

Independent Assurance Statement to Eli Lilly and Company

ERM Certification and Verification Services (ERM CVS) was engaged by Eli Lilly and Company (Eli Lilly) to provide limited assurance in relation to specified 2019 environmental performance data presented in the attached Eli Lilly 2019 UNGC CoP Environmental Performance Update, November 2020 as set out below.

Engagement summary	
Scope of our assurance engagement	<p>Whether the Eli Lilly 2019 absolute and intensity data for the following indicators are fairly presented, in all material respects, with the reporting criteria:</p> <p>Greenhouse Gas Emissions</p> <ul style="list-style-type: none"> • Total (scope 1 and scope 2) GHG emissions [metric tonnes CO₂e] • Scope 1 GHG emissions [metric tonnes CO₂e] • Scope 2 GHG emissions [metric tonnes CO₂e] • GHG efficiency (scope 1 and scope 2) [metric tonnes CO₂e / 1,000 square feet] • Combined scope 3 GHG emissions [metric tonnes CO₂e] from the following sources: <ul style="list-style-type: none"> ○ Employee business travel ○ Employee commuting ○ Product transportation and distribution (contracted) ○ Waste generated in operations <p>Energy Use</p> <ul style="list-style-type: none"> • Energy Consumption [million BTUs] • Energy Intensity [million BTUs/1,000 square feet] • Direct Energy Consumption [million BTUs] • Indirect Energy Consumption [million BTUs] <p>Water</p> <ul style="list-style-type: none"> • Water Intake [billion liters] • Phosphorus emissions to wastewater [metric tonnes] <p>Waste</p> <ul style="list-style-type: none"> • Total Waste Generation [metric tonnes] • Total waste not including reuse [metric tonnes] • Recycled (includes combustion with energy recovery) [metric tonnes] • Treated (includes combustion with energy recovery) [metric tonnes] • Landfilled [metric tonnes] • Waste Recycling Rate [%] <p>2020 Goals: (against baselines 2012 with the exception of phosphorus: 2018)</p> <ul style="list-style-type: none"> • Reduction in greenhouse gas emissions: Progress through 2019 [%] • Improvement in energy efficiency: Progress through 2019 [%] • Reduction in Phosphorus emissions in wastewater: Progress through 2019 [%] • Improvement in waste efficiency while increasing recycling rate above 70% and decreasing waste to landfill below 10% of total waste: Progress through 2019
Reporting criteria	We understand that Lilly has developed its own internal reporting criteria and definitions which are based on WBCSD/WRI GHG Protocol (2004, as updated January 2015) and GRI.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	<p>Eli Lilly is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Our conclusions

Environmental data:

Based on our activities, nothing has come to our attention to indicate that the Eli Lilly 2019 absolute and intensity data for the indicators, as listed above, are not fairly presented in the attached Eli Lilly 2019 UNGC CoP Environmental Performance Update November 2020, in all material respects, with the reporting criteria.

2020 Goals:

Based on our activities, nothing has come to our attention to indicate that the progress reported in the attached Eli Lilly 2019 UNGC CoP Environmental Performance Update November 2020, against the 2020 goals for the goals listed above, is not fairly presented, in all material respects, with the reporting criteria.

Emphasis of matter

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Eli Lilly relating to the data on pages 59 and 68 of the 2019 UNGC Communication on Progress and on the UNGC COP Environmental Performance Update document, in particular the limitations relating to the 2019 data for the Scope 3 emissions assumptions and estimations which should be read in conjunction with the reported data.

Our assurance activities

Our objective was to assess whether the selected data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Virtual interviews with relevant staff at the Eli Lilly corporate headquarters in Indianapolis, IN to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal indicator definitions and conversion factors;
- Virtual site visits to three sites (PR01/05, Puerto Rico; LTC, USA; Kinsale, ROI) and a further desktop review of source data (energy and waste only) for an additional 4 sites (Branchburg, Sesto, Indy FM and Indy API), to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation;
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators from the site data;
- A review of underlying data and calculations used to support the reported 2019 progress against the reported baseline;
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. While we have reviewed the assumptions and calculations for 2019 progress on the 2020 Goals against 2012 baselines, the baseline data were not assured or reviewed for accuracy or completeness. It is important to understand our assurance conclusions in this context.

