

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Eli Lilly and Company (Lilly) is a global healthcare company committed, since our founding in 1876, to creating high-quality medicines that meet real needs. Our purpose is to unite caring with discovery to create medicines that make life better for people around the world. We discover, develop, manufacture, and market products and related services for human pharmaceuticals.

We are headquartered in Indianapolis, Indiana, USA, and at the end of 2021, employed approximately 35,000 people worldwide. We manufacture and distribute our products through facilities in eight countries. Approximately 8,100 employees are engaged in research and development. We have research and development facilities located in eight countries and conduct clinical research in more than 55 countries. Our products are marketed in approximately 120 countries.

While Lilly's primary contribution to society is the discovery and development of innovative medicines to make life better for people around the world, our ESG strategy, efforts and goals extend to how we operate our business, care for the environment and strengthen communities. We believe our core values of integrity, excellence and respect for people are key to promoting the long-term interests of our shareholders and other company stakeholders. Evidence of our values in action include (i) being named one of the "World's Most Ethical Companies" in 2021 by the Ethisphere Institute, a global leader company in defining and advancing ethical business standards, for the sixth year in a row, (ii) hosting Lilly's 14th annual Global Day of Service in 2021, which had participation by more than 7,500 Lilly employees in 30 countries, and (iii) achieving our 2020 environmental goals related to water security.

As a global company committed to making life better for people, we acknowledge that water security is essential to human and environmental health. We recognize our role to seek to reduce our environmental footprint and manage water-related risks and opportunities. We continue to evaluate how to improve our water efficiency and protect our natural resources.

Caution: The information contained in this Water Security Questionnaire contains forward-looking statements that are based on management's beliefs and expectations at the time the statements were made, including statements regarding our sustainability targets, goals, commitments and programs and other business plans, initiatives, aspirations and objectives. There is no assurance that any such expectations or beliefs will occur or be achieved or that such targets, goals or commitments will be binding on our business decisions and/or management. Forward-looking statements include statements that do not relate solely to historical or current facts, and generally use words such as "aim", "hope", "plan", "estimate", "goal", "intend", "expect", "believe", "target", "anticipate", "will", "may" or similar expressions. Actual results may differ materially due to various risks and uncertainties, including the following factors: the impact of the evolving COVID-19 pandemic (or any other public health threat) and the global response thereto; 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; regulatory actions regarding currently marketed products; litigation, investigations, or other similar proceedings or the expiration of intellectual property protection involving past, current, or future products or commercial activities; the impact and outcome of business development transactions and related integration costs; the impact of global macroeconomic conditions, inflation, 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; and changes or developments in laws and regulations, including health care reform. Except as required by law, we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances. You should carefully read the factors described under "Risk Factors" and in cautionary statements in our Form 10-K for the year ended 12/31/2021 and other filings with the Securities and Exchange Commission for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2021	December 31 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

- Australia
- Brazil
- Canada
- China
- France
- Germany
- India
- Ireland
- Italy
- Japan
- Mexico
- Puerto Rico
- Spain
- Switzerland
- United Kingdom of Great Britain and Northern Ireland
- United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
We do not generally collect water data from small, leased locations that primarily house administrative activities, such as sales and marketing offices, unless they are co-located at a Lilly manufacturing or research facility.	Water impacts related to small, leased offices are considered de minimis and do not substantively impact our water footprint. No single stand-alone administrative office could typically contribute more than 0.01% to our total water volume.
Water pumped to dewater building foundations is not reported unless that water is used for other purposes.	This is typically subsurface water that is pumped to protect the physical integrity of buildings and is not used for any other purpose.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	LLY
Yes, an ISIN code	US5324571083
Yes, a CUSIP number	532457108

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	The primary DIRECT USE of freshwater is vital for production processes and cooling purposes. Pharmaceutical production requires continuous access to high quality water for primary uses (i.e., for manufacturing products and equipment cleaning). Water used in production must meet quality specifications established by medicines approval agencies. If water has a high concentration of salts, it will not be appropriate for cooling purposes due to its corrosive characteristics to pipes. Supply restrictions from either direct operations (on-site groundwater water withdrawals/direct surface water intake withdrawals) or indirect operations (primarily municipal water supplies) could lead to manufacturing issues or delays. Our reputation could be damaged and license to operate could be lost if we fail to ensure the quality of our water. High quality water is vital to the successful manufacture of our pharmaceutical products. Our operations rely on high quality water, and deterioration of water quality could require financial investment in new equipment and increased energy use to purify water to specific standards. The primary INDIRECT USE in our supply chain is vital for the production of raw materials and finished products supply, from finished injectable products to products which we use in fermentation. Looking downstream, e.g., at Lilly's customers, freshwater is primarily used for good hygiene, which is needed for patients who require injections. Water is considered vital since it could impede raw material or product supply and/or hamper the safe use of our products by patients. We are not expecting our FUTURE WATER DEPENDENCY to significantly differ in either direct or indirect operations. With the on-going process efficiency and use reduction practices that we have been working on since 1997, we endeavor to design our facilities to operate with less water.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	The primary DIRECT USE of non-freshwater (i.e., recycled water) is important for cooling purposes and in some air pollution control devices. Steam condensate recovery for utility use and recycled water through cooling systems is important to our business. It is important to have sufficient amounts of high quality, recyclable water for the primary use of cooling water and air pollution control systems in our manufacturing operations. In addition, some of our sites are located in water scarce regions where reuse of water is gaining importance. We encourage our sites to efficiently utilize resources, including water, and we track water usage at the corporate level. Through water recycling, we reduced our water withdrawals in our operations. This is another reason why we consider the use of non-fresh water in direct operations as important. Currently, our operations do not rely on brackish or produced water for manufacturing needs. The primary INDIRECT USE is usually surface water or municipal water used along the value chain for manufacturing operations and for irrigation associated with raw materials derived from agricultural operations. With the on-going recycled water use practices that we have been working on since 1997, we have continued to optimize opportunities for our recycled water. We are not expecting our FUTURE DEPENDENCY of recycled water to significantly differ in our direct operations or with our indirect suppliers based on current forecasts and process improvements.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	METHOD AND FREQUENCY: In 2021, we reported on all 26 sites or business areas providing measured or estimated water intake volumes into a centralized corporate data collection system on a QUARTERLY BASIS. Sites may monitor intake or use available data from source suppliers on a frequency ranging from daily to annually depending on the site. At our larger sites, we rely on calibrated meters to measure the volume of water intake. At other sites, we rely on pumping times and pump curve data to calculate water intake volumes. For some very small office type operations, we estimate water intake volumes based on the number of days of operation, average number of employees at the site, and a standard local per employee water use rate. Water withdrawals is important BECAUSE access to sufficient quantities of clean water is critical for the manufacturing of pharmaceuticals as water is one of the primary raw materials and used in manufacturing and cleaning processes.
Water withdrawals – volumes by source	100%	MONITORING AND FREQUENCY: In 2021, all 26 of our sites or business areas provided measured or estimated water intake data by source into a centralized corporate data collection system on a QUARTERLY BASIS. Sites may monitor intake or use available data from sources on a frequency ranging from daily to annually depending on the site. At our larger sites, we rely on calibrated meters to measure the volume of water intake. At other sites, we rely on pumping times and pump curve data to calculate water intake volumes. For some very small office type operations, we estimate water intake volumes based on the number of days of operation, average number of employees at the site, and a standard local per employee water use rate. Water volumes by source is important BECAUSE the quality can vary from different sources. The volume withdrawn from these sources can impact our approach to selection of which incoming water source to use within the manufacturing processes and supporting operations.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	MONITORING AND FREQUENCY: In 2021, all 26 sites or business areas had water quality data monitored or available to us from source suppliers. The MONITORING FREQUENCY ranges from DAILY, WEEKLY, QUARTERLY, SEMI-ANNUALLY to ANNUALLY depending on the site and parameter. More general chemistry parameters, such as pH, conductivity, COD and TOC, may be monitored continuously, daily or weekly. Several of our sites test for bacteriological quality on a daily or weekly basis. For many of our sites that rely on indirect suppliers, we obtain water quality reports from those operations to confirm we are receiving water of adequate quality. In most cases, they monitor water quality as frequently or more frequently than our sites. Water withdrawals quality is important BECAUSE the quality can vary from different sources. The water quality from these sources can impact our approach to selection of which incoming water source to use within the manufacturing processes and supporting operations.
Water discharges – total volumes	100%	MONITORING AND FREQUENCY: In 2021, all 26 sites or business areas reported on measured or estimated wastewater discharge volumes into a centralized corporate data collection system on an ANNUAL BASIS. At our larger sites, we rely on calibrated meters to measure the volume of water discharged. These meters may be also be associated with primary flow measurement devices (i.e., flumes) or may measure volumes directly in pipes (i.e., mag meters). For these devices, measurements are taken continuously. At other sites, we rely on pumping times and knowing the set points in sumps to calculate water intake volumes. For some very small office type operations, we rely on local sewer bills, or we estimate wastewater discharge volumes based on water intake volumes. The volume of water discharged is important BECAUSE volume can affect water discharge facility capacity and impact operational cost.
Water discharges – volumes by destination	100%	MONITORING AND FREQUENCY: In 2021, we tracked all 26 sites or business areas reporting on the volumes of wastewater discharged by destination on ANNUAL frequency. At our larger sites, we rely on calibrated meters to measure the volume of water intake. These meters may be also be associated with primary flow measurement devices (i.e., flumes) or may measure volumes directly in pipes (i.e., mag meters). For these devices, measurements are taken continuously. At other sites, we rely on pumping times and knowing the set points in sumps to calculate water intake volumes. For some very small office type operations, we rely on local sewer bills, or we estimate wastewater discharge volumes based on water intake volumes. The volume of water discharged by destination is important BECAUSE the destination of discharges can greatly impact the cost of treatment. Additionally, we are committed to protecting the waterways in the communities in which we operate.
Water discharges – volumes by treatment method	100%	MONITORING AND FREQUENCY: In 2021, we tracked all 26 sites or business areas reporting on the volumes of wastewater by treatment method on an ANNUAL frequency. For on-site treatment systems, we measure treatment method performance through various chemical and physical parameters. Some treatment methods (for pH and temperature) are monitored continuously. The volume of water discharged by treatment method is important BECAUSE this information allows us to predict where future capital spending and increased operational expenses may occur due to local regulatory and permitting situations.

