

## **Corporate Disclosure in Compliance with the California Transparency in Supply Chains Act of 2010**

The California Transparency in Supply Chains Act of 2010 (SB 657) requires certain companies doing business in California to report on their websites the activities they engage in to monitor their supply chains to prevent human trafficking and slavery.

Lilly maintains a long-standing practice of complying with local minimum-age laws and requirements and does not engage in forced or compulsory labor in any of our facilities globally. For more information on this, please visit Lilly's 2010 Corporate Responsibility Report at [https://assets.ctfassets.net/hadumfdtzsru/d6mQkK4sswwM4j4ZoHGrA/af9e78215e6c2c5c4dac1e3c6596fcff/2018\\_ISR\\_03062019\\_Final-WithCover.pdf](https://assets.ctfassets.net/hadumfdtzsru/d6mQkK4sswwM4j4ZoHGrA/af9e78215e6c2c5c4dac1e3c6596fcff/2018_ISR_03062019_Final-WithCover.pdf). In 2011, Lilly began revising our global standards and procedures to include specific language about human rights, including our expectations that vendors abide by Lilly human-rights standards as one piece of our Supplier Code of Conduct. To view the current Lilly Supplier Code of Conduct, go to <http://supplierportal.lilly.com/Suppliers/Pages/ConductCode.aspx>.

In early 2009, Lilly adopted the Pharmaceutical Industry Principles for Responsible Supply Chain Management, as set forth by the Pharmaceutical Supply Chain Initiative (PSCI), an industry group in which Lilly is an active participant. PSCI Principles are designed to align with the principles of the United Nations Global Compact; they represent high-level expectations set for industry suppliers in the areas of ethics, labor, health and safety, the environment, and related management systems. To review the PSCI principles, please visit <http://www.pharmaceuticalsupplychain.org/principles/introduction>. Upon adopting the principles, Lilly revised and updated our Supplier Code of Conduct to reflect these principles.

**Verification and Audit**—Suppliers in Lilly's supply chain are reviewed for relevant compliance and quality issues at the initiation of their relationship with Lilly. All agreements with vendors require that suppliers represent and warrant to Lilly that they comply with all applicable laws and regulations. In addition, Lilly expects that all suppliers comply with the PSCI principles. Starting in 2012, Lilly will be working with PSCI as PSCI begins conducting audits of product supply chains for compliance with PSCI principles – including evaluating and addressing the risks of human trafficking and slavery. These audits are intended to be performed by third parties under PSCI direction.

**Certification**—As part of Lilly's ongoing supply chain risk management, Lilly suppliers must complete a supplier self-assessment questionnaire. Suppliers must indicate that they support the PSCI principles and sign a statement testifying to this effect. In addition to the self assessment and certification processes described above, all suppliers in Lilly's supply chain must meet rigorous compliance standards intended to meet Lilly's quality and external

regulatory obligations. Lilly's contracts with suppliers include provisions requiring its suppliers to comply with all applicable laws including laws prohibiting slavery and human trafficking.

Internal Accountability—Lilly requires that all Lilly employees comply with Lilly's internal Code of Ethics and Legal Business Conduct, *The Red Book*, [https://assets.ctfassets.net/hadumfdtzsru/1L7GvgYYANFe6iA5vmFDmC/dd309a9846cf3af2e76598cfc90ad0a1/Red\\_Book\\_2019.pdf](https://assets.ctfassets.net/hadumfdtzsru/1L7GvgYYANFe6iA5vmFDmC/dd309a9846cf3af2e76598cfc90ad0a1/Red_Book_2019.pdf), all company policies and procedures, all laws and regulations that apply to company business operations, and all applicable official orders and decrees. This includes laws regarding slavery and human trafficking. Any violations of this policy are subject to disciplinary measures, up to and including dismissal as appropriate. For any supplier not meeting Lilly's expectations under its contractual arrangements, Lilly reserves the right to terminate the agreement.

Training—All Lilly employees, including employees involved in our supply chain management are trained on Lilly's Red Book on an annual basis.