

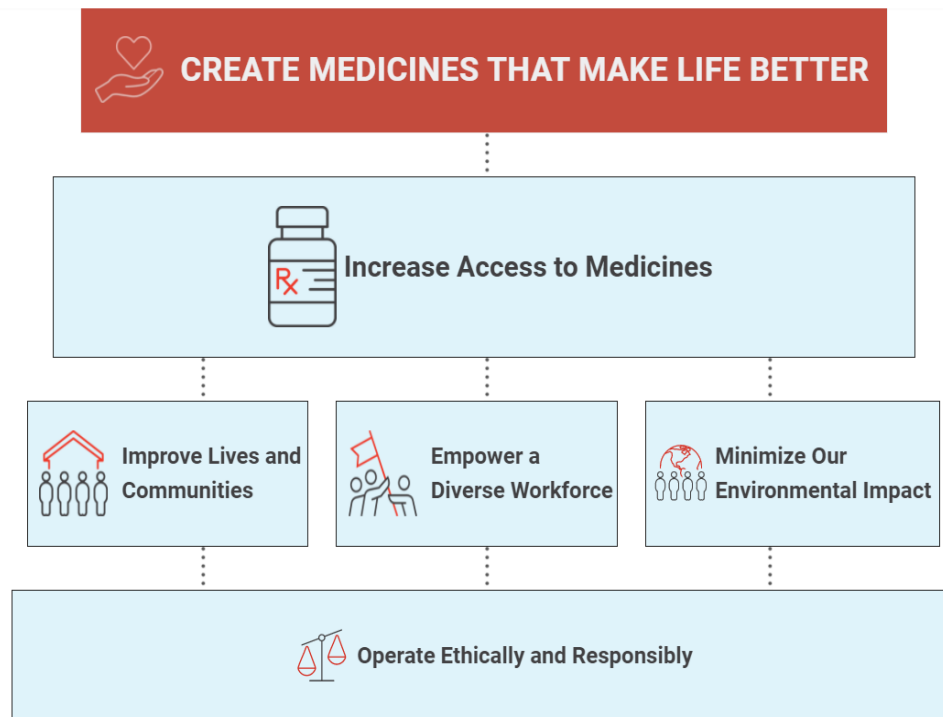


Sustainability Bond Allocation and Impact Report

2022

Approach to ESG at Lilly

Lilly's greatest contribution to society is the discovery and development of innovative medicines that make life better for people around the world, and our impact extends to how we operate our business, care for the environment and strengthen communities. Our core values of integrity, excellence and respect for people guide us to create positive change in our communities while minimizing our environmental impact. Our Environmental, Social and Governance (ESG) strategy and efforts are directed by our impact framework, and this framework leads with our purpose and includes five pillars that guide how we operate and contribute to the world.



Lilly's ESG Priorities

Throughout our history, sustainability has been and continues to be central to Lilly, and we dedicate ourselves to ensuring that our sustainability efforts help address important issues for our business, our employees and society. After seeking input from a broad spectrum of stakeholders, we identified 15 ESG topics that represent issues we believe are most important to our stakeholders and are key to our company's long-term success.

Environmental



- Climate
- Water
- Waste
- Product Stewardship
- Biodiversity

Social



- U.S. Access & Affordability
- Global Health & Access
- Community Engagement
- Diversity, Equity & Inclusion
- Employee Experience
- Human Rights
- Patient Safety

Governance



- Business Ethics
- Corporate Governance
- Supply Chain Management

Sustainability Bond Overview and Eligible Projects

In September 2021, Lilly issued its inaugural sustainability bond that raised approximately €596 million of net proceeds that have been, and will continue to be, allocated to eligible projects as defined in [Lilly's Sustainability Bond Framework](#), which is aligned with the International Capital Market Association (ICMA) Sustainability bond Guidelines 2021. The 12-year bond will accrue interest at an annual rate of 0.50% and will mature on September 14th, 2033.



Sustainalytics, a leading independent ESG and corporate governance research, ratings and analytics firm, issued an [opinion](#) that Lilly's Sustainability Bond Framework is both credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021 and that investments in the outlined eligible project categories will lead to positive environmental or social impacts and advance the UN Sustainable Development goals.