	% of sites/facilities/operations	Please explain
Water discharge quality – by standard effluent parameters	100%	MONITORING AND FREQUENCY: In 2021, we tracked all 27 sites or business areas reporting on the mass discharge rate of COD on an ANNUAL frequency. At our larger sites, we may have daily or weekly COD measurements to characterize water discharge quality. At smaller or less complex sites where COD variability may be low, we may rely quarterly COD measurements to characterize water quality. For some very small office type operations, we rely on estimates of COD composition for municipal wastewater from recognized engineering handbooks to estimate the annual discharge of COD loads. In addition to meeting regulatory requirements in some regions, the mass of COD treated and discharged is important BECAUSE it is part of our program to account for Scope 1 greenhouse gas emissions and has been used for benchmarking purposes.
Water discharge quality – temperature	26-50	MONITORING AND FREQUENCY: In 2021, 11 of 26 sites or business areas monitored for temperature as required by licenses. 100% of our sites that discharge water directly to a surface water CONTINUOUSLY monitored temperature. Many of our sites have been determined by regulators to not need temperature monitoring. We do have several large sites that do MONITOR CONTINUOUSLY for temperature. Most other sites take grab samples on either a DAILY, WEEKLY or MONTHLY frequency. Small office type operations and warehouses typically do not directly measure temperature in their wastewater as their operations target to meet building code requirements for temperatures in wastewater collection systems. The temperature of water discharged is important BECAUSE temperature can impact aquatic system diversity, can affect water system infrastructure, and may pose a risk to worker safety.
Water consumption – total volume	100%	MONITORING AND FREQUENCY: In 2021, all 26 sites or business areas reported on measured or estimated water data that allows us to calculate our water consumption rate. We take our "Water withdrawals – total volumes" as described above and subtract the "Water discharges – total volumes" as described above to determine individual site and total company water consumption rates. Water withdrawal values are reported on a QUARTERLY basis for corporate metrics analysis in our centralized data collection system. High use sites measure incoming water using meters while smaller facilities rely on monthly or bimonthly water bills from utilities. Water discharged values are reported on an ANNUAL basis for corporate metrics analysis in our centralized data collection system. Water consumption is a water performance indicator checked by sites and the company BECAUSE it can help us reconcile water balance issues which may impact local fees and helps to monitor our impact in water stressed regions.
Water recycled/reused	100%	MONITORING AND FREQUENCY: In 2021, all 26 sites or business areas reported on the volumes of water recycled on an annual frequency. Recycled water values are reported on an ANNUAL basis for corporate metrics analysis in our centralized data collection system. The annual volume of water recycled/reused by a site is the volume of water that is reused or recycled after its initial use at a site. Examples of recycled or reused water include, but are not limited to, the volume of water recycled in cooling towers, the volume of water that is used in recirculated cooling systems, water that is reused within a process (recycled rinse waters) and reused column washes. This volume can be calculated as the total annual volume of water needed to run a site or business area minus its annual water intake. Water recycle values are a water performance indicator checked by sites and the company BECAUSE it can help us improve operation of cooling systems and aid us in water minimization efforts.
The provision of fully-functioning, safely managed WASH services to all workers	100%	MONITORING AND FREQUENCY: Potable water is provided in our places of employment for drinking, personal washing, food washing, cooking, washing of cooking or eating utensils, washing of food preparation utensils, washing of food preparation or processing premises, and personal service rooms. New or modified materials or equipment that come in contact with finished potable water at Lilly-owned facilities must meet local code specifications for potable use. Lilly determines the need for WASH services during the design of a capital project using Lilly Engineering Standards and local codes. Potable water systems are REVIEWED AT THEIR TIME OF INSTALLATION OR CHANGE to assure that adequate WASH services are provided before they become operational or modified. Potable water being provided to all employees at work is important BECAUSE it helps us keep our employees healthy.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	5921.8	About the same	Total water withdrawal was ABOUT THE SAME (i.e., less than a 5% change). We had a 3.2% decrease in water withdrawal from 2020 to 2021. This was primarily due to manufacturing efficiency efforts, employees working from home due to COVID and closure of a facility, partially offset by increases in production rates at our manufacturing facilities. We are anticipating production growth going forward which may result in increased water withdrawals, however, with on-going process efficiency and water use reduction practices we anticipate water withdrawals to grow at a slower rate than production IN THE FUTURE.
Total discharges	4263.5	Much higher	Total water discharge was MUCH HIGHER (i.e., >10% change). We had an 11.2% increase from 2020 to 2021. This was primarily due to increases in production rates at our manufacturing facilities, employees returning to the office and improved accounting practices. We are anticipating production growth going forward which may result in increased wastewater discharges, however, with on-going process efficiency and water use reduction practices we anticipate wastewater discharges to grow at a slower rate than production IN THE FUTURE. We should have wastewater treatment facilities that have more than adequate hydraulic capacities to operate.
Total consumption	1658.3	Much lower	Total water consumption was MUCH LOWER THAN LAST YEAR. (i.e., >10% change) We had a 40.7% decrease in water consumption from 2020 to 2021 driven by improved accounting of water discharges. This was primarily due to specific production and R&D activities. In the past few years, we have had only one regulator express interest in our "consumption" rate of water. This was addressed by the submission of a local Environmental Impact Statement for construction of a facility. Given our answer above and our answers to the future of our "Total withdrawals" and "Total discharges" above in this section, we have not forecasted any significant changes in "total consumption" of water. We anticipate some total water consumption to grow at a slow rate due to production IN THE FUTURE.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	1-10	Higher	WRI Aqueduct	REASON FOR CHANGE TO PREVIOUS YEAR: Due to manufacturing production increases at sites present in water stressed areas and more employees being back on site, our footprint in water stressed areas increased. Our total water intake in water stressed areas is determined by 4 small R&D sites, 1 warehouse site, 2 small manufacturing sites and 2 medium sized manufacturing sites in "medium risk to high risk" or greater areas USING THE WRI AQUEDUCT TOOL. These sites accounted for 8.9% of our total water intake in 2021. We had a 5.2% increase in water withdrawals from 2020 to 2021 from the sites and business areas located in these areas which is slightly higher than last year. We analyze all sites which we collect data on QUARTERLY and ANNUALLY in our central data systems and periodically check the "risk" factors for water stress against the local conditions where we operate that may be found in business continuity plans (BCPs). Risk factors identified in AQUEDUCT are evaluated and Business Continuity Plans (BCPs) may be updated based on the level of risk. IN THE FUTURE, four of these sites are subject to a new water goal which requires developing site-specific water management plans that will have context-based goals that must be achieved by 2030.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	Water withdrawal from FRESH SURFACE WATER is NOT RELEVANT BECAUSE we only have one site that harvests rainwater for non-potable uses. The amount of harvested rainwater at this represents only 0.006% of our total water withdrawal from fresh surface waters. We are not planning on any DIRECT FRESH SURFACE WATER withdrawals in the FUTURE.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	As in previous years, Brackish Surface Water/Seawater withdrawal was NOT RELEVANT BECAUSE we did not withdraw from Brackish Surface Water or Seawater, and we have no FUTURE plans to do so.
Groundwater – renewable	Relevant	801.2	Higher	Water withdrawal from renewable groundwater is RELEVANT BECAUSE three of our largest manufacturing sites withdraw water from renewable groundwater sources. We withdrew a HIGHER (i.e., greater than a 5%, but less than 10%) amount of renewable groundwater in 2021. From 2020 to 2021, we experienced a 5.6% increase in renewable groundwater withdrawal. Most of this increase was due to increased production at a parenteral products plant and a biotech manufacturing operation in Europe. We are not expecting our water withdrawals of “renewable groundwater” to significantly differ IN THE FUTURE. With the on-going process efficiency and use reduction practices that we have been working on since 1997, we have designed our facilities to operate with less water and offset some demand based on increased production volume.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	As in previous years, water withdrawal from non-renewable groundwater is NOT RELEVANT BECAUSE we do not withdraw from non-renewable groundwater sources, and we have no FUTURE plans to do so.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	As in previous years, water withdrawal of produced/entrained water is NOT RELEVANT BECAUSE we do not use or withdraw produced/entrained water, and we have no FUTURE plans to do so.
Third party sources	Relevant	5120.3	About the same	Water withdrawal from external parties (i.e., municipalities) is RELEVANT BECAUSE all 26 of our sites or business areas use municipal water. We withdrew ABOUT THE SAME (i.e., less than a >5% change) amounts of municipal water in 2021. We withdrew 4.5% less water from 2020 to 2021 at our 26 sites or business areas that withdraw from third parties. Most of this decrease was due to manufacturing variation and seasonal water needs (i.e., for irrigation and cooling). IN THE FUTURE, we do not have any plans to increase water withdrawals from external parties.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	Discharge to fresh surface water is NOT RELEVANT BECAUSE we no longer own any facilities that discharge water directly to fresh surface waters. IN THE FUTURE, we do not have any plans to increase water discharges to fresh surface waters.
Brackish surface water/seawater	Relevant	638.6	Much higher	Discharges to brackish surface water/seawater is RELEVANT BECAUSE we rely on a manufacturing facility that operates under a license to discharge clean wastewater to seawater. We discharged a MUCH HIGHER (10% or more increase) volume of wastewater to seawater in 2021. From 2020 to 2021, we discharged 58.6% more wastewater directly to seawater at 1 site. This was due to increases in production associated with new biotech manufacturing operations. It is important for us to know the seawater system we discharge to as local limits can be variable and risk assessments are driven by local factors. IN THE FUTURE, we are expecting our discharge to seawater to have reduced nitrogen and phosphorus limits, and we have already scoped technology requirements to address these limits. With the on-going process efficiency and use reduction practices that we have been working on since 1997, we have designed our facilities to operate with less water while still maintaining discharge quality.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	Discharge of wastewater directly to groundwater is NOT RELEVANT. We have an internal policy against the practice of using underground injection of wastewater and have no plans IN THE FUTURE to discharge wastewater directly into groundwater.
Third-party destinations	Relevant	3624.9	About the same	Discharge of wastewater to third parties is RELEVANT BECAUSE 25 of our 26 site or business areas utilize municipal wastewater treatment systems. We discharged a ABOUT THE SAME (i.e., <5% change) volume of wastewater to municipalities in 2021. From 2020 to 2021, we had a 2.8% increase in discharge from 25 sites or business areas to third parties (i.e., municipalities). The greatest amount of increase occurred because of employees returning to work at company campuses. We did not see changes at our manufacturing sites. IN THE FUTURE, we are some moderate increases to our water discharges to “Third-party destinations” due to new facilities being constructed. With the on-going process efficiency and use reduction practices that we have been working on since 1997, we have designed our facilities to operate with less water.

