



Lilly

## LILLY 2010 CORPORATE RESPONSIBILITY HIGHLIGHTS



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## WE BELIEVE IT IS OUR CORPORATE RESPONSIBILITY TO MAKE A SIGNIFICANT CONTRIBUTION TO HUMANITY.

We do this by creating medicines that help people live longer, healthier, more active lives ... improving global health in the 21<sup>st</sup> century. We believe that how we do business is as important as what we do. We're drawing on our scientific, technical and business expertise to serve patients, meet community needs and reduce our environmental footprint.

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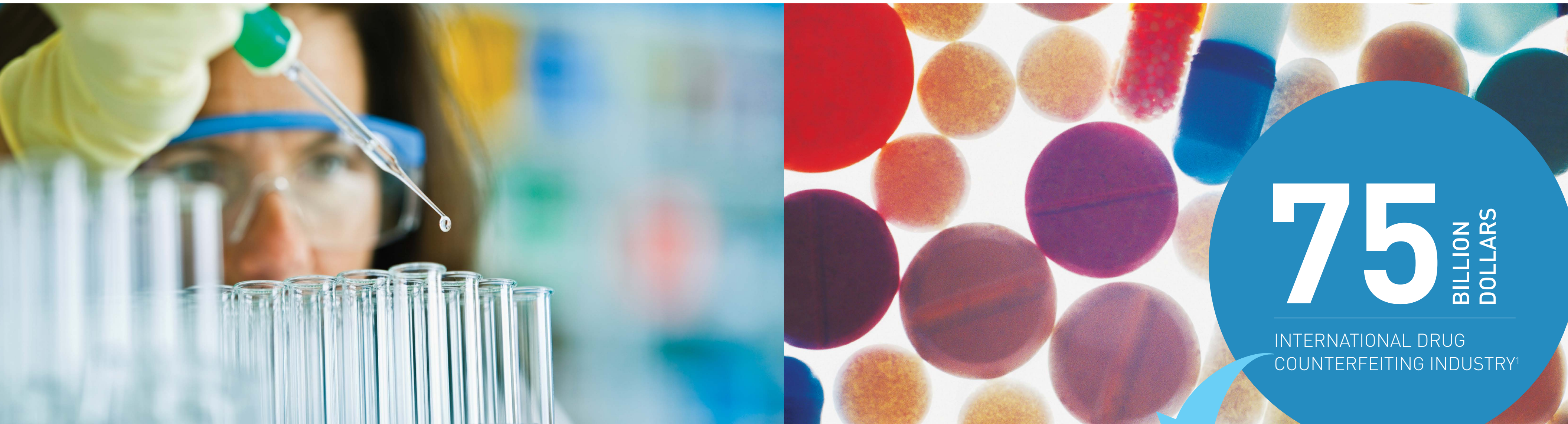
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### LILLY AROUND THE WORLD

Turn to **page 10** for a snapshot of Lilly's work to improve the health and well-being of those in our backyard — and across the globe.





# CONDUCTING OUR BUSINESS ETHICALLY AND TRANSPARENTLY

For more than 135 years, the people of Lilly have approached our company's business with a deep sense of responsibility to those we serve — patients, physicians and other healthcare providers. Our actions are grounded in our core company values of integrity, excellence, and respect for people. These values are not simply platitudes; they are infused into the Lilly culture and are a guide for all that we do.

At Lilly, how we do business is as important as what we do. We strive to be a leader in corporate responsibility. We demonstrate our values through responsible business practices that reflect our commitments to strong governance principles; transparency; patient, customer, and employee privacy; ethical product promotion; and stakeholder engagement. Our participation in the public policy process also demonstrates our values and affects how we do business. Our commitment to ethics and compliance is born of our commitment to integrity. Our policies, our Code of Business Conduct (which we call "*The Red Book*"), our top-down compliance management systems, and our training programs reinforce ethical behavior. We train all of our employees in ethical business practices and have systems in place to detect potential violations of the law and company policies.

## TRANSPARENCY AT LILLY

Experience has taught us that transparency in our operations can help to build trust with our stakeholders. We believe that transparency regarding business practices that involve financial payments to physicians helps to build trust with the public. In 2004, we were the first company to announce that we would voluntarily disclose to the public our U.S. clinical-trial results — even unfavorable ones. We were also the first company to report the results of a third-party audit of our database. In addition, we publicly report: the funding we provide in the United States to institutions in the form of educational grants and charitable contributions; our financial support to patient organizations based in Europe; our financial payments to U.S. healthcare professionals who are contracted as speakers for educational programs and who provide us with advice; and our company's annual political contributions.

## ADVANCING PUBLIC POLICY

As a biopharmaceutical company that treats serious diseases, we play an important role in public health and its related public policy debates. We believe it is important for our company to shape public policy debates around the world on issues specific to the people we serve and to our other key stakeholders, especially shareholders and employees. Our engagement in the public policy arena helps address the most pressing issues related to ensuring that patients have access to needed medications — leading to improved patient outcomes.

Through our policy research, development, and stakeholder dialogue activities, Lilly focuses on a number of dynamic areas that are important to our company, our industry, and the people we serve. Our public policy efforts center on three key areas: innovation; healthcare delivery; and pricing and reimbursement.

## MANAGING OUR SUPPLY CHAIN

At Lilly, we manage our supply chain to help maintain a safe and uninterrupted supply of our medicines. Within our own operations and the broader pharmaceutical industry, we work to support the United Nations Global Compact principles, ensure adherence to labor laws, and protect the environment. We partner with our suppliers around the world to encourage them to adopt the same global leadership standards that we have set for ourselves. We support the Pharmaceutical Industry Principles for Responsible Supply Chain Management, as set forth by the Pharmaceutical Supply Chain Initiative, an industry group.

We also aspire to broaden the participation of small and diverse businesses in the Lilly supplier base. Since 2005, the U.S. Small Business Administration has recognized Lilly as "outstanding" in our efforts to promote and maintain supplier diversity. Our goal is to achieve 10 to 15 percent of our external spend with small and diverse suppliers. In 2010, we spent \$474 million on diverse suppliers, exceeding our goal of \$445 million in diverse-supplier spending.

## FIGHTING COUNTERFEIT MEDICINES

What ranks among the biggest supply chain concerns for an international pharmaceutical company like Lilly? Protecting the public from a \$75 billion counterfeit drug industry<sup>1</sup>. In every part of the world, patients are unknowingly encountering counterfeits that look just like the actual medicine, from the appearance of the package to the size and color of the pill. These are dangerous imposters that may contain inactive and useless ingredients — or even toxic substances, such as arsenic. In every case, counterfeits are unreliable; in some cases, they can cause harm to patients, including death.

