



## Basis of Reporting for Key Environmental Sustainability Indicators

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### **Reporting Principles**

We utilize the Greenhouse Gas Protocol as a guiding framework in the development of our environmental sustainability indicators. Indicators are reported externally via our annual Sustainability Report ("Report"). This Report reflects our commitment to transparency and provides details for our stakeholders on progress against our sustainability goals and targets. Our environmental sustainability goals and key performance indicators (KPIs) are updated annually and verified by a third-party assurance provider. Please refer to Eli Lilly's Assurance Statement for further details. Details of our environmental sustainability indicators are discussed in this Report.

Unless otherwise noted, environmental indicators include initiatives and performance metrics associated with all Lilly owned and operated facilities in the reporting year.

### **Scope and Boundary**

Eli Lilly utilizes operational control to determine Lilly's organizational boundary. Operational control exists if Lilly, or Lilly "Affiliates", has the full authority to introduce and implement its operating policies at the facility. Lilly "Affiliates" can be Sales and Marketing or other legal entities. Lilly accounts for the Scope 1 and Scope 2 greenhouse gas (GHG) emissions and energy usage from facilities if it has operational control of the facility. This applies to leased and owned facilities - a practical test for leased facilities is whether Lilly pays the utility bills. Emissions from operations or facilities over which Lilly does not have operational control will not be included in the Scope 1 or 2 inventories but included as Scope 3 emissions.

### **Acquisitions and Divestitures**

The baseline data is reviewed annually and adjusted if net acquisitions or divestitures change by 5% or more of the total carbon (CO<sub>2</sub>e) footprint for the reporting year. CO<sub>2</sub>e emissions are the primary factor for determining whether to recalculate the baseline for all environmental metrics. If a recalculation is triggered based on CO<sub>2</sub>e emissions, it will also apply to other environmental metrics—such as water, waste, and energy—even if those metrics do not meet the 5% threshold.

Environmental data for years between base year and reporting year will not be recalculated. Material updates to the baseline, whether by acquisition or divestiture, will be stated in a footnote in the Sustainability Report.

#### Divestiture Specific Guidance:

- Baseline will be readjusted to remove environmental data of divested entities utilizing historical absolute baseline year data.
- For partial divestitures, the relevant segment of the entity will be removed.
- Divestitures will be reported in the same reporting year as the event occurred.



### Acquisition Specific Guidance:

- Baseline will be readjusted to include environmental data of acquired entities utilizing historical absolute baseline year data (where available) or closest available data.
- Eli Lilly will allow up to one full calendar year to onboard new acquisitions into our facilities lists to account for various maturities of acquired entities and execution of integration processes.

### **Building Additions and Removals**

For new buildings added to an existing site, data reporting will begin immediately following the beginning of Lilly operations and Lilly is directly financially responsible for said operations. New builds will not affect Lilly's baseline/base year quantities in any capacity. Depending on data availability, reporting will account for as close to Day 1 of operation as possible. No pro-ration of the data will occur to account for full-year statistics.

For removed buildings, data monitoring will continue if the building is being conditioned and utilizing energy and/or water services, even to a minimal degree. Once the building is no longer conditioned and all services have ceased entirely, the tracking of metering/sub-metering can also cease. The overall site data will eventually reflect the change in removal of the services.

### **Data Errors and Recalculations**

If there are material errors found in historical data during the data validation/assurance process, Eli Lilly will restate this information in our annual Sustainability Report. Restatements of material errors will be clearly stated in the footnotes of reporting documents. Minor errors may also result in a restatement of information, however, these errors may or may not include footnotes to the error.

A material error constitutes a deviation of more than 10% from the previously reported value.

### **Data Governance**

Accountability for driving of Lilly's Environmental Sustainability initiatives and 2030 goals lies with Corporate Global Health, Safety and Environmental Sustainability team. There are processes in place governing the collection, review, and assurance of environmental data included in the report, both at the facility and corporate level. Data is reported to the Corporate Environmental Sustainability team either on a monthly, quarterly or yearly basis (depending on the type of indicator).

### **Data Management, Input and Review Process**

Environmental data provided by the site environmental coordinator or operating personnel, ensures accurate GHG emission reporting through established inventory procedures. The GHG Inventory Coordinator maintains and updates the inventory, methodology, and factors, tracks and trends results, and reports data. As part of the Corporate Global Health, Safety, and Environment (HSE) team, they provide oversight and feedback on energy and GHG data management. The GHG Inventory Coordinator, Global Energy Manager, Corporate Global HSE subject matter experts, and site Environmental Representatives collaborate on these efforts. The Energy Program Coordinator collects, analyzes, estimates (where applicable), and validates large site energy data. This process is also used for global air emissions data, with data managers accountable for collection, assimilation, and quality checks.