W1.2j

(W1.2) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	356.2	Much higher	11-20	Discharge of tertiary treated wastewater is RELEVANT BECAUSE two facilities which are responsible for 8.4% of our total wastewater discharge utilizes tertiary wastewater treatment systems. We discharged a MUCH HIGHER (i.e., > 10 increase) volume of tertiary treated wastewater in 2021. From 2020 to 2021, we had a 68.5% increase in discharge from these sites. The greatest amount of increase occurred in South America due to decommissioning of our manufacturing operations. We are anticipating production volume growth going forward which may result in some increased "Tertiary" treatment, however, with on-going process efficiency and water use reduction practices we anticipate "Tertiary" treatment to grow at a slower rate than production IN THE FUTURE.
Secondary treatment	Relevant	1421.9	Much higher	11-20	Discharge of secondary treated wastewater is RELEVANT BECAUSE two of our large manufacturing facilities utilize a secondary wastewater treatment system. We discharged a MUCH HIGHER (i.e., >10% change) volume of secondary treated wastewater in 2021. From 2020 to 2021, we had a 26.5% increase in secondary treated wastewater discharges from three sites. This was due to one small North American site converting to a non-manufacturing operation. We are anticipating production growth going forward which may result in increased "Secondary" treatment, however, with on-going process efficiency and water use reduction practices we anticipate "Secondary" treatment to grow at a slower rate than production IN THE FUTURE.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Discharge of primary treatment only wastewater is NOT RELEVANT. We do not have facilities with this type of treatment and have no plans IN THE FUTURE to discharge primary treated only wastewater.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Discharge of wastewater to the natural environment without treatment is NOT RELEVANT. We do not have facilities with this type of treatment and have no plans IN THE FUTURE to discharge wastewater without treatment.
Discharge to a third party without treatment	Relevant	34.5	Much higher	41-50	Discharge of wastewater to a third party without treatment is RELEVANT BECAUSE 12 of our 26 sites/business areas (i.e., mostly sales affiliate offices, distribution facilities and laboratories) are responsible for 0.8% of our total wastewater discharge utilize third party (i.e., municipal) wastewater treatment systems. We discharged a MUCH HIGHER (i.e., >10% change) volume of wastewater to third parties without treatment in 2021. From 2020 to 2021, we had a 43.1% increase in discharge from these sites. The greatest amount of increase that occurred from these sites was due to employees returning to the workplace from home due to COVID. We are anticipating production growth going forward which may result in increased wastewater discharges without treatment to third parties, however, with on-going process efficiency and water use reduction practices we anticipate wastewater discharges without treatment to third parties to grow at a slower rate than production IN THE FUTURE.
Other	Relevant	2450.9	Lower	21-30	Discharge of wastewater treated by "other" methods is RELEVANT BECAUSE 7 of our 26 sites/business areas which are responsible for 57.5% of our total wastewater discharge fit into this category. These sites/business areas utilize specialized incineration, sand filtration, acid/alkaline hydrolysis treatment, carbon adsorption, high temperature, reverse osmosis, pH neutralization and oxidative wastewater treatment systems prior to discharge to municipal treatment systems. We discharged a LOWER (>5%, but less than 10% decrease) volume of wastewater of wastewater treated in the "other" category treatment in 2021. From 2020 to 2021, we had a 6.5% decrease in discharge from these sites. The greatest amount of reduction that occurred was at a one large production site. We are anticipating production growth going forward which may result in increased "other" types of wastewater treatment, however, with on-going process efficiency and water use reduction practices we anticipate "other" types of wastewater treatment to grow at a slower rate than production IN THE FUTURE.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	28318000	5921.8	4781.99196190348	We anticipate water withdrawal volumes to grow at a similar rate to revenue growth for 2022 compared to 2021, therefore, we anticipate our water withdrawal efficiency (megaliters per \$ revenue) to remain roughly flat (less than 5% change).