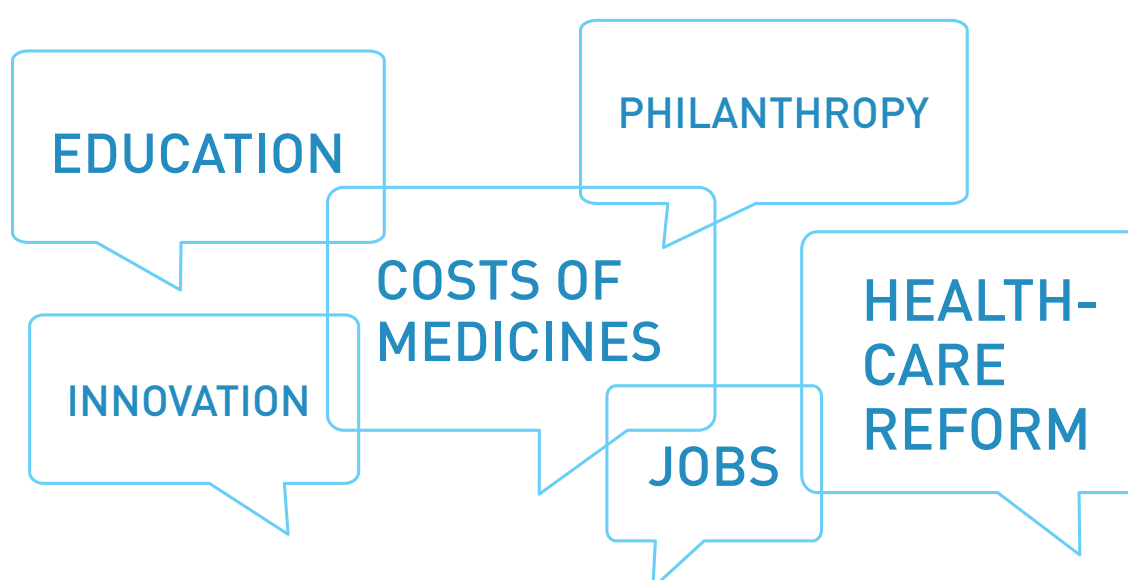
Counterfeit medicines pose a real and growing threat to patient safety and worldwide public health. Pharmaceutical counterfeiting crosses geographic boundaries and affects patients suffering from a variety of diseases. Medicines commonly involved in counterfeiting include those used for erectile dysfunction, oncology, cardiovascular disease, and mental health, preventing the proper treatment of these conditions.

Criminals are drawn to pharmaceutical counterfeiting by the prospect of high profits and low risk, as offenders are rarely prosecuted. Because of its unregulated environment, full anonymity, and access to patients, the Internet is a hot spot for counterfeiters. Criminal organizations dupe customers into buying counterfeit medicines through fake online "pharmacies," which use images of trademarked or branded pharmaceutical products.

Lilly is actively engaged in efforts to combat counterfeiting, and we partner with governments and others to protect the health and safety of our patients. Lilly is a founding member and steering group participant of the Alliance for Safe Online Pharmacies, a broad coalition of stakeholders who have an interest in protecting patient safety and ensuring patient access to safe and legitimate online pharmacies. In Europe, Lilly is active in the European Alliance for Access to Safe Medicines to further patient education about the dangers of counterfeit medicine.

**"At the European Alliance for Access to Safe Medicines, we are raising public awareness of the dangers posed by counterfeit medicines available in the legitimate supply chain and over the Internet. As we undertake major projects each year, Lilly's much-valued support helps bring our message to wider audiences and effect real change. We are tremendously proud to have Lilly stand shoulder-to-shoulder with us in this important work."**

— JIM THOMSON, CHAIR, EUROPEAN ALLIANCE FOR ACCESS TO SAFE MEDICINES



## EXTENDING A DIALOGUE

Our LillyPad blog (<http://lillypad.lilly.com/>) was designed to extend a dialogue with the public on matters that are of mutual interest to us and to those following our industry. The blog focuses on public policy issues such as health and wellness, innovation, and job creation. It also describes our corporate responsibility initiatives, advocacy efforts, and the work our employees do every day to make the world a healthier place to live. Visitors may add comments to contribute to the discussion.

<sup>1</sup> Source: P. Pitts, 21<sup>st</sup> Century Healthcare Terrorism: The Perils of International Drug Counterfeiting, Center for Medicine in the Public Interest, Sept. 20, 2005.

100%

Percentage of Lilly employees who must complete annual code of conduct training



24 language translations for our "Red Book" Code of Business Conduct

\$474  
MILLION

TOTAL AMOUNT spent with diverse suppliers in 2010



GOAL: achieve 10 to 15 percent of external spend with small and diverse suppliers





MORE THAN

227 THOUSAND PATIENTS

RECEIVED HELP THROUGH LILLY PATIENT-ASSISTANCE PROGRAMS DURING 2010.

## ENHANCING ACCESS TO MEDICINES

In 2011, we unveiled a new platform, The Lilly Global Health Innovation Campaign, aimed at improving health for underserved populations. To create positive, long-term change, the campaign employs a novel approach that immediately benefits healthcare providers and patients while simultaneously assessing program outcomes. The campaign encompasses two of Lilly's signature programs: our long-standing program, The Lilly MDR-TB Partnership and a newly-launched program, The Lilly NCD Partnership.

As part of the campaign, Lilly, together with our partners, will:

- Research: Pilot new models of health care based on sophisticated research and detailed data collection,
- Report: Share data and lessons learned, and
- Advocate: Inform key stakeholders about program findings and encourage the adoption of proven, cost-effective solutions.

### The Lilly NCD Partnership: Our Focus on Non-Communicable Diseases (NCDs)

Non-communicable diseases such as diabetes, cancer, and heart disease are placing an increasing burden on patients, healthcare systems, and economies. According to the World Health Organization (WHO), NCDs account for 63 percent of global deaths and nearly 80 percent of deaths in low- to middle-income countries. Despite this, the Center for Global Development reports that, from 2001 to 2008, spending on NCDs in developing countries was less than 3 percent of all global health assistance.

Few successful models for NCD treatment and care currently exist in the developing world. In 2011, we announced The Lilly NCD Partnership to apply our capabilities and resources — alongside those of our partners — to help increase access to health care and improve individual patient outcomes. The partnership will initially focus on diabetes, where Lilly has deep expertise and a history of pioneering therapies.

### Barriers to Health Care for Low-Income Populations\*



\* Adapted from the presentation: Essential Medicines, Equity, and Human Rights: A Framework for Analysis and Action, World Health Organization, 2007. Available at: <http://tinyurl.com/4xxde4k>.