Environmental data from all facilities are consolidated, validated, and analyzed by respective functions, with continuous improvements in reporting processes and controls.

Management oversight of the GHG inventory management program is provided by a Global Health, Safety, Environmental and Corporate Engineering senior leadership, who conducts the final review and approval of the inventory before external reporting. This structured approach ensures that Lilly’s energy and GHG data are managed and verified, maintaining transparency and compliance with environmental standards.

**Data Assurance**

Eli Lilly engages with third-party assurance providers to provide limited assurance in relation to specific environmental data. Details on our assurance activities are available on Lilly’s Sustainability website.

**Environmental Metric List**

Below are detailed reporting guidelines for Eli Lilly’s environmental sustainability indicators including definitions, scope, measurement criteria, and reporting assumptions applied, if any.

Energy

Metric Name and Preferred Reporting Unit	Energy use (million BTUs) <ul style="list-style-type: none"> <li>▪ Direct Consumption</li> <li>▪ Indirect Consumption</li> <li>▪ Total Energy Consumption</li> </ul> Percentage renewable electricity consumption (purchased and generated) %
Goals	Secure 100% of our purchased electricity from renewable sources
Base Year	Lilly has defined and set forth the base year as 2019 for the goals of achieving 100% of purchased electricity from renewable sources and carbon neutrality by 2030. This is to establish a clear baseline representing a typical year of operations, conducive for accurate third-party verification and limited assurance.
Reporting Process	Data is collected and reported into our environmental management system by our site teams on a monthly, quarterly or yearly basis. At the end of the reporting year, data is rolled up, internally reviewed, and shared with our third-party assurance provider who reviews and validates the data for Eli Lilly’s Sustainability Report.
Key Definitions	Energy Use - Energy use refers to direct fuel combustion and indirect energy consumption aligned with the scope listed below:

	<p>Direct Energy Consumption - Data includes energy from combustion of coal, fuel oil, natural gas, liquid propane, jet fuel, sales fleet and on-site generated renewable electricity.</p> <p>Indirect Energy Consumption - Data includes energy from purchased electricity, steam and chilled water.</p> <p>Total Energy Consumption – Total energy consumption is defined as the sum of Direct Energy Consumption and Indirect Energy Consumption.</p> <p>Percentage renewable electricity consumption - The proportion of a total electricity consumption that comes from renewable energy sources, including both electricity purchased from external renewable suppliers and electricity generated from renewable sources on-site. This percentage indicates the extent to which renewable energy contributes to the overall electricity usage.</p>
Scope	<p>All the energy consumed within the boundaries of Lilly owned and leased facilities, including that derived from direct fossil fuel combustion and electricity consumption (procured from the grid or self-generated).</p>
Assumptions and Estimations	<p>This provides the methodology for estimating consumption of energy from site operations when direct measurements (such as energy invoices) are not available. The Energy Program Coordinator compiles the list of miscellaneous small sites from the Eli Lilly 10K and breaks the sites down by site type (mostly office, lab and warehouse). An average energy consumption factor is determined by site type, this may be a publicly sourced factor, or a factor determined by the Energy Program Coordinator, for electrical and natural gas. This is multiplied by site square footage to estimate consumption. Lilly currently estimates natural gas and purchased electricity energy sources for miscellaneous small sites. Lilly assumes that consumption of any other stationary fuels, district steam, and chilled water are included within the estimate of natural gas and purchased electricity consumption.</p>

Greenhouse Gas (GHG Emissions)