Environmental



Eligible Projects

Pollution Prevention and Control

Expenditures designed to minimize emissions to air and water or reduce waste disposed from our operations



Energy Efficiency

Expenditures that reduce energy consumption by the design, construction, operation and/or maintenance of energy-efficient equipment, facilities and infrastructure



Renewable Energy

Expenditures related to the purchase of renewable energy or acquisition or development of new onsite or offsite renewable energy generating capacity



Sustainable Water and Wastewater Management

Expenditures that help to either improve water quality or water efficiency



Clean Transportation

Expenditures for zero direct emission vehicles and associated infrastructure



Terrestrial and Aquatic Biodiversity Conservation

Expenditures that improve protection of coastal, marine and watershed environments



Social Impact



Access to Essential Services: Healthcare

Expenditures related to improving access to free or subsidized quality health care for people living in either resource-limited settings or low- or middle-income countries, or for victims of socioeconomic crisis



Socioeconomic Advancement and Empowerment

Expenditures related to widening access for women and minority group members



Allocation of Net Proceeds

- We are continuing to make significant sustainability focused investments, and we issued this bond in September of 2021 with an intent to allocate the proceeds predominantly (85% or more) to post issuance environmental and social project spend.
- While initial allocations were weighted toward social impact projects and to projects in the lookback period given that the bond was issued in late-2021, we continue to expect that overall allocations will be predominately to post issuance project spend rather than spend in the 24-month lookback period and to approximately 70% environmental and 30% social impact projects.

Total Proceeds Allocated

€407 million*

(68.3% of total allocated)

Proceeds Allocated to Lookback Period Spend

€90 million*

Proceeds Allocated to Post Issuance Period Spend **

€317 million*

Total Unallocated Proceeds

€189 million*

Project Categories Financed

Sustainable Water and Wastewater Management



€3 million*

Pollution Prevention and Control



€195 million*

Terrestrial and Aquatic Biodiversity Conservation



€9 million*

Access to Essential Services: Healthcare



€163 million*

Energy Efficiency, Renewable Energy and Clean Transportation



€11 million*

Socioeconomic Advancement and Empowerment



€26 million*

Looking Forward

- We remain dedicated to making an impact in the communities that we operate in and improving the environment around us by investing in sustainable focused projects to achieve our environmental, social and governance goals. Further details and current data regarding these goals and our progress can be found on our ESG website at esg.lilly.com.
- We also plan to continue reporting the allocation and impact progress on an annual basis until the full amount of net proceeds of the bond are allocated to eligible projects.

* Amounts were translated from USD back to EUR using the foreign exchange rate of 1.1803, which was the foreign exchange rate on the date of debt issuance

**Expenditures allocated to eligible projects after the bond issuance on September 14, 2021

2022 Featured Projects and Impact Metrics



Access to Essential Services: Healthcare

Our approach to social impact begins with medicines and our goal to expand access to quality healthcare, especially for those with limited resources. Beyond our medicines, we invest our time, expertise and resources to drive social impact with a focus on health, whether it is a health crisis like COVID-19 or a natural disaster.

Project Highlight¹:

In 2022, Lilly Cares® Patient Assistance Program served over 200,000 patients, which is nearly double the number of patients served annually only five years ago. Approximately 77% of patients supported by Lilly Cares in 2022 received medication for diabetes, and 17% of Lilly Cares patients received more than one donated Lilly medication.

Proceeds Allocated in 2022:

Patient Assistance
€57 million*

Socioeconomic Advancement
€20 million*

Global Health
€12 million*

Impact Metrics:



~13 million

individuals reached
by Lilly's 30x30

165% Increase

in funds committed to
diverse venture capital firms

217,000

people helped
through Lilly Cares



Pollution Prevention and Control

Making medicines requires the use of valuable resources including energy, water and raw materials, and each stage of the pharmaceutical product life cycle includes distinct environmental impacts and opportunities for improvement. We are committed to reducing our environmental impact across the life cycles of our products and our supply chain.

Project Highlight:

In 2022, Lilly began construction of a next generation biotech manufacturing site in Limerick, Ireland. This site is designed to be a fully integrated digital site with the latest machine automation, manufacturing execution and data technologies designed to ensure product and data quality. The integrated design enables significant improvement in energy, waste and water efficiency over traditional biotech manufacturing sites.