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

- Yes, our suppliers
- Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for this coverage

Some of our suppliers are located in regions that are or could be impacted by physical risks or regulatory exposures. We expect third party contract manufacturers of active pharmaceutical ingredients and a portion of other supply chain partners BASED ON HSE RISKS AND BUSINESS IMPACT to complete a baseline survey that addresses water issues. The total number of suppliers impacted is approximately 50. The survey is in conformance with the audit protocol used by the Pharmaceutical Supply Chain Initiative (PSCI). The use of PSCI provides a FINANCIAL INCENTIVE to suppliers as it offers a uniform reporting platform of information to multiple companies. FACILITIES IDENTIFIED AS HIGH-RISK DUE TO THEIR RESPONSES are assessed approximately every three years. To MEASURE SUCCESS, we actively MEASURE our number of high-risk suppliers. We continue to work with PSCI regarding online tools that will collect quantitative water use data from these suppliers.

Impact of the engagement and measures of success

In 2021, we COMPLETED six HSE assessments of external contract manufacturers and improved our program to evaluate discharges of active ingredients at several contract manufacturing sites. We UTILIZE THIS INFORMATION to determine what risks should be addressed in partnership with our company. Ongoing performance is managed through our External Manufacturing Oversight team and joint process teams including Lilly and the contract manufacturer. Performance is reviewed periodically with joint process teams which typically meet on a monthly basis. Additionally, we have worked with PSCI on planning conferences in 2021 to address environmental and regulatory exposures. SUCCESS is MEASURED by reducing HSE risks, which allows us to maintain a robust supply chain and protect our business reputation. We want to confirm appropriate controls are in place by Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater above applicable PNEC values. At the end of 2021, Lilly had completed assessments of 48% of our contract active ingredient and drug product manufacturers and assessments for another 24% of our contract manufacturers were in progress. All of our contract manufacturers assessed through the end of 2021 were found to have appropriate controls to meet established PNEC-based limits. The remaining contract manufacturer assessments are anticipated to be complete by the end of 2022.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services
Educate suppliers about water stewardship and collaboration

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for the coverage of your engagement

DESCRIPTION OF SITUATION AND ENGAGEMENT: Several researchers and government agencies have been evaluating the presence of active ingredients in wastewater discharges from manufacturing facilities. Because Lilly has more than two decades of experience managing this issue at its sites, Lilly has provided presentations and guidance information in industry/supplier forums and education materials (primarily through the Pharmaceutical Supply Chain Initiative) to support the control of active pharmaceutical ingredient (API) releases in wastewater discharges to reduce the potential of environmental impacts. We have also conducted 1:1 engagements with suppliers and will continue to do so IN THE FUTURE. We specifically want to confirm appropriate controls are in place by Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater above applicable PNEC values.

Impact of the engagement and measures of success

DETAILS OF THE BENEFICIAL OUTCOMES OF THE ENGAGEMENT: Our External Partner HSE assessors and External Partner Manufacturing staff have worked with several external manufacturing partners to assess their processes and environmental controls for controlling the release of APIs, which helped confirm our external partners were operating their processes responsibly and protecting waterways. HOW SUCCESS IS MEASURED: We helped suppliers to quantify and document their active ingredient discharges. These analyses have driven improved wastewater control practices and identified potential containment practices through a layers of protection analysis. These activities reduced emissions and improved spill handling practices. These actions help us maintain a strong supply chain. At the end of 2021, Lilly had completed assessments of 48% of our contract active ingredient and drug product manufacturers and assessments for another 24% of our contract manufacturers were in progress. All of our contract manufacturers assessed through the end of 2021 were found to have appropriate controls to enable them to meet established PNEC-based limits. The remaining contract manufacturer assessments are anticipated to be complete by the end of 2022.

Comment

Type of engagement

Innovation & collaboration

Details of engagement

Other, please specify (Committee to Improve Water Discharge)

% of suppliers by number

Less than 1%

% of total procurement spend

Less than 1%

Rationale for the coverage of your engagement

DESCRIPTION OF SITUATION AND ENGAGEMENT: In Indiana, we are one of the largest contributors to a city wastewater treatment plant. We provide technical staff to help the plant operations and regulatory groups with information to improve and optimize processes. We also discuss local discharge ordinance issues to support the city in its management of future regulatory requirements to assure continuity of operations.

Impact of the engagement and measures of success

DETAILS OF THE BENEFICIAL OUTCOMES OF THE ENGAGEMENT: This engagement enabled local businesses (including Lilly) to receive a permit with discharge limits that matched local and national standards and also provided Lilly with operational flexibility to manage our wastewater discharge. HOW SUCCESS IS MEASURED: Our participation improved regulatory certainty for businesses. Success was measured by the municipality successfully receiving a permit with limits which matches applicable standards, and allowed us to continue operations within the determined limits.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

PARTNERS: Lilly engages with large customers of our products and external manufacturing partners.

METHOD AND STRATEGY WITH MANUFACTURING PARTNERS: Our HSE assessors work with internal Procurement, Supply Chain, and External Manufacturing Oversight organizations to determine priorities and strategies for engaging customers. Financial priorities and past knowledge/information from site surveys and visits help us set priorities. We strive to have "critical" suppliers that are not high-risk suppliers. We work with these suppliers to perform environmental risk assessment of potential active ingredient discharges.

MEASURES AND RESULTS: This has helped suppliers prepare for potential questions about releases of active ingredients being discharged in wastewater from stakeholders, such as regulators, NGOs and customers. For more information, see answers in 1.4b.

METHOD AND STRATEGY FOR LARGE CUSTOMERS OF PRODUCT: Lilly relies on our National Sales Account management leaders to bring water-related environmental interests to our Corporate HSE team to address. We conducted a water stress analysis for a specific line of products.

MEASURES AND RESULTS: This led to refined and more efficient supplier risk evaluations related to water and removal of the product line from the customer's C Suite list of risks. Feedback from this initial project led to a second project that this customer was interested in analyzing. We worked with a university to perform a risk assessment related to antimicrobial resistance. Results of this work have been shared with the customer and were published in a peer-reviewed journal in 2020. The customer shared this information with its epidemiology group to refine its exposure routes and analyses. We have also helped other large customers by providing them with manufacturing site information to help them with their automated alert system, which monitors water stress factors in real time to prevent supply chain disruption.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

Databases

Other

Tools and methods used

WRI Aqueduct

COSO Enterprise Risk Management Framework

ISO 31000 Risk Management Standard

UNEP Vital Water Graphics

Internal company methods

External consultants

Nation specific databases, tools, or standards

Other, please specify (Cross-industry ERM learning forums)

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

Our strategic (five-to-ten year outlook) and business planning (one to two year outlook) processes runs through the year and impact the individual plans (including health, safety and environmental (HSE) plans) of all operational and functional organizations. HSE professionals are engaged throughout the planning process which includes formal, scheduled opportunities to review and reprioritize environmental issues in a targeted way for specific business units based on their unique impacts, stakeholders, and internal capabilities and concerns.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Potential business interruptions from water issues, flooding, droughts, precipitation changes, regulatory changes, etc., are planned for in our BUSINESS CONTINUITY PLANNING (BCP) processes. Each facility and relevant business function with critical operations or services maintains updated BCPs for identified operations and services. We use WRI Aqueduct and our professional judgement to identify risks and opportunities for Lilly-owned and targeted supplier facilities (e.g., contract manufacturers, identified as "high-risk" or "high-value" suppliers). This information has been used to further evaluate potential issues associated with suppliers with our Procurement and Supply Chain groups. Outcomes of the risk assessments are also used to inform internal decisions such as capital investments to mitigate risks and decisions related to supply chain design.

We have been using many of the tools identified in Sections 3.3a for at least ten years to identify qualitative and quantitative risks. As risks are screened by subject matter experts and confirmed, information is communicated into the local and corporate business planning processes. Significant issues may be escalated to the corporate ENTERPRISE RISK MANAGEMENT (ERM) process, which utilizes the COSO ERM Framework, the ISO 31000 Risk Management Standard and Cross-Industry ERM Sharing Learning Forum information to analyze and process scenarios.