<p>Metric Name and Preferred Reporting Unit</p>	<p>Greenhouse gas emissions (Metric tonnes CO<sub>2</sub>e) that include:</p> <p>Scope 1 emissions</p> <ul style="list-style-type: none"> <li>▪ Stationary combustion</li> <li>▪ Mobile combustion</li> <li>▪ Emissions from refrigerants (Fugitive emissions)</li> <li>▪ Process emissions</li> </ul> <p>Scope 2 emissions (Location &amp; Market based)-</p> <ul style="list-style-type: none"> <li>▪ Purchased electricity (market-based and location-based)</li> <li>▪ Purchased heat, steam and chilled water</li> </ul>
<p>Goals</p>	<p>Become carbon neutral in our own operations (Scope 1 and 2 emissions) by 2030</p> <p>Enhance tracking and reporting of emissions from our Scope 3 (value-chain). Please note - Lilly does not have a Scope 3 emissions reduction target.</p>
<p>Base Year</p>	<p>Lilly has defined and set forth the base year as 2019 for our carbon neutrality by 2030 (Scope 1 and 2) goal. This is to establish a clear baseline representing a typical year of operations, conducive for accurate third-party verification and limited assurance.</p> <p>Although Lilly does not have a Scope 3 emission reduction goal, we calculate and report our Scope 3 emissions each year.</p>
<p>Reporting Process</p>	<p>Purchased energy data from our larger sites is uploaded from a designated platform into our environmental data management system, ensuring streamlined collection and processing. Data for all smaller miscellaneous sites and additional sources, such as fleet fuel usage and corporate aircraft emissions, are manually entered into the system following detailed reviews and approvals. This compiled data is then used by an external consultant contracted by Eli Lilly who performs the greenhouse gas (GHG) calculations, converting the data into CO<sub>2</sub>e using fuel-specific and location and market-based emission factors. Once the calculations are complete, the results are returned to Lilly, where</p>

	the aggregated data undergoes an internal review process. Finally, the data is validated by an external assurance provider to ensure completeness and accuracy before being included in the company's Sustainability Report or other external disclosures.
Key Definitions	<p>"Scope 1 emissions" accounts for direct greenhouse gas emissions from sources that are owned or controlled by the company. This includes emissions onsite fuel combustion, refrigerants, process emissions, and mobile combustion sources.</p> <p>"Scope 2 emissions" accounts for indirect emissions associated with the generation of purchased electricity, heat or steam and chilled water. For smaller locations not billed directly to Lilly, data are estimated based on square footage.</p>
Scope	All the energy consumed within the boundaries of Lilly owned and leased facilities, including that derived from direct fossil fuel combustion and electricity consumption (procured from the grid or self-generated via solar).
Assumptions and Estimations	Same estimates and assumptions as Energy metric

## Waste

Metric Name and Preferred Reporting Unit	<p>Waste (metric tonnes) that include:</p> <p>Total waste generation</p> <ul style="list-style-type: none"> <li>▪ Hazardous waste</li> <li>▪ Non-hazardous waste</li> </ul> <p>Total waste disposition</p> <ul style="list-style-type: none"> <li>▪ Landfilled total</li> <li>▪ Beneficial use (includes recycled, reused and waste-to-energy)</li> <li>▪ Treated (includes combustion without energy recovery)</li> </ul> <p>Waste goal metrics</p> <ul style="list-style-type: none"> <li>▪ Total waste and plastic waste generated and landfilled percentage (%)</li> <li>▪ Total waste and plastic waste from routine operations</li> </ul>
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<p>Goals</p>	<ul style="list-style-type: none"> <li>▪ Plastic waste repurposed for beneficial use</li> <li>▪ Achieve zero waste to landfill from routine operations</li> <li>▪ Achieve 100% of Plastic Waste repurposed for beneficial use with at least 90% either reused or recycled</li> </ul>
<p>Base Year</p>	<p>Lilly has defined and set forth the base year as 2019 for our Waste goals by 2030. This is to establish a clear baseline representing a typical year of operations, conducive for accurate third-party verification and limited assurance.</p>
<p>Reporting Process</p>	<p>Each waste category is quantified and characterized into reporting groups based on Category, Hazardous or Non-Hazardous Waste, Disposition Method, and Onsite or Offsite. Each site is responsible for identifying and pursuing their own waste management plans.</p> <p>The Global Health Safety and Environmental team tracks progress towards milestones and goals set forth in this document.</p> <p>Monitoring and reporting are conducted through the annual and quarterly submittals through our environmental data collection system and process owned by Global Health, Safety and Environmental team.</p> <p>At the end of the reporting year, data is rolled up, internally reviewed, and shared with our third-party assurance provider who reviews and validates the data for Lilly's Sustainability report.</p>
<p>Key Definitions</p>	<p>Hazardous Waste - Generally, materials that are toxic, corrosive, flammable or reactive are considered "hazardous." Sites use local regulatory rules to decide which materials are "hazardous."</p> <p>Non-hazardous Waste - All waste that does meet the definition of Hazardous Waste.</p> <p>Beneficial Use - Beneficial Use means reuse, reclamation or recycling including recycling for energy or material recovery.</p>