Lilly has a longstanding commitment to sustainability and respecting the local environment. The campus design includes a significant solar energy investment, which is estimated to produce 3.17 million kWh of renewable energy per year. The design also includes an array of cisterns that will harvest rainwater for re-use within the site, resulting in a saving of roughly 2 million liters of water per annum.



Proceeds Allocated in 2022:

Next Generation Biotech Manufacturing Site
€122 million*

Peptide Manufacturing Optimization
€42 million*

Solvent Recovery
€20 million*

Reusable Packaging Development
€3 million*

Impact Metrics:



Expected impact of Limerick site once complete:

35%

lower energy
intensity**

40%

less water**

15%

less waste**

~27 million liters

of annual solvent
waste reduction

* Amounts were translated from USD back to EUR using the foreign exchange rate of 1.1803, which was the foreign exchange rate on the date of debt issuance

** When compared to traditional biotech manufacturing sites

¹Data from Lilly Cares © 2022 Annual Report (lillycares.com)

Report of Independent Accountants



EY Indianapolis
111 Monument Circle
Suite 4000
Indianapolis IN 46204

Tel: 317-681-7000
ey.com

Report of Independent Accountants

To the Management of Eli Lilly and Company:

We have examined management's assertion, included in Exhibit A of the accompanying Sustainability Bond Allocation and Impact Report ("Exhibit A"), that €407 million of net proceeds from the issuance of 0.500% Notes due 2033 issued by Eli Lilly and Company (the "Company") was allocated, during the period from September 14, 2021 through December 31, 2022 (the "Reporting Period"), to qualifying Eligible Projects (as defined in the "Use of Proceeds" section of the Prospectus Supplement dated September 8, 2021, to the Prospectus dated February 19, 2019, filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act Rule 424 (b)(2) on September 10, 2021) based on the Eligibility Criteria set forth in Table 1 of Exhibit A (the "Eligibility Criteria"). Management of Eli Lilly and Company is responsible for the assertion, having a reasonable basis for its assertion, selection of the Eligibility Criteria and the allocation, during the Reporting Period, of amounts to Eligible Projects that meet the Eligibility Criteria. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA"). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of Eli Lilly and Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our examination engagement.

Our examination was not conducted for the purpose of evaluating (i) whether funds in excess of the net proceeds were allocated to Eligible Projects during the Reporting Period, (ii) the amount allocated to each category of Eligible Projects during the Reporting Period, (iii) the environmental benefits of the Eligible Projects, (iv) conformance of any Eligible Projects with any third-party published principles, standards or frameworks, such as the Sustainability Bond Guidelines dated June 2021, Green Bond Principles dated June 2021, and Social Bond Principles dated June 2021, published by the International Capital Market Association or (v) any information included in the Company's report or on the Company's website, other than management's assertion. Accordingly, we do not express an opinion or any other form of assurance other than on management's assertion included in Exhibit A.

In our opinion, management's assertion, included in Exhibit A, that €407 million of net proceeds from the issuance of 0.500% Notes due 2033 was fully allocated during the Reporting Period to qualifying Eligible Projects, is fairly stated, in all material respects.

Ernst & Young LLP

August 24, 2023

Exhibit A

Eli Lilly and Company

Management’s Assertion and Criteria

August 21, 2023

We, as members of management of Eli Lilly and Company (the “Company”), assert that €407 million of net proceeds (the “Allocated Amount”) from the issuance of our 0.500% Notes due 2033, was allocated during the period from September 14, 2021 through December 31, 2022 (the “Reporting Period”) to qualifying Eligible Projects (as defined in the “Use of Proceeds” section of the Prospectus Supplement dated September 8, 2021, to the Prospectus dated February 19, 2019, filed by Eli Lilly and Company with the Securities and Exchange Commission pursuant to the Securities Act Rule 424 (b)(2) on September 10, 2021) and set forth in Table 1 below (the “Eligibility Criteria”). Management of Eli Lilly and Company is responsible for this assertion, selection of the Eligibility Criteria and the allocation, during the Reporting Period, of amounts to Eligible Projects that meet one or more of the Eligibility Criteria. We obtained an opinion from a third party, a provider of ESG and corporate governance research and ratings to investors, to provide a second party opinion on the Lilly Sustainability Bond framework at the time of issuance, concluding that the Eligibility Criteria are in compliance with the Sustainability Bond Guidelines dated June 2021, Green Bond Principles dated June 2021, and Social Bond Principles dated June 2021, published by the International Capital Market Association.