### CREATING SHARED VALUE

Lilly's emerging vision of our responsibility as a company is inspired by the concept of "shared value," developed by Michael Porter and Mark Kramer of Harvard. We believe that Lilly can help solve today's social problems by finding intersections between what society needs and what we do best — and then developing collaborative, strategic initiatives that both serve society and enhance business performance. Aligning our business with pressing social needs opens up new opportunities to provide greater value to people around the world.

Lilly's greatest contribution in this regard is to continue to discover and develop innovative medicines, which we believe will be among the most powerful tools to improve the quality and reduce the cost of health care going forward.

We aim to put a special focus on improving the health of underserved people in low- and middle-income countries around the globe — specifically, by tackling several tenacious diseases that are growing rapidly in these parts of the world. We'll do this not only by contributing money, but also by applying what we do best, drawing on our scientific, technical, and business expertise. We'll also work to improve health by helping expand access to medicines. And we'll work to strengthen global policies that foster better health in the most effective and efficient ways. Approaching corporate responsibility this way will help us realize our vision: To make a significant contribution to humanity by improving global health in the 21<sup>st</sup> century.

**"Through the new Lilly NCD Partnership, Lilly is making a major move toward the concept of creating 'shared value.' By investing in the healthcare infrastructure of countries that have the highest burden of diabetes, they are leveraging their assets and expertise to both drive business results and improve public health. This program has the potential to create significant impact for the company and for millions around the world. It represents a promising new approach for Lilly, and the industry."**

— MARK KRAMER, FOUNDER AND MANAGING DIRECTOR, FSG, AND SENIOR FELLOW, CORPORATE SOCIAL RESPONSIBILITY INITIATIVE, HARVARD KENNEDY SCHOOL

### TRUASSIST

In 2011, we announced Lilly TruAssist, an easy-to-use, one-stop resource about Lilly's patient-assistance programs. During 2010, more than 227,000 patients received help through these programs, in areas including mental health, diabetes, cardiovascular disease, men's health, osteoporosis, oncology, and growth-hormone disorders. This represented an increase of 12 percent from 2009.

### THE LILLY MDR-TB PARTNERSHIP

The Lilly MDR-TB Partnership was created in 2003 to confront a disease so daunting that no single organization could fight it alone. This public/private initiative offers education, training, and improved care to people worldwide who have fallen victim to deadly multidrug-resistant tuberculosis. Working in more than 80 nations and with more than 20 partners, The Lilly MDR-TB Partnership has trained doctors and nurses to recognize, treat, monitor, and prevent the spread of multidrug-resistant TB. These healthcare professionals have raised awareness to reduce the stigma of the disease, promoted prevention, researched drugs to improve treatment, and advocated for some of the world's most vulnerable populations.



### THE LILLY MDR-TB PARTNERSHIP: AWARDS AND RECOGNITION

- Committee Encouraging Corporate Philanthropy Excellence Award in Corporate Philanthropy, 2009
- Global Business Coalition Award for Excellence in Business Action, 2007 and 2010
- International Chamber of Commerce and United Nations Development Programme, 2010 World Business and Development Award

63%

PERCENTAGE of global deaths worldwide caused by NCDs



&lt; 3% OF TOTAL global health assistance dollars directed to NCDs

\$335 MILLION

MARKET VALUE of Lilly patient-assistance programs in 2010



MORE THAN 21,000 nurses in 15 countries directly trained in patient care and infection control for MDR-TB



# DEVELOPING INNOVATIVE MEDICINES

**Lilly has a rich history of creating breakthrough products that enhance and preserve life. Today, our commitment to scientific research and development remains as strong as ever, and we've developed some innovative approaches that are helping us speed the creation of new medicines. Yet we recognize that the responsibilities we have go far beyond the laboratory. At all stages of the development and use of our medicines, Lilly strives to maintain the highest standards of ethical behavior.**

## BIOETHICS AT LILLY

In 1999, Lilly became one of the first pharmaceutical companies to establish a standing bioethics committee to systematically identify, evaluate, and communicate bioethics issues. In 2008, we took our first steps toward a more dedicated approach to bioethics and established the Lilly Bioethics Program, devoting full-time resources to the area.

The Lilly Bioethics Program is designed to address the increasingly complex ethical challenges of global pharmaceutical research and development (R&D) in today's fast-paced biotechnology environment. The program is a global framework that governs the full sweep of Lilly's R&D activities. It promotes ethical research and drug development, safeguards the integrity of the scientific process, protects patients' well-being, and ensures that animals are treated humanely. The program's purpose is to assist employees in identifying and addressing bioethical issues related to Lilly's R&D activities.

## LILLY GLOBAL PATIENT SAFETY ORGANIZATION

Lilly's global patient safety organization is a team of more than 300 individuals, including physicians, pharmacists, nurses, and other drug-safety professionals. This group leads the company's efforts to report adverse events and continuously monitor the safety of Lilly's products through their entire lifecycle, including the identification of changes in the benefit/risk balance.

## EDUCATING PATIENTS ABOUT THE BENEFIT/RISK BALANCE OF PHARMACEUTICALS

When a regulatory agency approves a medicine, it has concluded that, for the overall public, the medication's benefits outweigh its risks for the conditions outlined in the product label. Still, accurate and up-to-date safety information is critical for healthcare providers and patients to best decide how and for whom a medication should be used. Lilly's role in risk management centers on helping healthcare providers make informed decisions about how and when a medicine should be used, how to monitor the patient for potential adverse events, and how to communicate to the patient about proper use of the medication. In January 2010, Lilly launched our "Safety Matters" website (<http://safetymatters.lilly.com>) to educate key external stakeholders (including patients and doctors) about the role that the pharmaceutical industry and the FDA play in ensuring medicines are safe and effective.

## ANIMAL CARE AND USE

To assess the potential safety, toxicity, and efficacy of compounds for human use, Lilly researchers conduct tests in laboratory animals when other reasonable alternatives do not exist. Such safety studies are mandated by law and are conducted to understand the effects of new medicines. We recognize we have an ethical and scientific obligation to ensure the appropriate and humane treatment of animals used in research, and we have systems in place to fulfill this obligation.

Lilly's Animal Care and Use principles state that animals shall be treated humanely, with pain and stress minimized. Animal testing should be performed after consideration of the 3 Rs: replace animals whenever alternatives are scientifically valid and acceptable to regulators; reduce the numbers of animals used; and refine procedures to minimize distress.