HOW OUTCOMES ARE USED TO INFORM INTERNAL DECISION-MAKING: As mentioned above, whenever water risks are identified and deemed material to our company, they are integrated into Lilly's ERM process. The risk owners decide on a targeted risk level based on cost-benefit analysis and define risk management strategies as well as risk management measures. These include risk avoidance, risk reduction, risk transfer and risk acceptance. We address site-level risks, e.g., flooding, through local internal and external crisis organizations. We have implemented early warning systems, continuous reporting and carry out regular crisis simulation exercises. Assessment of risks from these exercises are defined and appropriate measures are assigned to responsible business units.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Lilly's Global Supply Chain and Enterprise Risk Management (ERM) process has defined business risk parameters and financial thresholds built into their processes to evaluate the estimates of likelihood, potential impacts and/or relevance for stakeholders of business impacts. Lilly DEFINES SUBSTANTIVE FINANCIAL OR STRATEGIC IMPACT as an event that impacts our ability to achieve Lilly's business objectives / pipeline, results in significant financial impact, or disrupts enterprise-wide customer service or operations reliability or impacts brand long term.

The MEASURES/INDICATORS used to identify impact include "likelihood of occurrence" and financial "impact" of the risk. For the THRESHOLDS for these indicators we utilize low/medium/high scales for both "Likelihood" and "Impact" . This results in risks identified on a 3x3 matrix that is used to identify the highest risks to the enterprise. This definition APPLIES TO BOTH DIRECT OPERATIONS AND WITHIN OUR SUPPLY CHAIN.

"Impact" is defined in the following manner:

Low: Limited impacts on our ability to achieve Lilly's business objectives/pipeline, OR results in a single year financial impact greater than \$250MM and less than 500MM with little ongoing impact, OR limited disruption of enterprise-wide customer service or operations reliability with no impact on brand.

Medium: Moderately impacts our ability to achieve Lilly's business objectives/pipeline, OR results in a single year financial impact greater than \$500MM and less than \$750MM, with some ongoing impact, OR moderate impact on enterprise-wide customer service or operations reliability or it impacts brand for a limited time.

High: Significantly impacts our ability to achieve Lilly's business objectives/pipeline, OR results in a single year financial impact greater than \$750MM, with ongoing impact, OR significant disruption to enterprise-wide customer service or operations reliability with impacts on brand long term.

"Likelihood" is evaluated in the following manner:

Low: Less than 10% likely to occur; not likely to occur in the time period associated with the company's strategic plans.

Medium: 10-50% likely to occur; event has occurred in the distant past or is moderately likely to occur in the time period associated with the company's strategic plans.

High: Greater than 50% likely to occur; event has occurred in the last 24 months or likely to occur in the time period associated with the company's strategic plans.

In both our DIRECT OPERATIONS and within our SUPPLY CHAIN, bulk active pharmaceutical ingredient manufacturing sites use the largest volumes of water followed by final dosage finishing sites. Packaging sites require very little water and present less risk to the organization. In our risk assessment of our global supply chain, substantial financial or strategic impacts could result from shut down of bulk active pharmaceutical ingredient sites for six to ten months, drug final dosage finishing manufacturing for two to three months and packaging for one to two months. We use inventory management practices as a primary risk mitigation strategy. An extreme weather stress event (i.e., a drought that provided a moratorium on water use for many months) would have to extend beyond these periods for there to be a substantial impact on Lilly. Our Global Supply Chain organization also works with our Treasury area and an external consultant to develop scenarios of "catastrophic" events (i.e., a manufacturing site being "destroyed"). Costs associated with these analyses are embedded in operations budgets and are not disclosed.

One EXAMPLE of substantive impact analysis that was considered was the location of a parenteral product (i.e., injectables) plant in a water stressed area. Simple mitigation plans were implemented as a result. We determined that a drought/water disruption scenario would have to extend for a significant time (i.e., several years) to cause a substantive change to our business. Given these conditions and our product mix and sourcing strategies, we determined that extended periods of drought will not significantly impact our business. We have not identified any water-related scenarios that have potential to have a substantive financial or strategic impact on our business.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	RISKS EXIST, BUT NO SUBSTANTIVE IMPACTS ARE ANTICIPATED. We assessed water stress at Lilly facilities using the WRI Aqueduct tool. Nine of 26 Lilly facilities/business areas were located in areas that were medium-high risk or greater according to the WRI Aqueduct tool or based on company knowledge. Our facilities have developed business continuity plans (BCPs) for specific critical processes and services (which may include water and wastewater aspects). The frequency for required updates and approval of these plans is dependent on the nature and complexity of the facility. Comprehensive risk assessments of identified plausible unplanned events are included in the BCP process. Risk assessments conducted for our most recent facility BCPs did not lead us to conclude that we will have water risks that would generate a substantive impact. We also evaluated NGO reports on the low enforcement of wastewater standards for pharmaceutical and chemical suppliers in developing countries that could lead to incidences of increased concentrations of substances in environmental water bodies and potentially in drinking water. If such incidences occur and are picked up by media or NGOs, they impose a reputational risk for the entire industry, including Lilly. METHOD FOR IDENTIFYING IMPACT: The risk was analyzed as part of our corporate Investor Relations group and our corporate Enterprise Risk Management group with regard to likelihood of occurrences impacting Lilly. EFFECT ON LILLY: As the impact could not be evaluated financially, it was evaluated qualitatively and found to be low impact.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	RISKS EXIST, BUT NO SUBSTANTIVE IMPACTS ARE ANTICIPATED. Using the WRI Aqueduct tool, we identified 13 supplier facilities located in areas that were medium-high risk or greater ratings. Discussions with our External Partners and Lilly Global Supply Chain groups lead us to conclude that appropriate mitigations are in place (such as inventory management throughout the supply chain nodes) and that we do not have water-related risks that would generate a substantive impact to our business. We have also initiated actions to evaluate potential active ingredient discharges in wastewater with our External Partner manufacturers. Results of our water risk evaluation for raw materials for a specific set of products have not identified any substantive risks. We also have an active supplier engagement program aligned with the principles of the Pharmaceutical Supply Chain Initiative (PSCI) for high-risk or high-value third party manufacturers to address environmental risk on an ongoing basis. The program includes self-assessment and on-site audits.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

Increased resilience to impacts of climate change is considered strategic because our manufacturing processes are highly dependent on availability of water and other natural resources. Actions taken to realize this opportunity include implementation of an improved insulin manufacturing process at our facility in Puerto Rico that utilizes significantly less water and other raw materials. The improved process demonstrated an overall production output increase of over 200 percent in the fermentation process, and in purification we also saw significant improvement in the overall yield relative to the existing process. These improvements have reduced the consumption of water and raw materials and increased the overall capacity of the facility.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

11889

Potential financial impact figure – maximum (currency)

16645

Explanation of financial impact

We can now produce the same quantity of active pharmaceutical ingredient while using over 18 million liters less water in the manufacturing process annually. This change resulted in an estimated savings of \$11,889 to \$16,645 per year based on savings from incoming water and wastewater reductions alone.

Type of opportunity

Resilience

Primary water-related opportunity

Increased supply chain resilience

Company-specific description & strategy to realize opportunity

Increased supply chain resilience is considered strategic because our supply chain (including water supply and treatment facilities) has the potential to directly impact our ability to manufacture medicines. Actions taken to realize this opportunity include installation of a wastewater treatment plant (WWTP) Membrane BioReactor (MBR) project and increased cooling tower water cycles at our facility in Puerto Rico, resulting in potable water usage reduction of 605,000 liters/day.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

324000

Potential financial impact figure – maximum (currency)

648000

Explanation of financial impact

The estimated financial impact reflects savings from water reduction of approximately 605,000 liters per day. This change resulted in an estimated savings of \$324,000 to \$648,000 based on historical water consumption rates and other operational costs.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

Increased resilience to impacts of climate change is considered strategic because our manufacturing processes are highly dependent on availability of water and other natural resources. Actions taken to realize this opportunity include streamlining of our insulin active ingredient manufacturing process at our facility in Indiana. This eliminated the following: 1) water required to clean process equipment; 2) water used to make up buffers; and 3) water used by the eliminated process steps. The process changes resulted in a water use decrease of more than 27,000 liters/day. Water reduction initiatives at this facility are projected to save a total of 968 million liters per year.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

5350

Potential financial impact figure – maximum (currency)

6509

Explanation of financial impact

The process changes resulted in a water use decrease of more than 27,000 liters/day. Water reduction initiatives at this facility are projected to save a total of 968 million liters per year, which decreased our water intake and wastewater sewer fees.

