select from:

☒ Less than 1%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

Investors and shareholders represent a substantial population of stakeholders in the company. Engagement can help us understand various perspectives, build trust, and provide early signals to potential evolving expectations.

(5.11.9.6) Effect of engagement and measures of success

We regularly meet with investors and potential investors to discuss our sustainability strategy, goals and progress, including those related to climate change. In these discussions, we obtain feedback on our plans and how our plans compare with other companies in our industry which helps us assess if we are successfully meeting investor/shareholder expectations. We use this feedback to inform our prospective actions in the near and long-term.

[Add row]

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Climate change

(6.1.1) Consolidation approach used

Select from:

☒ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

Operational control approach is used because it aligns with our overall responsibility and ability to influence greenhouse gas emissions, waste, water and other environmental aspects.

Water

(6.1.1) Consolidation approach used

Select from:

☒ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

Operational control approach is used because it aligns with our overall responsibility and ability to influence greenhouse gas emissions, waste, water and other environmental aspects.

Plastics

(6.1.1) Consolidation approach used

Select from:

☒ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

Operational control approach is used because it aligns with our overall responsibility and ability to influence greenhouse gas emissions, waste, water and other environmental aspects.

Biodiversity

(6.1.1) Consolidation approach used

Select from:

☒ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

Operational control approach is used because it aligns with our overall responsibility and ability to influence greenhouse gas emissions, waste, water and other environmental aspects.

[Fixed row]

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

Select from:

☒ No

(7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

	Has there been a structural change?
	Select all that apply ☒ No

[Fixed row]

(7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
	Select all that apply ☒ No

[Fixed row]

(7.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Select all that apply

☒ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

(7.3) Describe your organization's approach to reporting Scope 2 emissions.

	Scope 2, location-based	Scope 2, market-based	Comment
	Select from: ☒ We are reporting a Scope 2, location-based figure	Select from: ☒ We are reporting a Scope 2, market-based figure	Lilly calculates and reports both location-based and market-based Scope 2 figures in accordance with existing GHG Protocol corporate standards.

[Fixed row]

(7.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Select from:

☒ No

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

192075.0

(7.5.3) Methodological details

Methodology: The 'average-data method' is used. Lilly activity data are multiplied with secondary emission factors for Scope 1 emissions. Activity data: Fuel, refrigerant, wastewater and combustion data sourced from Lilly reports are primary data and are considered to be of good quality. Emission factors: Emission factors were extracted from the Greenhouse Gas Protocol GHG Emissions Calculation Tool and are considered to be of good quality.

Scope 2 (location-based)

(7.5.1) Base year end

12/31/2019

(7.5.2) Base year emissions (metric tons CO2e)

596000.0

(7.5.3) Methodological details

Methodology: The 'average-data method' is used. Lilly activity data are multiplied with secondary emission factors for Scope 2 emissions. Activity data: Energy consumption data sourced from Lilly reports are primary data and are considered to be of good quality. Emission Factors: Emission factors were extracted from the Greenhouse Gas Protocol GHG Emissions Calculation Tool and are considered to be of good quality.

Scope 2 (market-based)

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

466000

(7.5.3) Methodological details

Methodology: The 'average-data method' is used. Lilly activity data are multiplied with secondary emission factors for Scope 2 emissions. Activity data: Energy consumption data sourced from Lilly reports are primary data and are considered to be of good quality. Emission Factors: Emission factors were extracted from the Greenhouse Gas Protocol GHG Emissions Calculation Tool and are considered to be of good quality.

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

2434210.0

(7.5.3) Methodological details

For suppliers whose services are categorized as 'purchased goods and services', a composite approach was applied. Activity data for which mass and material information are available are multiplied with material emission factors to calculate GHG emissions. Cardboard packaging was assumed based on 10% of the product mass. Activity data for which mass and material information are unavailable are multiplied with EEIO data to calculate GHG emissions. Activity data: Spend and quantity data sourced from Lilly procurement reports are primary data and are considered to be of good quality. Product specification information was sourced based on the specific product in question and is considered to be of good quality. Emission factors: Material and process emission factors are sourced from a reputable secondary database (ecoinvent) are considered to be of good quality. USEEIO (2020) factors are updated to take inflation into account. They are sourced from the most recent and most comprehensive EEIO database and are considered to be of good quality.