### Specifically:

- Living conditions for research animals must be appropriate for their species and contribute to their health and well-being.
- Personnel who care for animals or who conduct animal studies must be appropriately qualified regarding the proper care and use of animals in research.
- Studies involving animals must be designed and conducted in accordance with applicable country and local regulatory guidance and the following widely recognized principles of animal care and use:
  - with due consideration of the relevance of the study to human or animal health and the advancement of scientific knowledge,
  - selecting only animals appropriate for that study,
  - using the minimum number of animals required to obtain valid results,
  - using alternative methods instead of live animals where appropriate, and
  - avoiding or minimizing discomfort and distress to the animals.

All Lilly facilities are accredited by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) and are subject to external review and inspection. AAALAC also provides an independent review and confirmation of appropriate animal care and use. In the United States, Lilly's animal care and use committee (which includes an independent, third-party member) approves and oversees animal research activities and care programs. Similarly, Lilly's U.K. ethical committee reviews all animal usage in that country and ensures that people using animals are appropriately qualified.

## WORKING TOWARD DIVERSITY IN CLINICAL TRIALS

Minority populations have historically and consistently been underrepresented in clinical trials. As a result, important information about how medicines work in minority populations is not always available. This issue is critical because patients' responses to medicines can vary by ethnicity, lifestyle, and genetic background.

To help boost enrollment of diverse populations in trials and make trials more accessible to minority communities, Lilly has partnered with community groups to launch awareness campaigns and set goals across our therapeutic and product lines to achieve greater diversity among patients enrolling in new clinical trials. Since 2008, we have introduced 229 new clinical-trial sites in the United States in locations with diverse populations. We are currently establishing a global strategy.

## TAILORED THERAPIES

Historically, medicine has been "one size fits all." Increasingly, this is changing. Personalized medicine (also called tailored therapies) promises to deliver greater precision, higher value, and improved outcomes for individual patients. Today, tailoring is being built into every drug development program at Lilly, using a variety of approaches to identify meaningful differences across patient populations.

Tailoring therapeutics is in part technical: by using emerging technologies and capabilities, the pharmaceutical industry can move toward better and more predictable patient outcomes. It is also a strategy for enhancing the social value of medicines. All medicines have potential risks and benefits; tailoring allows us to use real-world data and information, and input from those closest to patients to develop therapies that offer the most value to individuals and to society.

## THE DRUG DEVELOPMENT PROCESS

The research-based pharmaceutical industry is uniquely able to discover, develop, and produce lifesaving medicines for patients who need them. Yet pharmaceutical research and development is a complex and lengthy process. To demonstrate the safety and efficacy of a drug, by law it must be tested in the laboratory, in living cells and organisms, in laboratory animals, and finally, in humans. After the drug-discovery process produces a promising lead, that compound is still a long way from being ready for testing in human subjects. Here is how the process unfolds in the United States.<sup>1</sup>



<sup>1</sup> We have adapted the phase chart from PhRMA and supplemented it with cost data from a recently published article on R&D productivity: Paul S. Mytelka D. Dunwiddie C, et al. *How to Improve R&D Productivity: The Pharmaceutical Industry's Grand Challenge*. Nature Reviews Drug Discovery. 2010; available from: doi:10.1038/nrd3078. Accessed October 25, 2011.

<sup>2</sup> Figures provided are capitalized, meaning they account for the cost of capital to complete each phase. The \$1.8B total estimated cost includes the cost of all projects that fail during the drug discovery and development process.

7,300

EMPLOYEES engaged in research and development as of 12/31/10



50+ countries where Lilly conducted clinical research in 2010

125

NUMBER of countries where Lilly marketed products as of 12/31/10



135 YEARS of innovation celebrated in 2011, on the anniversary of Lilly's founding





## SUPPORTING STRONG WORKPLACE PRACTICES

Our legacy dates back 135 years to our founder, Colonel Eli Lilly. More than a century ago, his vision and his commitment to patients, employees, and communities set a strong tone for our company that continues today. Our business has prospered because of our people — people with a talent for innovation and a passion for making a difference by finding treatments for the most stubborn diseases; people whose talent is matched by their generosity; and people with strong values and a determination to prevail, regardless of the challenges.

Colonel Lilly's values — integrity, excellence, and respect for people — continue to shape our practices. We strive to provide our employees an engaging and rewarding working environment built on a foundation of trust. We believe we have created a workplace with fair labor practices, where employees are respected for their contributions.

As a pharmaceutical company, our mission is to make medicines that help people live longer, healthier, more active lives. Our employees are essential to us accomplishing that mission. The early leaders of our company recognized that actions do speak louder than words — particularly where employees were concerned. "Intellectual capital" may be the modern term for it, but even early on, Lilly management understood that the knowledge and skills of Lilly people were the company's most important assets. Today, we offer our work-force competitive compensation and benefits packages, and provide a wide variety of opportunities for personal growth. We aim to create an environment where employees can balance work and personal life responsibilities. We provide employees with opportunities to build careers that reward them personally and professionally, while helping our company advance its vision to improve patient outcomes.

In our business, effective leadership is essential, so we have created programs and activities designed to build leadership skills. Our long-term responsibility is to ensure Lilly has a talent pipeline for the future. Just as Lilly has to think many years in advance to plan our drug pipeline, we need to do the same for our "people pipeline."

Effective employee collaboration is critical to Lilly's success, and we work to engage our employees, and foster and promote teamwork. Even in a challenging business environment, we believe it's important to invest in employee development with programs such as Connecting Hearts Abroad. This new program invites 200 employees a year to volunteer, on company time, for two weeks in 10 countries where people lack access to basic resources, including quality health care.

### Workplace Awards

We're frequently ranked as one of the best companies in the world at which to work. Some recent recognitions include the following:

- **Top 50 Companies for Diversity**, Lilly ranked 39<sup>th</sup> out of 535 companies that completed the *DiversityInc* survey (2011). This was the first time Lilly made the list.
- **Top Companies for Executive Women**, National Association of Female Executives (2009–2011)
- **Top 100 Best Places to Work**, Best Places to Work Hall of Fame, *Working Mother* magazine (1995–2011)

### PRIVACY CONCERNS

We were the first in our industry to formally implement a policy to protect the privacy of our employees' genetic information, with the goal of ensuring that such information cannot be used to discriminate in employment and benefit-related decisions.

### INJURY PREVENTION GOALS FOR 2013

WITH A 2007 BASELINE



### EMPLOYEE HEALTH, SAFETY, AND WELLNESS

Placing our employees' health and safety among our highest priorities is consistent with the Lilly value of respect for people. Our employees are our greatest asset, and we want them to operate in the safest environment possible. Our health and safety programs are tailored to each of our business areas, including sales and marketing, manufacturing, research and development, and administrative global services.