Type of opportunity

Resilience

Primary water-related opportunity

Increased supply chain resilience

Company-specific description & strategy to realize opportunity

Increased supply chain resilience is considered strategic because our supply chain (including water supply and treatment facilities) has the potential to directly impact our ability to manufacture medicines. Actions taken to realize this opportunity include developing a comprehensive water balance model using about 45 new water meters installed at our facility in Italy to better understand the correlation between water consumption and production ramp up. Process changes and reduced water use in cleaning operations (shorter cycles) resulted in a reduction of 203,446,000 liters of wastewater per year. The facility is now looking to replicate the water saving initiatives in other facility manufacturing lines. In addition, continuous monitoring of phosphorus concentrations, an automated treatment system, and optimization of a wastewater neutralization system reduced the amount of phosphorus in the facility's wastewater by 54%.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

58386

Potential financial impact figure – maximum (currency)

118771

Explanation of financial impact

The estimated financial impact reflects a savings from wastewater reduction of approximately 203 million liters annually as well as the cost savings associated with reduction in wastewater neutralization system chemicals used in the site wastewater treatment system.

Type of opportunity

Resilience

Primary water-related opportunity

Resilience to future regulatory changes

Company-specific description & strategy to realize opportunity

Increased resilience to future regulatory changes is considered strategic because our operations throughout the world are subject to various regulations. Conformance to these regulations is required to be able to maintain operations. These regulations include chemical management regulations as well as wastewater regulations. Actions taken to realize this opportunity include implementation of process improvements at our facility in France that reduced its overall consumption of phosphorus in cleaning processes by an additional 37.8% in 2020 compared to 2018, while identifying opportunities to reduce phosphorus in four other facility processes.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

834377

Potential financial impact figure – maximum (currency)

2503080

Explanation of financial impact

The estimated financial savings reflects an annualized capital avoidance and operations and maintenance cost avoidance for phosphorus removal based on 2018 to 2020 performance. We have realized some reduced raw material cost reductions by optimizing cleaner usage and cycle times.

Type of opportunity

Resilience

Primary water-related opportunity

Resilience to future regulatory changes

Company-specific description & strategy to realize opportunity

Increased resilience to future regulatory changes is considered strategic because our operations throughout the world are subject to various regulations. Conformance to these regulations is required to be able to maintain operations. These regulations include chemical management regulations as well as wastewater regulations. Actions taken to realize this opportunity include development of a company-wide goal to reduce phosphorus in wastewater 15% by 2020 from a 2014 baseline. As of the end of 2018, the four-quarter total phosphorus discharged was approximately 83 metric tonnes, a 34.4% decrease from the 2014 baseline. Some production decreases combined with cleaning changes led to decreases in phosphorus emissions. Collaboration across business units identified opportunities (some reflected in this CDP Water submission) for sharing best practices and lessons learned. Some production decreases combined with cleaning changes lead to decreases in phosphorus emissions. As of the end of 2018, we met and exceeded our phosphorus reduction goal. To continue progress on phosphorus reductions, we created a second goal to phosphorus discharge reduction by another 10% until 2020 with 2018 being the base year. At the end of 2020, we had achieved an 34.4% reduction from the new 2018 baseline.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

5496967

Potential financial impact figure – maximum (currency)

16490900

Explanation of financial impact

The estimated financial impact includes estimated capital avoidance and operations and maintenance costs avoidance for the decrease from 2018 to 2019. We reduced cleaner consumption and improved cycle time, which are not included in the cost estimate. We are looking further at process optimization changes to minimize or reduce capital expenses and operating costs associated with end-of-pipe treatment solutions. We have two plants that have installed a phosphorus removal system to meet 1.0 mg/L or less limits. We are expecting a much larger site to be our third site to install additional phosphorus controls after 2021. We have estimated costs savings on having to provide end-of-pipe treatment solutions.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

Increased resilience to impacts of climate change is considered strategic because our manufacturing processes are highly dependent on availability of water and other natural resources. Actions taken to realize this opportunity include construction of a combined heat and power unit at our facility in Puerto Rico (anticipated to be operational in 2022). This cogeneration project in Puerto Rico installed a reciprocating engine and generator set that provides 9 MW of electric power, as well as steam and hot water, to our Lilly facility. It was designed with two fuel options (liquefied natural gas and diesel fuel) and to operate through hurricane conditions -- providing increased resilience to impacts of climate change.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

6000000

Potential financial impact figure – maximum (currency)

7000000

Explanation of financial impact

The potential financial impact of the cogeneration project in Puerto Rico reflects an estimated \$6.0 million to \$7.0 million annual savings from a direct reduction in energy costs. This project will also reduce overall greenhouse gas emissions at the site. However, there are no cost savings reflected in the estimated financial impact associated with reducing emissions.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Our policy describes the company and business's dependency on water and other valuable resources in producing medicines that help people live longer, healthier, more active lives. It describes our beliefs relative to operating responsibly, including protection of our water-related resources from potentially harmful discharges from our operations and the importance of water throughout our supply chain. This policy is communicated internally and externally and is written in our externally published annual sustainability report which is publicly available at https://esg.lilly.com/environmental . This report also communicates our water-related goals and progress toward those goals, including examples and data. We also acknowledge regional water risks, and well as the potential impacts associated with climate change and the relationship to water scarcity and quality risks.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	The Directors and Corporate Governance Committee (DCGC) of the Board of Directors is responsible for identifying and bringing to the attention of the Board as appropriate current and emerging social, environmental, political and governance trends and public policy issues that may affect the business operations, performance or reputation of the company. The full Board is engaged in strategic environmental, social and governance (ESG) oversight, receiving regular updates on ESG matters at Board meetings, reviewing and approving the company's long-term environmental goals and weighing in on significant strategic investments. When appropriate, the Board reviews and approves strategic water-related decisions. Examples include the following: 1) the company's water-related sustainability goals (approval of Lilly's new 2030 Water goals which were launched in 2021), and 2) approval of capital expenditures above a certain financial threshold.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives	Board Oversight: The Directors and Corporate Governance Committee (DCGC) of the Board is responsible for identifying and bringing to the attention of the Board as appropriate current and emerging social, environmental, political and governance trends and public policy issues that may affect the business operations, performance or reputation of the company. The full Board is engaged in strategic ESG oversight, receiving regular updates (at least annually) on ESG matters at Board meetings, reviewing and approving the company's long-term environmental goals and weighing in on significant strategic investments. When appropriate, the Board reviews and approves strategic climate or water security related decisions. Additionally, key enterprise level risks are overseen by the full Board and our enterprise risk management process is overseen by the Audit Committee of the Board. Company management is charged with managing risk through robust internal processes and controls. The enterprise level risks are reviewed annually at a full Board meeting, and relevant enterprise risks are also addressed in periodic business function reviews and at the annual Board and senior management strategy session. ESG Governance Committee: Central to our ESG oversight is our ESG Governance Committee, chaired by our Associate VP-Environmental, Social and Governance and composed of senior leaders from Health, Safety and the Environment (HSE), Human Resources, Ethics and Compliance, Legal, Treasury, Procurement and Investor Relations. This committee reports to our senior leadership Executive Committee and has a broad ESG mandate that includes leading the coordination of Lilly ESG strategy, evaluating Lilly ESG approach compared to peers and broader environment, leading formal, periodic ESG strategy updates, institutionalizing ESG topics throughout the company, and facilitating execution of ESG reporting activities.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	Board members are assessed and nominated to achieve a highly skilled group of individuals with various qualities, attributes, experiences, perspectives and professional experiences. Competency in a particular area or subject matter may be determined from a variety of factors, including, without limitation, structured or unstructured learning environments, certifications, relevant work experience, and off-the-job training or experience.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Senior Vice President and President of Manufacturing Operations)

Responsibility

Other, please specify (Both assessing and managing water-related risks and opportunities)

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Senior Vice President and President of Manufacturing Operations, who is a member of the company's Executive Committee and reports directly to the CEO, is responsible for assessing and managing water-related risks and opportunities. The President of Manufacturing chairs our Global Health, Safety and Environment Committee which meets quarterly and oversees performance related to compliance with environmental regulations, policies, procedures and standards globally, as well as assessing and managing water-related risks and opportunities, assessing performance against our water-related goals and driving improvement on environmental performance throughout the organization. The Global Health, Safety and Environmental Committee membership also includes executives and senior leadership from business functions across the company to drive cross-functional alignment and action.