Scope 3 category 2: Capital goods

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Category 2 is combined with Category 1 as line items cannot be distinguished. For those suppliers whose services are categorized as 'capital goods', the spend based method is used. Lilly spend data are multiplied with EEIO data to calculate absolute emissions from all capital goods. Activity data: Spend and quantity data sourced from Lilly procurement reports are primary data and are considered to be of good quality. Emission factors: USEEIO (2020) factors are updated to take inflation into account. They are sourced from the most recent and most comprehensive EEIO database and are considered to be of good quality.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

116387.0

(7.5.3) Methodological details

The 'average-data method' is used. Lilly consumption data (eg kWh) are multiplied with secondary emission factors for well-to-tank upstream emissions. Emission factors: IEA and DEFRA emission factors are used. The factors include well-to-tank emissions. They are sourced from the most recent and most comprehensive IEA and DEFRA databases and are considered to be of good quality.

Scope 3 category 4: Upstream transportation and distribution

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

141255.0

(7.5.3) Methodological details

The 'average-data method' is used. Lilly transportation data, including transport mode, origin, destination and shipped weight are multiplied with secondary emission factors for transport emissions. Emission factors: DEFRA emission factors are used. They are sourced from the most recent and most comprehensive DEFRA database and are considered to be of good quality.

Scope 3 category 5: Waste generated in operations

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

18387.0

(7.5.3) Methodological details

The 'average-data method' is used. Lilly waste treatment data are multiplied with secondary emission factors for waste disposal emissions. Emission factors: DEFRA and ecoinvent emission factors are used. They are sourced from the most recent and most comprehensive ecoinvent and DEFRA databases and are considered to be of good quality.

Scope 3 category 6: Business travel

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

8581.0

(7.5.3) Methodological details

Emissions are calculated using the 'average-data' method', using distances travelled. Incorporated under this category are air travel, road travel (cars not company owned) and rail travel. Emission factors: Transport emission factors are sourced from a reputable secondary database (ecoinvent) are considered to be of good quality.

Scope 3 category 7: Employee commuting

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

25108.0

(7.5.3) Methodological details

The 'average-data method' is used. Lilly full time equivalent commuting employee numbers are combined with commuting data and secondary emission factors for commuting by transport mode. Emission factors: Transport emission factors are sourced from a reputable secondary database (ecoinvent) are considered to be of good quality.

Scope 3 category 8: Upstream leased assets

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Excluded as emissions from leased assets are included within Scope 1 and 2 reporting.

Scope 3 category 9: Downstream transportation and distribution

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

173777.0

(7.5.3) Methodological details

Emissions are calculated using the 'average-data' method', tonnages of sold product. Lilly sold product tonnages are multiplied with secondary emission factors for downstream transport and storage emissions. Emission factors: DEFRA emission factors are used for transportation. They are sourced from the most recent and most comprehensive DEFRA database and are considered to be of good quality. Electricity emission factors are sourced from a reputable secondary database (ecoinvent) are considered to be of good quality.

Scope 3 category 10: Processing of sold products

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Excluded as there is no further processing of Lilly's sold products.

Scope 3 category 11: Use of sold products

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Excluded as there are no impacts associated with the use of the products.

Scope 3 category 12: End of life treatment of sold products

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

69606.0

(7.5.3) Methodological details

The 'average-data method' is used and all waste assumed to be sent for hazardous incineration. Emission factors: Waste treatment emission factors are sourced from a reputable secondary database (ecoinvent) are considered to be of good quality.

Scope 3 category 13: Downstream leased assets

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Excluded as emissions from leased assets are included within Scope 1 and 2 reporting.

Scope 3 category 14: Franchises

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Lilly does not have any franchises.

Scope 3 category 15: Investments

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

This was not calculated for base year but has been calculated from 2021 onwards

Scope 3: Other (upstream)

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

N/A

Scope 3: Other (downstream)

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

N/A

[Fixed row]

(7.6) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

182000

(7.6.3) Methodological details

*Quantification methods All emissions are reported as composite values (CO2 equivalents or CO2eq) to accurately calculate these composite values CH4 (methane) and N2O (nitrous oxide) emissions are calculated separately from CO2 using appropriate emissions factors (EF). These emissions are multiplied by their AR5 GWP to derive their CO2e. CO2e CO2 CH4*GWP N2O*GWP EFs are updated each year in accordance with updates to the reference material. This occurs during the compilation of the source data and updating to this document. The following sections contain formulas that represent the calculations used to convert activity data into emissions data for each emissions source in the Lilly inventory. Emissions and EFs for CO2 are calculated in kg of CO2 per unit, while CH4 and N2O are calculated in grams per unit. For Mobile Sources, preference is given to the methodology that involves the volume consumption.*

[Fixed row]

(7.7) What were your organization's gross global Scope 2 emissions in metric tons CO2e?