Force Majeure – COVID-19

During our assurance engagement, travel restrictions were imposed following the outbreak of COVID-19. As a result of this we replaced the planned 'in person' head office and site visits with 'virtual' visits via video calls for this year's assurance engagement. While we believe these changes do not affect our limited assurance conclusion(s) above, we draw attention to the possibility that if we had undertaken in person visits we may have identified errors and omissions in the assured information that we did not discover through the alternative assurance program.

Observation

- The assurance process was postponed due to the COVID-19 outbreak and Eli Lilly submitted draft data in its original UNGC CoP. Some 2019 data have been revised as a result of the assurance process and Eli Lilly has issued the attached UNGC CoP Environmental Performance Update in November 2020 which contains the final assured environmental metrics and progress on goals.



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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to Eli Lilly in any respect.

ENVIRONMENTAL PERFORMANCE UPDATE

LILLY'S 2020 ENVIRONMENTAL GOALS¹

<p>20%</p> <p>Reduction in greenhouse gas emissions² (baseline 2012)</p>	<p>20%</p> <p>Improvement in energy efficiency² (baseline 2012)</p>	<p>10%</p> <p>Reduction of phosphorus emissions in wastewater (baseline 2018)</p>	<p>20%</p> <p>Improvement in waste efficiency while increasing recycling rate above 70% and decreasing waste to landfill below 10% of total waste (baseline 2012)</p>
<p>< < < <i>PROGRESS THROUGH 2019</i> > > ></p>			
<p>16%³</p> <p>Reduction</p>	<p>3%³</p> <p>Improvement</p>	<p>11%</p> <p>Reduction</p>	<p>9%</p> <p>Improvement recycling rate increased to 78%, waste to landfill decreased to 9%</p>

Assurance of environmental data and goal progress completed. In response to the COVID-19 pandemic, Lilly refocused internal resources to execute response activities, including those necessary to ensure that employees and their families were safe and that patients had access to Lilly medicines. As a result of these actions, we decided to postpone third-party verification of selected environmental data and progress against 2020 goals reported in the 2019 United Nations Global Compact (UNGC) Communication on Progress (CoP). The assurance process is now complete, and this performance update reflects the assured 2019 performance results associated with metrics reported on pages 59 and 68 of the CoP.

Metric ¹	2019 Result
GREENHOUSE GAS EMISSIONS	
Greenhouse Gas Emissions (Scope 1 and Scope 2) (metric tonnes CO ₂ e)	809,000 ³
Scope 1	192,000 ³
Scope 2	616,000 ³
Greenhouse Gas Emissions Intensity ⁴ (related to goal) (metric tonnes CO ₂ e/1,000 square feet)	34.8 ³
Scope 3 Emissions ⁵ (not included in metric tonnes above) (metric tonnes CO ₂ e)	235,000 ³
ENERGY USE	
Energy Consumption (million BTUs)	6,470,000 ³
Energy Intensity (million BTUs/1,000 square feet)	316 ³
Direct Energy Consumption (million BTUs)	1,670,000
Indirect Energy Consumption (million BTUs)	4,800,000 ³
WATER	
Water Intake (billion litres)	6.27
Phosphorous emissions to wastewater (metric tonnes)	64.6
WASTE	
Total Waste Generation (metric tonnes)	140,000
Total Waste Generation not including Reuse (for recycling goal) (metric tonnes)	56,000
WASTE DISPOSITION	
Recycled (includes combustion with energy recovery) (metric tonnes)	44,000
Treated (includes combustion without energy recovery) (metric tonnes)	7,100
Landfilled (metric tonnes)	5,000
Waste Recycling Rate (%)	78

1 See pages 59 and 68 of the 2019 UNGC CoP for complete footnotes (<https://www.lilly.com/responsibility/corporate-responsibility-reports>).
 2 Per square foot of site space.
 3 Result has changed from that published in the 2019 UNGC CoP. In all cases, the updated, assured result is an improvement from the value originally reported.
 4 This metric is based on Scope 1 emissions from onsite fuel combustion (excluding mobile sources) and Scope 2 emissions from site-purchased energy (i.e., electricity, steam and chilled water). This footnote replaces original footnote 3 on page 68 of the UNGC CoP.
 5 Scope 3 Emissions does not include non-Kyoto compounds. Non-Kyoto compounds were included in the Scope 3 total reported on page 68 of the UNGC CoP.