As one of the world's largest providers of medicines, we strive to make people's lives better — and we want the same for our own employees. We promote the

wellness of our own workforce through medical-care plans and services, and programs to encourage healthier lifestyles and physical, mental, and emotional well-being. We want our employees to be healthy and productive for the work they do at Lilly and in their lives outside of the workplace.

When we talk about preventing injuries at Lilly, we like to say: "good medicine is no accident." We can't continue to serve our patients if our employees are hurt or unable to be productive. Many of our employees spend large amounts of time driving,

where they risk motor vehicle accidents. Others are in laboratories where they work with potentially dangerous materials. Still others face ergonomic-injury risks from working in a manufacturing setting.

Our ultimate goal is for no employee to ever be hurt on the job. In 2008, we established new goals to reduce employee injuries. We report our progress against these targets to senior management and the public. Lilly measures health and safety performance globally using rates of serious injuries and lost time injuries.<sup>1</sup>

### DIVERSITY AND INCLUSION

At Lilly, embracing diversity is at the core of our long-held value of respect for people. It is the lens through which we understand and respond to the unique needs of the millions of individuals who depend on our medicines. We're proud of our diversity and the essential role it plays in helping us accomplish our mission: making medicines that help people live longer, healthier, more active lives.

Lilly works to attract and retain talented employees who bring the varying perspectives and skills we need to operate on a global level. Diversity fosters creativity, creativity drives innovation, and innovation leads to better patient outcomes and enhanced business success. Without diverse ideas, we simply cannot remain viable in a rapidly changing environment.

We partner with advocacy groups, professional societies, community organizations, public and private healthcare administrators, and others to help reduce health disparities and address the unique health care needs of all communities. Our diversity commitment extends through the full spectrum of our business, including our clinical-trial strategy and our supply chain.

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

In recent years, we have increased our leaders' accountability for developing diverse talent. Our senior leaders have performance objectives focusing on mentoring and career-path planning for women and diverse employees globally. In 2010, approximately 53 percent of our U.S. workforce was male and 47 percent was female. Global numbers were 54 percent male, 46 percent female. Minority employees made up approximately 19 percent of our U.S. workforce, breaking down as follows: 8 percent African American; 7 percent Asian; 3 percent Latino; 1 percent two or more races; and less than 1 percent each American Indian/Alaska native and Native Hawaiian/other Pacific Islander.

<sup>1</sup> The serious injury rate is defined by the number of work-related injuries and illnesses that require medical treatment beyond immediate first aid per 100 employees working full time for a year. The lost time injury rate, which reflects the severity of serious injuries, equals the number of serious injuries that result in an employee missing at least one day of work, per 100 employees working full-time for a year.

LILLY WAS INCLUDED ON  
DIVERSITYINC'S 2011 LIST OF

**TOP 50  
COMPANIES  
FOR DIVERSITY**

**38,066**

TOTAL global workforce  
(as of June 30, 2011)



**33% REDUCTION** in serious injury  
and lost time rates since 2007

**100**

PERFECT SCORE Lilly received on the Human Rights  
Campaign's "Best Places to Work: Corporate Equality Index"



APPROXIMATELY 50 languages  
spoken at Indianapolis headquarters



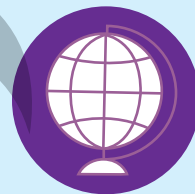
# LILLY AROUND THE WORLD\*



**\$430**  
MILLION IN GLOBAL  
CHARITABLE  
CONTRIBUTIONS

## GLOBAL CHARITABLE CONTRIBUTIONS

In 2010, we gave approximately \$430 million in charitable contributions, including cash, products, and other in-kind donations, all around the world.



## \$2.5 MILLION MIND TRUST GRANT

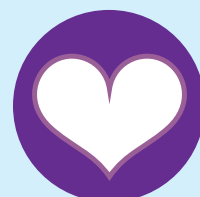
We gave our largest-ever education-focused grant to The Mind Trust in 2011 to help improve public education for underserved children in Indianapolis.



**\$4.2**  
MILLION  
IN DONATIONS

## NATURAL DISASTER RELIEF

In 2010, Lilly gave \$4.2 million in donations in the wake of natural disasters. One of our biggest efforts followed the devastating earthquake in Haiti.



## CONNECTING HEARTS ABROAD

Through the Connecting Hearts Abroad program, we are sending 200 "Lilly Ambassadors" each year on two-week assignments to provide assistance in developing communities in Asia, Africa, and Central and South America.



**\$30**  
MILLION OVER  
FIVE YEARS

## THE LILLY NCD PARTNERSHIP

In 2011, we launched The Lilly NCD Partnership to provide funding to fight the rising burden of non-communicable diseases (NCDs) in developing nations.



## GLOBAL DAY OF SERVICE

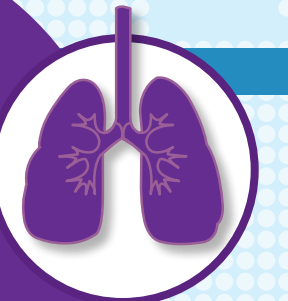
Our annual Global Day of Service ranks among the largest single-day volunteer initiatives of any company in the United States. In 2010, more than 24,000 employees in more than 30 global locations volunteered on one day in October.



**800**  
THOUSAND VIALS  
OF INSULIN

## LIFE FOR A CHILD

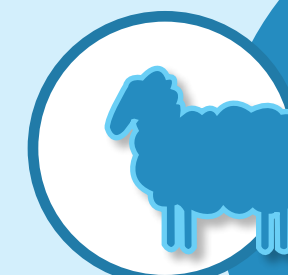
Lilly has committed to donating more than 800,000 vials of insulin to the International Diabetes Federation's Life for a Child program between 2008 and 2013. The medicine will help as many as 24,000 children throughout sub-Saharan Africa, Asia and South America who have no access to diabetes treatment.



**\$135**  
MILLION IN CASH,  
MEDICINES, TECHNOLOGY  
AND KNOW-HOW

## THE MDR-TB PARTNERSHIP

The Lilly MDR-TB Partnership is a public/private initiative working to tackle the scourge of multidrug-resistant tuberculosis in high-burden countries like China, Russia, South Africa and India. Since 2003, Lilly has contributed \$135 million in cash, medicines, technology and know-how.



**100**  
THOUSAND  
FAMILIES

## ELANCO'S HUNGER COMMITMENT

Our Elanco animal health division has committed to end hunger for 100,000 families — or 600,000 individuals — globally by 2025 through a partnership with Heifer International.



# ENGAGING WITH PATIENTS

**We understand the health challenges patients and their families face, and we provide hundreds of millions of dollars in product donations each year to help. But product contributions tell only part of the story. Here at Lilly, we work to go beyond medicine to help patients improve their health and manage their diseases. We believe an informed patient is a better participant in his or her own care and can achieve better health outcomes than a patient with access to less information.**

We support and partner with numerous local and national organizations, including those addressing multicultural health disparities, to improve patient care. In the United States, for example, minority groups often suffer heightened rates of certain diseases, including diabetes, which is one area of therapeutic focus for us. Our prevention-related interventions include materials printed in multiple languages for traditionally underserved communities.

Not everyone who needs our medicines is able to get them. In the United States, Lilly TruAssist [www.lillytruassist.com] provides access to products for eligible patients through several patient-assistance programs. The majority of our product donations are made through TruAssist, which serves as the umbrella program for Lilly's many patient-assistance efforts.

Our programs typically focus on our core areas of expertise, including cancer, diabetes, and mental illness. We support many initiatives, including the following examples:

## ONCOLOGY ON CANVAS

The *Lilly Oncology On Canvas*™: Expressions of a Cancer Journey Art Competition and Exhibition honors the journeys people face when confronted with a cancer diagnosis. The biennial competition invites individuals diagnosed with any type of cancer — as well as their families, friends, caregivers, and health-care providers — to express, through art and narrative, the life-affirming changes that give their cancer journeys meaning. The result is a compelling art collection that provides insights into the wide range of emotions experienced by those touched by cancer.

## F.A.C.E. DIABETES CAMPAIGN

The Fearless African Americans Connected and Empowered (F.A.C.E.) Diabetes campaign is a grassroots movement to help African Americans overcome key barriers to success in living with type 2 diabetes. African Americans are disproportionately affected by the disease. According to the American Diabetes Association, African Americans in the United States are 1.8 times more likely to have diabetes than non-Hispanic whites. About one-quarter of African Americans between the ages of 65 and 74 have the disease. Supported by Lilly, the F.A.C.E. Diabetes campaign [www.face-diabetes.com] offers programs and tools to help people make lifestyle changes to manage their disease.

## DIABETES CONVERSATIONS

Created by Healthy Interactions in collaboration with the International Diabetes Federation, Lilly Diabetes sponsors the Diabetes Conversations program, featuring Conversation Map™ education tools. This innovative education method uses a unique, visual approach to facilitate interactive group participation and empower people with diabetes to become actively involved in managing the disease. The education tools, available in 35 languages, have been launched in more than 105 countries since 2008.

## CAMP CARE PACKAGE

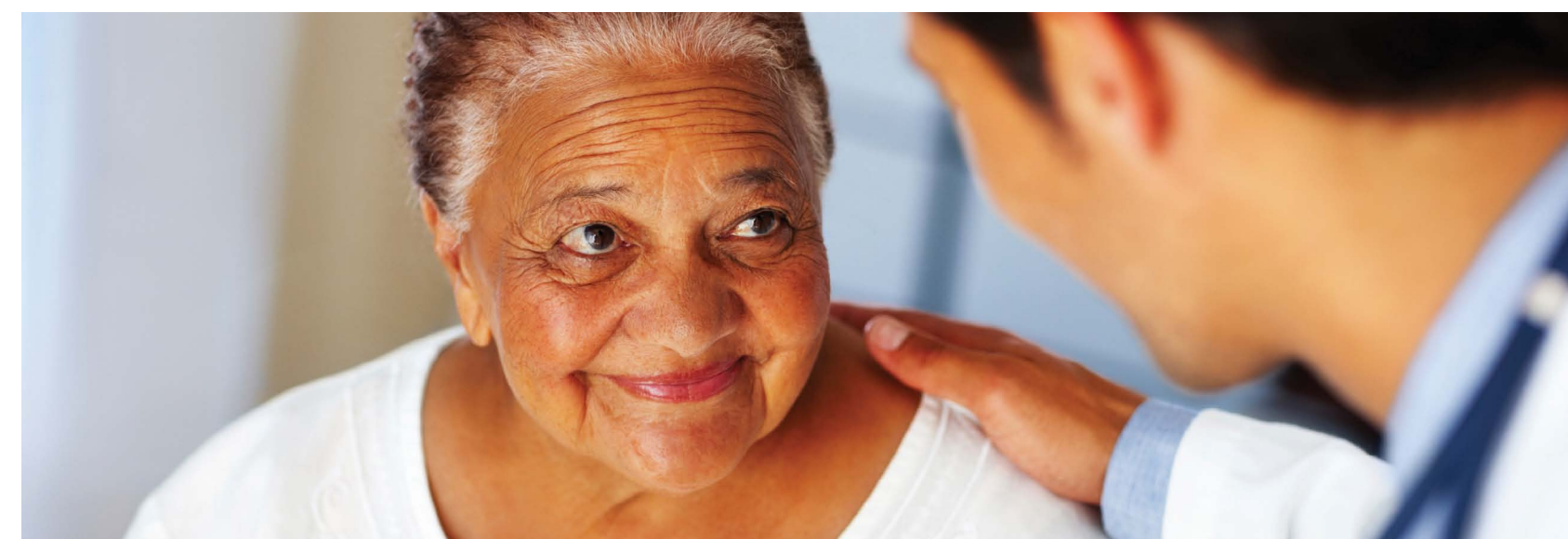
For more than a decade, Lilly has been one of the largest providers of insulin and glucagon, educational materials, volunteers, scholarships, and special guests to diabetes camps through the comprehensive Lilly Camp Care Package. In 2010, 94 diabetes camps participated in the Camps in Color program, an art-therapy based initiative for children. Requesting camps received nearly \$2 million in insulin product and more than 22,000 educational backpacks. Lilly also provides camp tuition support through its partnership with the American Diabetes Association and the Diabetes Education & Camping Association.

## REINTEGRATION AWARDS AND SCHOLARSHIPS

People who are managing or recovering from mental illness often hear the word "reintegration." It refers to the steps involved with reentering the community and getting back to living as normal a life as they can. Key to reintegration is the support of family, friends, and mental health professionals. Since 1996, Lilly has partnered with the Center for Reintegration to present Lilly Reintegration Awards and Scholarships. The goal of these programs is to recognize mental health professionals, family and friends of individuals with mental illness, and individual patients for their exceptional contributions and achievements in helping those battling serious mental illness.

## LILLY FOR BETTER HEALTH™

Lilly for Better Health is a patient-focused resource available to community and health advocacy organizations, public and private healthcare providers, policymakers, and others interested in improving the health and well-being of their communities. Lilly for Better Health includes a website, conference exhibits, and printed materials, and reaches tens of thousands of customers directly each year at community events, programs, and healthcare conferences, offering valuable education materials and interactive assessment tools on a variety of health topics. In 2010, we distributed more than 450,000 patient-education resources to individuals and organizations. The website, which was updated in 2011, spotlights Lilly partnerships and programs that focus on wellness, prevention, and disease management and offers on-demand access to health education materials. Many Lilly for Better Health resources are available in both English and Spanish, with select tools in Mandarin.



450,000

NUMBER of patient-education resources we distributed to individuals and organizations in 2010



\$15 MILLION committed by Lilly over five years to support Peers for Progress, designed to enhance peer support for those with diabetes

105

NUMBER of countries where Lilly has launched the Diabetes Conversations program



1,200 students with a mental illness who have been awarded Lilly Reintegration Scholarships for college



# FOSTERING ENVIRONMENTAL SUSTAINABILITY

The medicines we make require the use of valuable resources, including energy, water, and raw materials. We know that the way we operate our business today can have a long-lasting impact. Lilly takes a holistic approach to understanding and managing our environmental impacts across the product life cycle (see below). To operate most sustainably, we are committed to conducting our business in an environmentally, socially, and financially responsible manner.

Our performance in meeting our environmental goals, related to energy efficiency, greenhouse gas (GHG) emissions, water intake, and waste to landfill (see right), demonstrates our commitment to reduce our environmental footprint. We believe that implementing cost-effective, more sustainable solutions is a powerful and ongoing source of business value.

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

Making capital investments in technology and physical plant operations can have a substantial, positive impact on achieving overall environmental goals. However, these projects compete for funding with other essential projects at each facility, for example, those directly related to product manufacturing. To address this challenge, we established an Energy, Waste, and Natural Resource Reduction Fund. The fund helps pay for capital projects at our facilities globally, and promotes the development of environmentally superior, efficient technologies, and the sharing of best practices across our facilities.

The amounts spent each year are included in the following table. In 2010, Lilly realized a return of about \$16 million for all projects implemented so far.

ENERGY, WASTE, AND NATURAL RESOURCE REDUCTION FUND EXPENDITURES  
\$ MILLIONS

2008	2009	2010
\$6.5	\$5.7	\$4.1

### PRODUCT STEWARDSHIP

Lilly's Product Stewardship Standard defines our health, safety, and environment (HSE) requirements for assessing Lilly products across the value chain. The scope covers both internal and external value-chain elements globally, and distributes accountability to numerous Lilly business and functional groups, to integrate product stewardship deeply into our business.

#### Our main areas of focus include:

- Using green chemistry to reduce the use of hazardous materials in our development and manufacturing processes,
- Improving materials use in devices,
- Reducing the environmental impact of product manufacturing,
- Decreasing the environmental impact of packaging,
- Using science-based environmental risk assessments to evaluate the potential impact of our products in the environment, and
- Disposing of products responsibly at end-of-life.

### Innovations in Green Chemistry

In the early 1990s, Lilly was one of the first pharmaceutical companies to recognize the potential of green chemistry to transform our manufacturing processes to be inherently safer, more efficient, and more environmentally friendly.

Lilly's approach to green chemistry is twofold. We seek improvements by reducing the amount of hazardous material used to make a product, increasing overall materials efficiency, evaluating chemical alternatives, and avoiding use of the riskiest substances. We also seek more fundamental changes — ones that can result in order-of-magnitude improvements — by advancing the state of the art in chemistry, and developing and implementing new reactor technologies.

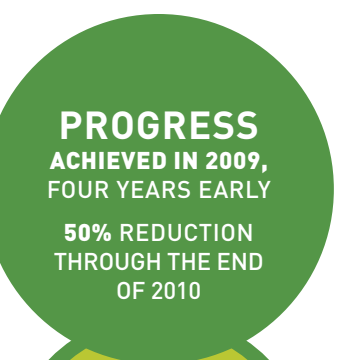
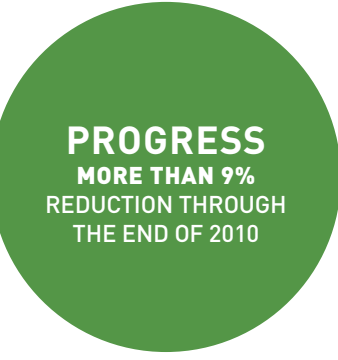
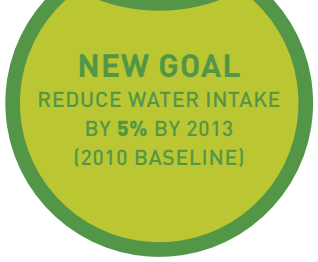
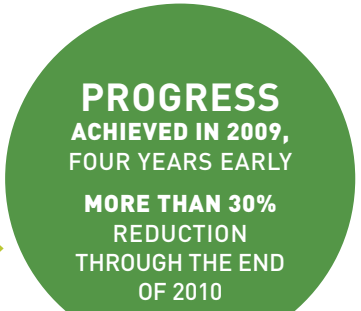
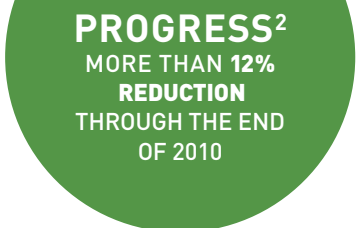
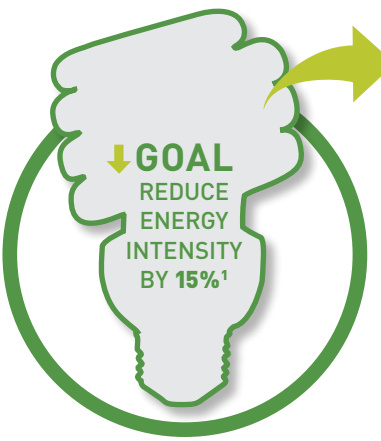
For example, we discovered an alternative synthesis route for the commercial production of an investigational new drug candidate. This innovation reduced the total raw materials (including water) used for every kilogram of drug produced by 94 percent.

### PERFORMANCE IN OPERATIONS

We are committed to continually improving environmental performance across Lilly's operations. This includes our most significant areas of environmental impact — energy use and GHG emissions, water use, and waste — as well as our progress in green procurement, other air emissions, biodiversity, and compliance. Setting, driving toward, and communicating our progress against HSE performance goals is central to our HSE management approach.

### 2013 GOALS

WITH A 2007 BASELINE



<sup>1</sup> Per square foot of facility space.  
<sup>2</sup> Following World Resource Institute guidance, progress toward environmental goals is reported on an adjusted basis accounting for mergers, acquisitions, and divestitures, as appropriate, to ensure comparability, unless stated otherwise.  
<sup>3</sup> This goal covers Lilly's Scope 1 and Scope 2 emissions.  
<sup>4</sup> In absolute terms.  
<sup>5</sup> Lilly's former and current waste-to-landfill goals do not include construction and demolition debris, biosolids from wastewater treatment plants, incinerator ash, coal ash if reused for mine reclamation or road base, and mycelia and urea reused for fertilizer.

### MANAGING PERFORMANCE ACROSS THE LIFE CYCLE

At each stage of the pharmaceutical product life cycle, there are distinct environmental, health, and safety impacts and opportunities for improvement. This graphic provides an overview of our impacts and how we work to minimize them.



**Research and Development**  
We consider environmental factors from the earliest stages of design and development. Our design for environment initiatives include green chemistry, environmental product risk assessments, and an Environmental Development Review (EDR) process to evaluate potential environmental issues and opportunities during the scale-up of medicine production to manufacturing levels.



**Materials and Natural Resources**  
Lilly, customers, and governments worldwide are increasingly focused on the materials and chemicals used in products. We work to consume less materials, water, and other natural resources when possible, to reduce our overall environmental footprint. We comply with all relevant chemicals registration and materials management regulations.



**Manufacturing**  
Measuring, reporting, and reducing Lilly's environmental impacts from manufacturing are central to the company's sustainability program. Our manufacturing HSE committee ensures compliance to all HSE regulations, policies, procedures, and standards, while making certain that we drive continuous improvement throughout the manufacturing organization.



**Sales and Marketing**  
Lilly continually works to improve the fuel efficiency of our sales force vehicles, to meet our goal to reduce overall fleet fuel use 10 percent globally by 2013. At Lilly sales and marketing offices around the world, we've also established projects to reduce energy use while increasing employee environmental awareness and action.



**Product Transport and Packaging**  
Lilly's packaging guidelines — which cover areas such as reducing materials use, using materials with decreased environmental impact including recycled content, and designing packaging to enhance recyclability — provide a common basis for incorporating sustainability considerations into packaging decision-making. We track the GHG emissions of our product transportation and distribution vendors, and are committed to working with them to reduce those impacts.



**Product Use**  
Lilly is committed to understanding the potential effects of pharmaceutical products in the environment as well as in humans, and we support using science-based evaluations to assess and minimize the environmental risks of our pharmaceutical products. Through collaborations with industry partners, academic researchers, and regulatory agencies, we continually work to further understand and proactively address any potential impacts from the production, distribution, use, and disposal of our products.



**Product End-of-Life**  
Medicines are intended to be used in their entirety by patients. As a result, typical models of take-back, reuse, and recycling in other sectors, designed to capture value from products after use, do not apply to our industry. We are working with customers and partners to better understand and ensure an effective approach to product end-of-life issues.

**6.8**  
MILLION KWH  
AMOUNT OF ENERGY saved in 2010 through integrating and enhancing chilled water compressors at our manufacturing facility in Liverpool, United Kingdom



**93 MILLION LITERS OF WATER SAVED** in 2010 at our site in Fegersheim, France (16 percent of total use at the site), after installing a new reverse osmosis unit for water purification

**300**  
ACRES  
AMOUNT OF LAND PROTECTED at Lilly's manufacturing facility in Clinton, Indiana, through a project with the Healthy Rivers Initiative that will showcase the compatibility of conservation and farming



**84% RECYCLING RATE** in 2010 at Lilly's site in Carolina, Puerto Rico, up from 11 percent in 2007, saving more than \$1.3 million annually





“The business community can — and must — play a vital role in addressing complex societal problems. It’s clear that writing a check or donating product alone doesn’t have a lasting impact. A growing body of evidence demonstrates that when a company engages with partners in an area in which the company has deep expertise and a vested interest, society benefits and the company enhances its own performance.”

— JOHN LECHLEITER, PH.D., LILLY CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

## 2010 CORPORATE RESPONSIBILITY HIGHLIGHTS

Committed to **end hunger for 100,000 families globally by 2020** through a partnership with Heifer International and our Elanco animal health division.

SEE PAGE 11; [WWW.ELANCO.COM/CORPORATE-CITIZENSHIP.HTML](http://WWW.ELANCO.COM/CORPORATE-CITIZENSHIP.HTML)

**Reduced our waste to landfill by 50 percent** compared to 2007.

SEE PAGE 15

Committed to donating more than 800,000 vials of insulin to the International Diabetes Federation’s Life for a Child program between 2008 and 2013.

SEE PAGE 11

Selected **200 Lilly employees to volunteer** in countries where people lack resources or access to quality health care.

SEE PAGE 10

Launched a physician payment registry in 2011 to **help people better understand how we work with doctors to advance research and education.**

SEE [WWW.LILLYPHYSICIANPAYMENTREGISTRY.COM](http://WWW.LILLYPHYSICIANPAYMENTREGISTRY.COM)

Since 2003, **contributed \$135 million** in cash, medicines, technology, and know-how to fight multidrug-resistant tuberculosis (MDR-TB).

SEE PAGE 05; [WWW.MDR-TB.COM](http://WWW.MDR-TB.COM)

Named for the first time to DiversityInc’s list of **“Top 50 Companies for Diversity.”**

SEE PAGE 09

**Reduced serious injury and lost-time injury rates by 33 percent** each from our 2007 baseline.

SEE PAGE 09

**Invested \$2.5 million—**our largest-ever education-focused grant — in a new education-reform campaign sponsored by The Mind Trust, an organization committed to improving public education for underserved children.

SEE PAGE 10

Introduced new blog LillyPad to **extend dialogue with the public on policy issues** such as health and wellness, corporate responsibility, innovation, and job creation. <http://lillypad.lilly.com>

SEE PAGE 03

Launched a partnership in 2011 to leverage our medicines and expertise to **fight diabetes and other non-communicable diseases (NCDs)** in developing nations. SEE PAGE 04

**Reduced energy intensity by more than 12 percent,** compared to 2007, and decreased corresponding greenhouse gas emissions by more than 9 percent (both per square foot of facility space).

SEE PAGE 15

**Provided help to 227,000 patients** through our patient-assistance programs.

SEE PAGE 05; [WWW.LILLYTRUASSIST.COM](http://WWW.LILLYTRUASSIST.COM)

Made approximately **\$430 million in charitable contributions,** including cash and products.

SEE PAGE 10

Received a **perfect score of 100** on the Human Rights Campaign’s **“Best Places to Work: Corporate Equality Index.”**

SEE PAGE 09

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CONTENT: BuzzWord  
PRINTING:  
PAPER:

To learn more about our commitment to corporate responsibility and transparency and to view our full 2010 report, visit: [www.lilly.com](http://www.lilly.com).  
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