	Landfill - An engineered disposal facility where waste is placed in or on the land for the purpose of long-term isolation from the environment. Clean fill sites are not included in the definition of landfill. Waste will be counted as landfilled even if the landfill site is recovering methane and other gases.
Scope	Wholly owned site or a site under lease where Lilly is the sole tenant, Lilly controls the disposition of the waste and waste quantities can be quantified.
Assumptions and Estimations	Waste goals exclude waste from the following categories: non-routine construction and demolition debris (e.g., building construction or demolition); uncontaminated soil, rock, concrete, bricks, etc., used for clean fill; waste generated as a result of remediation of surface or underground areas (e.g., soil, rock, water and personal protective equipment); vegetation (e.g., landscaping debris), wastewater that is conveyed offsite through piping (i.e., not shipped offsite in container or tanker) for treatment or discharge; and biosolids or other residue from wastewater or stormwater collection and treatment.

## Water

Metric Name and Preferred Reporting Unit	Water (billion liters) that include: <ul style="list-style-type: none"> <li>▪ Water withdrawals</li> <li>▪ Water recycling and reuse rate (%)</li> </ul>
Goals	<ul style="list-style-type: none"> <li>▪ Ensuring 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for Pharmaceuticals in the Environment</li> </ul>
Base Year	Lilly has defined and set forth the base year as 2019 for our Water goals by 2030. This is to establish a clear baseline representing a typical year of operations, conducive for accurate third-party verification and limited assurance.
Reporting Process	Water data is entered into our environmental management system by Lilly site teams on a quarterly and annual basis. At the end of the reporting year, data is rolled up, internally reviewed, and shared with a third-party assurance provider who reviews and validates the data for Lilly's Sustainability Report.
Key Definitions	Predicted No Effect Concentration (PNEC) - Maximum allowable concentration of an active pharmaceutical ingredient in a water body (stream, river, lake or



	<p>ocean), which has been determined by Lilly to minimize the potential for negative impacts on aquatic organisms and drinking water use.</p> <p>Water Management Plan - A self-regulated plan with shared responsibilities and concrete near- and long-term goals to be fully implemented through 2030 to ensure a long-term sustainable water use. The plan provides information about current water uses and charts a course for water efficiency or quality improvements, conservation activities, and water-reduction goals. It establishes the local priorities and helps a site allocate funding for water-efficiency projects that provide the biggest impact.</p> <p>Water Stressed Area - A geographical location that is experiencing or predicted to be experiencing water quantity or water quality issues as recognized by Lilly's experience or by one of the following tools:</p> <ol style="list-style-type: none"> <li>1. The Water Risk Filter developed by the World Wildlife Fund and Deutsche Investitions – und Entwicklungsgesellschaft mbH (DEG) (<a href="http://waterriskfilter.panda.org/">http://waterriskfilter.panda.org/</a>);</li> <li>2. The Water Resources Institute (<a href="#">WRI Aqueduct</a>) ; or</li> <li>3. The United Nations Environment Programme and Food and Agriculture Organization tools on water scarcity (<a href="#">AQUAMAPS</a>) or (<a href="#">AQUASTAT</a>)</li> </ol>
Scope	Wholly owned site or a site under lease where Lilly is the sole tenant and water usage can be quantified.
Assumptions and Estimations	<ul style="list-style-type: none"> <li>▪ Water intake is the total amount of water coming into a site, including water pumped from bodies of surface water and groundwater, as well as water provided by a utility. It includes water used in processes, utilities and other ancillary operations, such as irrigation.</li> <li>▪ The term does not include groundwater pumped solely for treatment to satisfy regulatory actions or requirements (e.g., remediation activities where the water is not used for another purpose).</li> <li>▪ Values do not include the water extracted from wells solely for the purpose of lowering the groundwater table(s) to maintain the physical and structural integrity of building foundations.</li> </ul>

	<p>Totals include a small amount of rainwater intake not included in other water intake subcategories.</p> <ul style="list-style-type: none"><li>▪ Lilly does not generally collect water data from small locations that house primarily administrative activities such as sales and marketing offices unless they can be directly measured and reported.</li><li>▪ Water recycle rate is calculated as the total annual volume of water recycled/reused divided by the sum of total annual water intake plus the total annual volume of water recycled/reused.</li></ul>
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