Name of the position(s) and/or committee(s)

Safety, Health, Environment and Quality committee

Responsibility

Other, please specify (Both assessing and managing water-related risks and opportunities)

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Our Global Health, Safety and Environmental Committee is composed of executives and senior leadership from business areas across the company. This committee meets quarterly and is responsible for ensuring compliance to all health, safety and environmental regulations, policies, procedures and standards globally. The committee ensures that Lilly is using the appropriate environmental (including water) and safety metrics and goals to drive continuous improvement and assesses performance throughout Lilly.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	Improvement in certain environmental performance areas, including water management and wastewater quality (preventing pharmaceuticals in the environment and managing water quality and scarcity in water-stressed areas) are included in the performance expectations for the company's Chairman, President, and CEO, and relevant members of the executive team (including the President of Manufacturing). Performance against these goals and expectations is included amongst other factors when evaluating overall executive performance and future compensation awards.

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO)	Reduction of water withdrawals Improvements in efficiency - direct operations Improvements in waste water quality - direct operations	Improvement in certain environmental performance areas, including water management and wastewater quality (preventing pharmaceuticals in the environment, managing water quality and scarcity in water-stressed areas, and decreasing phosphorus discharged in wastewater) are included in the performance expectations for the company's Chairman, President and CEO, and relevant members of the executive team. Performance against these goals and expectations is included amongst other factors when evaluating overall executive performance and future compensation awards. Across the organization we also have annual Health, Safety and Environmental (HSE) Excellence Awards which recognize significant achievements in the fields of safety and environmental improvements. Nominations for an HSE Excellence Award are available to all employees. The winners of these awards receive monetary recognition through our internal rewards program as well as non-monetary recognition through awards celebrations within their respective areas.
Non-monetary reward	Other, please specify (All employees)	Reduction in consumption volumes Improvements in efficiency - direct operations Improvements in efficiency - supply chain Improvements in waste water quality - direct operations Improvements in waste water quality - product-use Implementation of employee awareness campaign or training program	Across the organization we also have annual Health, Safety and Environmental (HSE) Excellence Awards which recognize significant achievements in the fields of safety and environmental improvements. Nominations for an HSE Excellence Award are available to all employees. The winners of these awards receive monetary recognition through our internal rewards program as well as non-monetary recognition through awards celebrations within their respective areas.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, funding research organizations
- Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

To ENSURE CONSISTENCY between our direct and indirect activities to influence policy and our water policy/commitments, our Legislative Regulatory Tracking Committee (LRTC) includes representatives from Legal, Global Health, Safety and Environmental (HSE) and Corporate Affairs and oversees U.S. legislative and regulatory efforts. Our EU HSE Regulatory Tracking Group informs EU facility leaders and Global HSE leaders of new and emerging EU environmental legislation. Both LRTC and the EU Tracking Group are dedicated to monitoring new or evolving rules and regulations at the national and regional level (i.e., European Union). Trade groups are also used to monitor legislation. Lilly has been the manufacturing representative on the Indiana Department of Environmental Management Rules Board for several years. Facilities also monitor new or evolving rules and regulations at the local, province or country level, where applicable. The global Legislative Regulatory Tracking Team keeps our business units updated so that effective compliance plans can be integrated into manufacturing facility-level HSE Plans. Any activity that is NOT CONSISTENT with our principle-based policy statements would be escalated to our Associate Vice-President Global Health, Safety and Environment, and Vice-President Global Engineering & HSE to determine if further escalation or action is needed.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Our Enterprise Risk Management (ERM) team annually evaluates risks based on their potential impacts and likelihood. Our corporate team engages in the risk profiling process for business continuity planning, third party oversight, and disruption of product supply. Our corporate HSE team ensures that we stay alert and responsive to emerging and evolving issues. Formal and ongoing internal and external engagement inform our annual environmental strategic planning meeting where our most experienced environmental professionals discuss environmental updates, review key programs, and conduct structured exercises to identify and prioritize issues based on: stage of issue development and our ability to influence in the area, interest to stakeholders and potential impact on our capacity to meet our business objectives, peer company activity and response to the issue, extent of actual impacts, and an assessment of Lilly governance and capabilities related to the issue. We have new 2030 public goals for sites in water stressed and active ingredient discharges. We support using science-based evaluations to assess and minimize the environmental risks of our product. We collaborate with partners, academia and researchers.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Our strategic and business planning processes run through the year and impact the individual plans (including health, safety and environmental (HSE) plans) of all operational and functional organizations. HSE professionals are engaged throughout the planning process which includes formal, scheduled opportunities to review and reprioritize environmental issues in a targeted way for specific business units based on their unique impacts, stakeholders, and internal capabilities and concerns. We actively assess water intake and the emission of active ingredients from our manufacturing facilities. We are committed to understanding the potential effects of products in the environment as well as on humans. We have new 2030 public goals for sites in water stressed and active ingredient discharges. We support using science-based evaluations to assess and minimize the environmental risks of our products. We collaborate with partners, academia and researchers.
Financial planning	Yes, water-related issues are integrated	5-10	We have strategic and business financial planning processes that impact the health, safety and environmental (HSE) plans of all operational and functional organizations. Regional HSE professionals are engaged in the planning process which includes formal, scheduled opportunities to review and reprioritize environmental issues in a targeted way for specific regions based on their unique impacts, stakeholders, and internal capabilities and concerns. We actively assess water intake, the emission of active ingredients from our manufacturing facilities and individual site wastewater treatment capabilities and provide financial resources, when justified. We have planned for at least \$10,000,000 more spending in wastewater system upgrades beyond 2021.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

8

Anticipated forward trend for CAPEX (+/- % change)

-5

Water-related OPEX (+/- % change)

5

Anticipated forward trend for OPEX (+/- % change)

5

Please explain

The CAPEX value is based on the annual amount of corporate capital projects tracked for water related investments. It does not reflect costs for licensing or permitting. Water-related CAPEX increased approximately 8% from 2020 to 2021 due to normal fluctuations in capital project scope. For future CAPEX, we are expecting a slight decrease (approximately 5%) due to fewer large-scale water and wastewater projects based on the strong capabilities of existing equipment and facilities. The OPEX value was estimated based on the annual water intake and wastewater discharge expenses. For future OPEX, we are expecting to be slightly increasing (approximately 5%) annual spend in areas where we anticipate production growth and some increases in cost to operate facilities.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	Lilly paired its internal work with work conducted by an academic institution to develop a water risk analysis framework for the supply chain of commodities that we purchase for some diabetes products. We used the World Resources Institute Aqueduct tool to identify first-tier suppliers located in water stressed areas and developed a system to evaluate commodities produced in areas of relatively high water risk. We continue to work with academia to evaluate applications for this data and are working on water topics (e.g., drinking water quality) identified by the World Health Organization. We continue to evaluate reports, such as those from the Sustainable Development Unit of the UK’s National Health Service (NHS). One of these reports discussed how in the future, the increased number of people with diabetes could have a strain on the NHS and that a more sustainable model was needed to cope with the related increases in carbon their care and related products would have.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related	We evaluate statistical long-term low flow data for rivers and streams that either directly or indirectly receive wastewater from one active ingredient and drug product manufacturing sites. We also apply mixing zone restrictions for specific substances that further protect water quality under more extreme drought conditions. This also helps to protect biodiversity.	We do not expect any possible or probable negative water-related outcomes associated with the scenario analysis that we use for controlling our direct or in-direct discharges from active ingredient and drug product manufacturing sites. We monitor possible or probable challenges or opportunities arising from policy-based water quality decisions and on water restrictions due to drought. Four manufacturing sites are developing water stress management plans that will address water quality and quantity issues at the local watershed level based on forecasts out to possibly 2040 or later. It is anticipated that these sites will set goals to help prevent disruption to operations due to local water stress.	We are currently not predicting any significant changes on our business strategy based on our current scenario analysis.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We participated in some beta-testing of software to look at the "true" cost of water. We piloted three sites of varying size in different geographies. We did not find the computed "true" costs of water to be significant. We also found numerous modelling error assumptions. We plan to re-evaluate some systems in the upcoming year(s).