Table 1: Eligibility Criteria

Pollution Prevention and Control	Expenditures designed to minimize emissions to air and water, and reduce waste disposed from our operations.
Energy Efficiency	Expenditures designed to reduce energy consumption by the design, construction, operation, and/or maintenance of energy-efficient equipment, facilities and infrastructure.
Renewable Energy	Expenditures related to the purchase of renewable energy, or acquisition or development of new onsite or offsite renewable energy generating capacity.
Sustainable Water and Wastewater Management	Expenditures that improve water quality or water efficiency.
Clean Transportation	Expenditures for zero direct emission vehicles and associated infrastructure.
Terrestrial and Aquatic Biodiversity Conservation	Expenditures that improve protection of coastal, marine and watershed environments.
Access to Essential Services: Healthcare	Expenditures related to improving access to healthcare by providing free or subsidized quality healthcare for people in target populations that include, but are not limited to, people living in resource limited settings, those living in low and/or middle income countries and victims of socioeconomic crises, such as the COVID-19 global pandemic. This includes but is not limited to treatments for major causes of death as defined by the World Health Organization, including efforts on treatments for major causes of death such as insulin.
Socioeconomic Advancement and Empowerment	Expenditures related to widening socioeconomic access for women and minority populations, including, but not limited to, ethnic and racial minorities and members of the lesbian, gay, bisexual, transgender or queer community.

Note 1: The Allocated Amount for investments in Eligible Projects set forth above may include amounts allocated during the Reporting Period to new investments made by Eli Lilly and Company during the Reporting Period, as well as to existing investments made by us up to two years prior to September 14, 2021, the date of issuance.

Note 2: Proceeds are considered allocated when goods or services are approved for payment. Some of the amounts allocated to projects have not yet been disbursed and represent future outlays.

Note 3: Allocated amounts for investments in Eligible Projects were translated from USD back to EUR using the foreign exchange rate of 1.1803, which was the foreign exchange rate on the date of debt issuance.

Lilly Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on management's current assumptions and expectations, including statements regarding our sustainability targets, goals, commitments and programs and other business plans, initiatives and objectives. The words "estimate", "project", "intend", "expect", "believe", "target", "goal," "anticipate," "aim," "drive," "strategy," "may," "plan," "design," "project," "will" and similar expressions are intended to identify forward-looking statements. All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended. Actual results may differ materially due to various factors. Lilly's sustainability targets, goals, and commitments outlined in the Sustainability Bond Framework (this "Framework"), this Allocation report, or elsewhere, as well as its operations, results, business, goals, and strategy may be affected by factors including, but not limited to, the significant costs and uncertainties in the pharmaceutical research and development process, including with respect to the timing and process of obtaining regulatory approvals; competitive developments affecting current products and the company's pipeline; unauthorized access, disclosure, misappropriation or compromise of confidential information or other data in our information technology systems, networks and facilities, or those of third parties with whom we share our data; unexpected safety or efficacy concerns associated with or regulatory actions regarding currently marketed products; litigation, investigations, or other similar proceedings involving past, current, or future products or commercial activities as the company is largely self-insured; the impact of business development transactions and related integration costs; the expiration or enforceability of intellectual property protection for certain of our products; changes in patent law or regulations; the impact of global macroeconomic conditions, inflation and trade disruptions, disputes, unrest, war or costs or uncertainties related to doing business in foreign jurisdictions; issues with product supply and regulatory approvals stemming from manufacturing difficulties, disruptions or shortages, including as a resulting of demand, labor shortages, third-party performance or regulatory actions relating to our facilities; the impact of any public health threat and the response thereto; any third-party data collection beyond our direct control; the impact of climate change; and additional risks described in this Allocation Report or in the Framework. For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K, 10-Q, and any 8-Ks filed with the Securities and Exchange Commission, and any additional risk factors that may be provided in any offering documents. The company expressly disclaims any obligation to update forward-looking statements except as required by applicable law. The non-financial data presented in this report is collected using various methods, which in some instances are based on assumptions and estimates in which there are inherent uncertainties and limitations. We believe such information is reasonably accurate and is based on reasonable principles and methodology. In addition, the achievement of certain sustainability outcomes and targets may be dependent on the actions of our partners, suppliers and other third parties, all of which are outside of our control.



Lilly