




Our Environmental Approach

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

Our 2030 Environmental Goals

<h3>Climate</h3>  <p>Carbon neutral in our own operations</p> <p>100% renewable electricity</p> <p>Enhance full value-chain emissions reporting</p>	<h3>Waste</h3>  <p>Zero waste to landfill</p> <p>100% of plastic waste repurposed for beneficial use with at least 90% recycled or reused</p> <p>Integrate sustainability into product and packaging design</p>	<h3>Water</h3>  <p>No adverse impact to water-stressed areas</p> <p>No adverse impact from pharmaceuticals in the environment</p>
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Management Approach

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

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

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[Reducing Our Energy Use Emissions](#)

[Reducing Emissions through Cleaner Energy](#)

[Offsetting through Carbon Removal Projects](#)

[Scope 3 Emissions and Supply Chain Engagement](#)

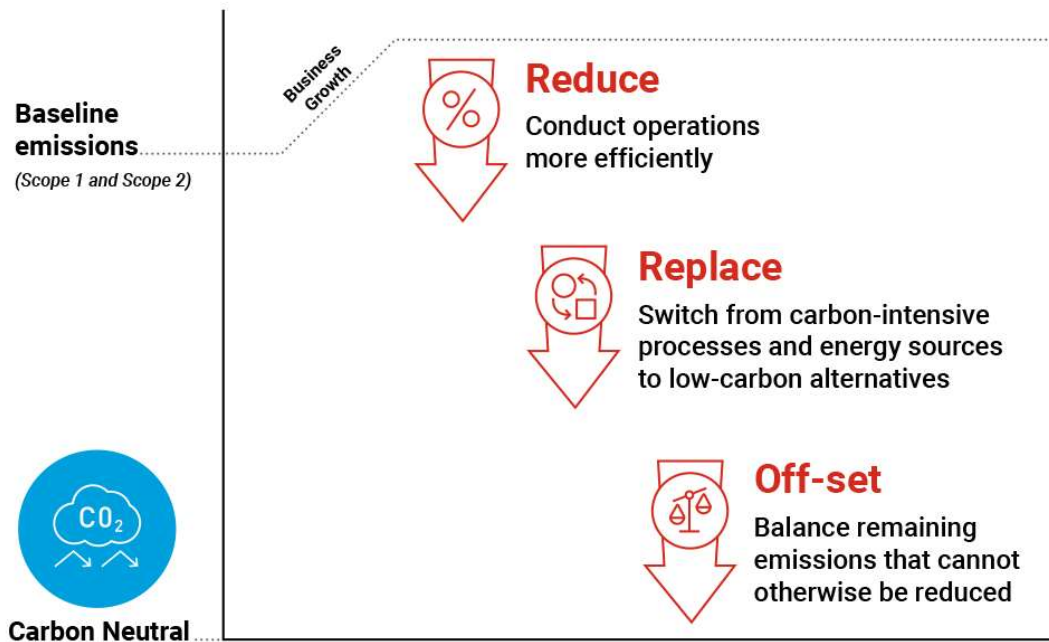
[Climate Performance Data](#)

Climate Action Strategy

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

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

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



2030 Climate Goals and Our Progress to Date

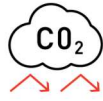
Lilly is committed to reducing our GHG emissions, and prioritizing energy efficiency to become a more climate-resilient organization. Looking toward the future, we have set climate goals for 2030 as we work toward contributing to a low-carbon economy:

- Secure 100% of our purchased electricity from renewable sources
 - In 2021, 9.6% of our purchased electricity came from renewable sources. A large portion of this renewable electricity is delivered through our utility providers to our sites in Alcobendas, Spain; Kinsale, Ireland; and Bracknell, UK. We plan to increase the amount of renewable electricity utilized as we advance new projects, including solar arrays at our sites in Puerto Rico and France, and an expansion to our solar array in Kinsale, Ireland, and another solar array in Alcobendas, Spain.
- Become carbon neutral in our own operations (Scope 1 and 2 emissions)
 - Lilly strives to be carbon neutral by 2030, and we are working to drive GHG emissions reductions throughout our operations. Our initial priority is to reduce emissions as much as possible internally before we purchase offsets to cover the remaining emissions. From 2012 to 2020, we achieved a 26% reduction in absolute emissions. In 2021, we achieved a 9% absolute emissions reduction versus 2020. This reduction was partially driven by energy efficiency improvements and an increase in the use of renewable electricity including the [startup](#) of our solar array in Kinsale.
- Enhance tracking and reporting of emissions from our full value-chain
 - In 2022, we advanced our efforts toward achieving this goal by undertaking the measurement of our full Scope 3 (value-chain) emissions for the 2021 calendar year. This complex work was completed and reported in July 2022 through our [CDP Climate Change submission](#). We intend to use these data to inform our evolving supply chain engagement strategy related to climate change.

Recent Achievements

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

Performance



9% absolute reduction
in GHG emissions from 2020 to 2021



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



Achieved a “B” score
for our 2021 CDP submission, our 12th year submitting a CDP report

Investments and Memberships

Joined RE100
in 2022



UN Global Compact
member since 2009



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

Reducing Our Energy Use Emissions

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

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

Recent Energy Initiatives



Encouraging Eco-Efficiency Across Our Operations



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

Enhancing the Use of Solar	▼
Energy Resiliency	▼
Fleet Fuel Economy	▼

Off-Setting through Carbon Removal Projects

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

Scope 3 Emissions and Supply Chain Engagement

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

Green Logistics	▼
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Climate Performance Data

Greenhouse Gas Emissions (Location-based) (1)	2018	2019	2020	2021
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO2e) ²	832,000	788,000	710,000	645,000
Scope 1	201,000	192,000	159,000	157,000
Scope 2	631,000	596,000	551,000	488,000



ESG REPORT

Greenhouse Gas Emissions (Market-Based) (1)

	2018	2019	2020	2021
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO ₂ e) ²	Not previously reported	Not previously reported	Not previously reported	623,000
Scope 1	Not previously reported	Not previously reported	Not previously reported	157,000
Scope 2	Not previously reported	Not previously reported	Not previously reported	466,000

Value-Chain Greenhouse Gas Emissions

	2018	2019	2020	2021
Scope 3 Emissions (metric tonnes CO ₂ e) ³	263,000	235,000	176,000	2,987,000

Energy

	2018	2019	2020	2021
Total Energy Consumption (million BTUs)	6,650,000	6,400,000	6,200,000	6,100,000
Direct Energy Consumption (million BTUs) ⁴	1,730,000	1,690,000	1,700,000	1,600,000
Indirect Energy Consumption (million BTUs) ⁵	4,920,000	4,700,000	4,500,000	4,500,000
Renewable Electricity	Not previously reported	Not previously reported	7.0%	9.6%

Climate Goals

	2030 Goal	2021 Performance
100% Renewable Electricity	100%	9.6%
Carbon Neutral (Market-Based Scope 1 and Scope 2)	Carbon Neutral	623,000 tonnes CO ₂ e

Enhance Tracking and Reporting of Full Value-Chain Emissions (Scope 3)

N/A

On track

Footnotes

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

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

1. A **location-based** method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A **market-based** method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. https://ghgprotocol.org/sites/default/files/Scope2_ExecSum_Final.pdf
2. Includes Scope 1 emissions and energy from onsite fuel combustion (excluding mobile sources) and Scope 2 emissions and energy from site-purchased energy (i.e., electricity, steam and chilled water). For smaller locations not billed directly to Lilly, data are estimated based on square footage.
3. 2018 through 2020 Scope 3 data include the following Scope 3 categories: upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream leased assets, franchises, investments. 2021 Scope 3 data include reporting on all 15 Scope 3 emissions categories.
4. Data includes energy from combustion of coal, fuel oil, natural gas and liquid propane.
5. Data includes energy from purchased electricity, steam and chilled water.

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

[Download Our 2021 ESG Data](#)

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

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