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	<Not Applicable>	Important but not an immediate business priority	Water quality and availability to manufacture high-quality medicines are currently of primary importance. Classifying specific products relative to water impact has not yet become a priority internally and there is not currently evidence of the importance to external stakeholders.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Starting in 2021, we set new water-related goals for 2030 that include establishing and implementing water management plans for all Lilly sites in water-stressed areas, as well as ensuring our internal and external manufacturing operations do not adversely impact our waterways as a result of discharges of pharmaceuticals. These goals include: a) Establishing and implementing water management plans for Lilly sites in water-stressed areas; b) Ensuring 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for Pharmaceuticals in the Environment; and c) Ensuring appropriate controls are in place with Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater above applicable PNEC values. The water-related goals were identified through stakeholder engagement and peer benchmarking, and reviewed by our Global Health, Safety and Environmental (HSE) Committee, the ESG Steering Team and our company's Executive Committee and Board of Directors. Our key targets for the control of active ingredients are set by our Global HSE Environmental Standards and our Pharmaceuticals in the Environment Governance Committee (PIE GC). The PIE GC membership includes leaders from Product Research and Development, Corporate Engineering and Global HSE, Regulatory Affairs, Global Public Policy, Research Business Operations and Legal.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water pollution reduction

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Ensure 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for pharmaceuticals in the environment. This corporate goal that was agreed to by our company's Executive Committee and Board of Directors. Progress toward this target is monitored by the Global Health, Safety and Environment Committee and our Global Pharmaceuticals in the Environment Committee. It is important that a science-based company safely control emissions. This helps protect the environment and our brand.

Quantitative metric

% proportion of wastewater that is safely treated

Baseline year

2020

Start year

2021

Target year

2030

% of target achieved

100

Please explain

Predicted no effect concentration-based limits to protect human health and the environment were met for all internally manufactured active ingredients for which limits have been set. Demonstration of compliance with limits was based on analytical measurement or mass balance calculations. We will continue to develop new PNEC values for new products and adjust existing PNECs, if new scientific data becomes available.

Target reference number

Target 2

Category of target

Water pollution reduction

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

90% of our internal manufacturing sites will not have discharges of active ingredients above 10% of any water quality-based limits we prescribe for our sites. Our Global Pharmaceuticals in the Environment Committee set and monitors this target. It is important that a science-based company safely control emissions. This helps protect the environment and our brand.

Quantitative metric

% proportion of wastewater that is safely treated

Baseline year

2015

Start year

2016

Target year

2021

% of target achieved

100

Please explain

100% of internal manufacturing and active ingredients discharge scenarios are discharging 10% or less of effective predicted no effect concentration-based limits to protect human health and aquatic life. Demonstration of compliance with limits was based on analytical measurement or mass balance calculations.

Target reference number

Target 3

Category of target

Water pollution reduction

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Have appropriate controls in place with Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater above applicable predicted no-effect concentrations (PNEC).

Quantitative metric

% proportion of wastewater that is safely treated

Baseline year

2020

Start year

2021

Target year

2030

% of target achieved

48

Please explain

By the end of 2021, we had 48% of assessments completed with an additional 24% assessments in progress.

Target reference number

Target 4

Category of target

Water consumption

Level

Company-wide

Primary motivation

Water stewardship

Description of target

Target: Establish and implement water management plans for Lilly sites in water-stressed areas. In 2021, each of our manufacturing sites that operate in water-stressed geographies started collecting information to perform water stress assessments. In 2022, sites are working to develop and document water stress management plans. These water stress plans are intended to identify "context-based" targets with specific delivery dates related to reducing water stress where these sites operate. All "context-based" targets in these plans must be completed by no later than the end of 2030.

Quantitative metric

Other, please specify (Percent completion of water management plan targets.)

Baseline year

2020

Start year

2021

Target year

2030

% of target achieved

0

Please explain

At the end of 2021, 25% of our affected sites have developed their water-stress management plans. By the end 2022, all affected sites are expected to have documented water stress management plans. Measurement on the success of completing the "context-based" targets in these plans will be based on the dates specified for individual targets in the plans. All targets must be completed by no later than the end of 2030.

W8.1b**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.****Goal**

Engaging with local community

Level

Basin level

Motivation

Water stewardship

Description of goal

Strengthen links with local communities. We have worked to improve regional watershed leadership with non-governmental organizations (NGOs) in central Indiana that create resources and educational programs that promote, protect, and enhance the biological, chemical, and physical integrity of a large river ecosystem. By participating in these NGOs, our company has been recognized by communities and external organizations as a steward of the environment with respected technical resources.

Baseline year

2012

Start year

2012

End year

2025

Progress

Lilly remains actively engaged with several high-capacity local organizations. These include the White River Alliance and Keep Indianapolis Beautiful, our Lilly Global Day

of Service partner. In 2021, we celebrated our 14th annual Lilly Global Day of Service, on which Lilly employees help neighbours and communities around the world. Since the program launched, employees in over 65 countries have given more than 1.2 million hours and completed thousands of projects, including the planting of trees and native plants -- preventing flooding and improving water quality. (NOTE: This goal is on-going and may not end in 2025.)

Goal

Engagement with public policy makers to advance sustainable water management and policies

Level

Company-wide

Motivation

Cost savings

Description of goal

Ensure sound science and consistency of good water policy for environmental regulation and legislation activities.

Baseline year

1985

Start year

1985

End year

2025

Progress

We have provided technical staff to participate in and lead national and local trade association committee activities that involve environmental risk assessments of drug products, the setting of technology-based water discharge standards and/or the setting of water quality criteria in the United States, Europe and China. (NOTE: This goal is on-going and will not end in 2025.)

Goal

Engagement with public policy makers to advance sustainable water management and policies

Level

Business activity

Motivation

Water stewardship

Description of goal

Support sound science and consistency of good water policy for environmental regulation and legislation activities.

Baseline year

1985

Start year

1985

End year

2025

Progress

We have provided technical staff to participate in and lead national and local trade association committee activities that involve environmental risk assessments of drug products, the setting of technology-based water discharge standards and/or the setting of water quality criteria in the United States, Europe and China. (NOTE: This goal is on-going and will not end in 2025.)

Goal

Providing access to safely managed Water, Sanitation and Hygiene (WASH) in workplace

Level

Company-wide

Motivation

Corporate social responsibility

Description of goal

Potable water is provided in places of employment for drinking, personal washing, food washing, cooking, washing of cooking or eating utensils, washing of food preparation utensils, washing of food preparation or processing premises, and personal service rooms. New or modified materials or equipment that come in contact with finished potable water at Lilly-owned facilities must meet local code specifications for potable use. (NOTE: This goal is on-going and has no end date.)

Baseline year

2005

Start year

2005

End year

2021

Progress

Potable water is provided in ALL places of employment for drinking, personal washing, food washing, cooking, washing of cooking or eating utensils, washing of food preparation utensils, washing of food preparation or processing premises, and personal service rooms. New or modified materials or equipment that come in contact with finished potable water at Lilly-owned facilities must meet local code specifications for potable use. To assist an engineer or a project team to ensure a design is consistent with Lilly practice and requirements, the Lilly Global Water Committee has a team of subject matter experts tasked with reviewing water and steam system design and modifications prior to implementation. We have a documented Corporate Engineering Standard that codifies water system requirements. The Global Engineering Lead Team is responsible for this goal. (NOTE: This goal is on-going and has no end date.)

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

ElilLilly_Assurance_Statement_v5_27Jul22_Issued.pdf

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total withdrawals of 5,921.8 megaliters of water per year reported in W1.2b	ISAE 3000	Bureau Veritas verified our 2021 water withdrawal metric and issued a statement of limited assurance for this metric in accordance with ISAE 3000 (Revised). We had retained a verification service provider to perform this annual review because we measure and report this metric to external stakeholders. The scope of this metric, reported in W1.2b, is "water intake". "Water intake" is defined as 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. 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). 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. Totals include a small amount of rainwater intake not included in other water intake subcategories. Lilly does not generally collect water data from small locations that house primarily administrative activities such as sales and marketing offices unless they are co-located at a Lilly manufacturing or research facility.
W8 Targets	100% of Lilly sites meet predicted no-effect concentrations (PNEC) for pharmaceuticals in the environment.	ISAE 3000	Bureau Veritas verified our 2021 target that Lilly site discharges must meet predicted no-effect concentrations (PNEC) for pharmaceuticals in the environment and issued a statement of limited assurance for this metric in accordance with ISAE 3000 (Revised). We had retained a verification service provider to perform this annual review because we measure and report this metric to external stakeholders. The scope of this metric, reported in W8.1a as Target 1 is defined as the total of all active ingredient and drug product manufacturing sites. This target does not include the assessment of sites that only perform secondary packaging.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Vice President, Corporate Engineering & Global Health, Safety and Environment	Business unit manager

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms