

Welcome to your CDP Water Security Questionnaire 2023

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 2022, employed approximately 39,000 people worldwide. We manufacture and distribute our products through facilities in eight countries. Our products are sold in approximately 110 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 2022 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 15th annual Global Day of Service in 2022, which had participation by more than 7,500 Lilly employees in 30 countries, and
- (iii) achieving meaningful progress on our 2030 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, future plans or forecasts, commitments and programs and other business plans, initiatives, aspirations, and objectives. There is no assurance that any such expectations, plans, forecasts 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”, “future”, “forecast” or similar expressions. Actual results may differ materially due to various risks and uncertainties, including the following factors: 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; the impact of any public health threat and the response thereto; any third-party data collection beyond our direct control 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. We refer you to the factors described under “Risk Factors” and in cautionary statements in our Form 10-K for the year ended 12/31/2022 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, 2022	December 31, 2022

W0.3

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

Algeria
Argentina
Australia
Austria
Belgium
Bosnia & Herzegovina
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Croatia
Cyprus
Czechia
Denmark
Egypt
Finland
France
Germany
Greece
Hong Kong SAR, China
Hungary
India
Indonesia



Ireland
Italy
Japan
Kazakhstan
Latvia
Lebanon
Lithuania
Malaysia
Mexico
Morocco
Netherlands
Norway
Pakistan
Peru
Philippines
Poland
Portugal
Puerto Rico
Qatar
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Serbia
Singapore
Slovakia
Slovenia
South Africa
Spain
Sweden

Switzerland
Taiwan, China
Thailand
Turkey
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

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
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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 insignificant and do not substantively impact our water footprint. These are excluded as we typically are not responsible for utility systems or bill payments at these locations. These exclusions are estimated to represent no more than 0.1% to our total water withdrawals.
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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



			<p>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.</p> <p>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. Water is considered vital since it could impede raw material or product supply and/or hamper the safe use of our products by patients.</p> <p>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.</p>
<p>Sufficient amounts of recycled, brackish and/or produced water available for use</p>	<p>Important</p>	<p>Important</p>	<p>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.</p>



		<p>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.</p> <p>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.</p>
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W1.2

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

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Quarterly	Sites provide measured or estimated water intake volumes into a centralized data collection system. Sites may monitor intake or use from suppliers on a frequency ranging from daily to annually. At large sites, we rely on meters to measure the volume of water intake. We also rely on pump times/pump curve data to calculate water intake. For small offices, we estimate water intake volumes based on days of operation, number of employees and an employee water use rate.	METHOD AND FREQUENCY: In 2022, 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



				<p>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.</p>
Water withdrawals – volumes by source	100%	Quarterly	<p>Sites provide measured or estimated water intake volumes into a centralized data collection system. At large sites, we rely on meters to measure the volume of water intake. We also rely on pump times/pump curve data to calculate water intake. For small offices, we estimate water intake volumes based on days of operation, number of employees and an employee water use rate.</p>	<p>MONITORING AND FREQUENCY: In 2022, 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</p>



				<p>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.</p>
Water withdrawals quality	100%	Yearly	<p>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 ensure we are receiving water of adequate quality. In most cases, they monitor water quality as frequently or more frequently than our sites.</p>	<p>MONITORING AND FREQUENCY: In 2022, 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</p>



				that rely on indirect suppliers, we obtain water quality reports from those operations to ensure 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 dissimilar 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%	Quarterly	At our larger sites, we rely on meters to measure the volume of wastewater discharge. At other sites, we rely on pumping times and knowing the set points in sumps to calculate water intake volumes. For some small office type operations, we rely on local sewer bills, or we estimate wastewater discharge volumes based on water intake volumes.	MONITORING AND FREQUENCY: In 2022, we tracked all 26 sites or business areas reporting on the volumes of wastewater discharged by destination on ANNUAL frequency into a centralized data system. At our larger sites, we rely on calibrated meters to measure the volume of water intake. These meters may 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 destination	100%	Yearly	At our larger sites, we rely on meters to measure the volume of wastewater discharge. 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.	<p>MONITORING AND FREQUENCY: In 2022, we tracked all 26 sites or business areas reporting on the volumes of wastewater discharged by destination on an ANNUAL frequency in a centralized data system. At our larger sites, we rely on calibrated meters to measure the volume of water intake. These meters may 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</p>



				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%	Yearly	At our larger sites, we rely on meters to measure the volume of wastewater discharge. 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.	MONITORING AND FREQUENCY: In 2022, 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.
Water discharge quality – by standard effluent parameters	100%	Yearly	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.	MONITORING AND FREQUENCY: In 2022, 11 of 26 sites or business areas monitored for phosphorus or active pharmaceutical ingredients. 100% of our manufacturing sites either measure or perform mass balance estimates of active pharmaceutical emissions to wastewater. Seven of our largest manufacturing sites report on phosphorus emissions to wastewater. For phosphorus, mass balance estimates of phosphorus in raw materials are calculated or samples are taken on either a WEEKLY or MONTHLY frequency. Discharge of active pharmaceutical ingredients are assessed through either analytical measurement or through DAILY batch records. The quantity of phosphorus and active pharmaceutical ingredients is important BECAUSE they impact aquatic system biodiversity and can affect water system infrastructure.



<p>Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)</p>	<p>26-50</p>	<p>Monthly</p>	<p>At our larger sites, we may have daily, weekly, monthly, quarterly, or semi-annual measurements or estimates to characterize water discharge quality.</p>	<p>MONITORING AND FREQUENCY: In 2022, 11 of 26 sites or business areas monitored for phosphorus or active pharmaceutical ingredients. 100% of our manufacturing sites either measure or perform mass balance estimates of active pharmaceutical emissions to wastewater. Seven of our largest manufacturing sites report on phosphorus emissions to wastewater. For phosphorus, mass balance estimates of phosphorus in raw materials are calculated or samples are taken on either a WEEKLY or MONTHLY frequency. Discharge of active pharmaceutical ingredients are assessed through either analytical measurement or through DAILY batch records. The quantity of phosphorus and active pharmaceutical ingredients is important BECAUSE they impact aquatic system biodiversity and can affect water system infrastructure.</p>
<p>Water discharge quality – temperature</p>	<p>26-50</p>	<p>Continuously</p>	<p>Direct sample measurement using a calibrated temperature measurement device.</p>	<p>MONITORING AND FREQUENCY: In 2022, 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</p>



				<p>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.</p>
Water consumption – total volume	100%	Yearly	Individual site and total company water consumption rates are calculated by subtracting the "Water discharges – total volumes" (as described above) from "Water withdrawals – total volumes" (as described above).	MONITORING AND FREQUENCY: In 2022, 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



				<p>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.</p>
Water recycled/reused	100%	Yearly	<p>We calculate or measure the volumes of recycled or reused water. For example, we calculate or measure the volume of water recycled in cooling towers, used in recirculated cooling systems, reused within a process (recycled</p>	<p>MONITORING AND FREQUENCY: In 2022, 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</p>



			rinse waters) and reused column washes.	<p>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.</p>
<p>The provision of fully-functioning, safely managed WASH services to all workers</p>	<p>100%</p>	<p>Other, please specify Potable water systems are REVIEWED AT THEIR TIME OF INSTALLATION OR CHANGE to assure that adequate WASH services are provided before they</p>	<p>Lilly determines the need for WASH services during the design of a capital project using Lilly Engineering Standards and local codes.</p>	<p>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 or processing premises, and in personal service rooms. New or</p>



		become operational or modified		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.
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W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	6,048.45	About the same	Increase/decrease in business activity	Higher	Facility expansion	Total withdrawals were ABOUT THE SAME (i.e., <5%, change) amount in 2022 compared to 2021. From 2021 to 2022 we experienced a 2.1% increase



						in total withdrawals. Most of this increase was due to increased production at a parenteral products plant and a biotech manufacturing operation in Europe. IN THE FUTURE, we expect total withdrawal to increase as we are in the process of constructing and/or starting up four new manufacturing plants.
Total discharges	4,765.16	Higher	Increase/decrease in business activity	Higher	Facility expansion	Total discharges were HIGHER (i.e., greater than 5%, but less than 10% change) in 2022 compared to 2021. From 2021 to 2022 we experienced a 7.5% increase in total discharges. Most of this increase was due to increased production at one facility in the United States and return to work in office spaces. IN THE FUTURE, we expect total discharges to increase as we are in the process of constructing and/or starting up four new manufacturing plants.
Total consumption	1,283.31	Much lower	Increase/decrease in business activity	Higher	Facility expansion	Total consumption was MUCH LOWER (i.e., greater than a 10% change) in 2022 compared to 2021. From 2021 to 2022 we experienced a 13.7% decrease in total consumption. Most of this decrease was due to decreased production at one facility in the United States. IN THE FUTURE, we expect total consumption to increase as we are in the process of constructing and/or starting up four new manufacturing plants.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.



	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	1-10	Lower	Increase/decrease in business activity	Lower	Facility expansion	WRI Aqueduct	IN THE FUTURE the proportion of Lilly sites located in water stressed areas WILL BE DECREASING based on five-year projections because we are building four new manufacturing plants that are not located in waters stressed areas.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant				Water withdrawal from FRESH SURFACE WATER is NOT RELEVANT BECAUSE we only have one site that harvests rainwater for non-potable uses and no sites that directly withdraw from surface waters. The amount of harvested rainwater at this site represents less than 0.01% of our total water withdrawal from fresh surface waters. We are planning on some LIMITED DIRECT FRESH SURFACE WATER



					withdrawals (i.e., rainwater harvesting at one new manufacturing site) in the FUTURE.
Brackish surface water/Seawater	Not relevant				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	754.62	Lower	Increase/decrease in business activity	Water withdrawal from renewable groundwater is RELEVANT BECAUSE three of our largest manufacturing sites withdraw water from renewable groundwater sources. We withdrew a LOWER (i.e., a greater than a 5%, but less than 10% change) amount of renewable groundwater in 2022. From 2021 to 2022, we experienced a 5.8% decrease 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				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				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	5,762.78	Much higher	Increase/decrease in business activity	Water withdrawal from external parties (i.e., municipalities) is RELEVANT BECAUSE all 26 of our sites or business areas use municipal water. We withdrew MUCH HIGHER (i.e., less than a >10% change) amounts of municipal water in 2022. We withdrew 12.5% more water from 2021 to 2022 at our 26 sites or business areas that withdraw from third parties. Most of this increase was due to manufacturing variation, employees returning to office areas and seasonal water needs (i.e., for irrigation and cooling). IN THE FUTURE, we do have any plans to INCREASE water withdrawals from external parties as will be bringing four new manufacturing plants into service.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with	Please explain
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				previous reporting year	
Fresh surface water	Not relevant				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	624.61	About the same	Increase/decrease in business activity	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 ABOUT THE SAME (i.e., <5% less change) volume of wastewater to seawater in 2022. From 2021 to 2022, we discharged 2.2% less wastewater directly to seawater at one site. 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				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	4,140.55	Higher	Increase/decrease in business activity	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 HIGHER (i.e., >5%, but less than a 10% change) volume of wastewater to municipalities in 2022. From 2021 to 2022, we had a 7.5% 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 see limited changes at our manufacturing sites due to production. IN THE FUTURE, we will have MUCH HIGHER (i.e., >10% increase or more) water discharges to "Third-party destinations" due to new facilities being constructed. However, with the on-going process efficiency and use reduction practices that we have been working on since 1997, our new facilities are designed to use water more efficiently than those built before that time.
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W1.2j

(W1.2j) 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	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	102.99	Much lower	Increase/decrease in business activity	1-10	Discharge of tertiary treated wastewater is RELEVANT BECAUSE two facilities which are responsible for 2.1% of our total



						wastewater discharge utilizes tertiary wastewater treatment systems. We discharged a MUCH LOWER (i.e., >10% decrease) volume of tertiary treated wastewater in 2022. From 2021 to 2022, we had a 15.5% decrease in discharge from these sites. These two sites had similar decreases in 2022. 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	939.27	Higher	Increase/decrease in business activity	1-10	Discharge of secondary treated wastewater is RELEVANT BECAUSE two of our large manufacturing facilities utilize a secondary wastewater treatment system. We discharged ABOUT THE SAME (i.e., >5% change) volume of secondary treated wastewater in 2022. From 2021 to 2022, we had a 3.5% increase in secondary treated wastewater



						discharges from two sites. This was primarily due to one large manufacturing site in North America. 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					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					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	Relevant	1,094.6	Higher	Increase/decrease in business activity	61-70	Discharge of wastewater to a third party without treatment is



without treatment						<p>RELEVANT BECAUSE 17 of our 26 sites/business areas (i.e., mostly sales affiliate offices, distribution facilities and laboratories) are responsible for 23% of our total wastewater discharge and utilize third party (i.e., municipal) wastewater treatment systems. We discharged a HIGHER (i.e., >5% change, but less than 10%) volume of wastewater to third parties without treatment in 2022. From 2021 to 2022, we had a 5.2% 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</p>
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						rate than production IN THE FUTURE.
Other	Relevant	2,628.32	Much higher	Increase/decrease in business activity	11-20	OTHER Discharges of wastewater pretreated before discharge to third parties with other types of treatment is RELEVANT BECAUSE 5 of our large manufacturing sites/business areas are responsible for 55.2% of our total wastewater discharge to municipal) wastewater treatment systems. We discharged a MUCH HIGHER (i.e., >10% change) volume of wastewater to third parties with pretreatment in 2022. From 2021 to 2022, we had an 11.2% increase in discharge from these sites. The greatest amount of increase occurred from five manufacturing sites. We are anticipating production growth going forward which may result in increased wastewater discharges with treatment to third parties IN THE FUTURE.

W1.2k

(W1.2k) Provide details of your organization’s emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

	Emissions to water in the reporting year (metric tonnes)	Category(ies) of substances included	List the specific substances included	Please explain
Row 1	3.9	Phosphates Priority substances listed under the EU Water Framework Directive	Cadmium (WFD priority substance) Mercury (WFD priority substance) Lead (WFD priority substance) Nickel (WFD priority substance) Octylphenols (WFD priority substance)	<p>BUSINESS OPERATIONS ASSOCIATED WITH EMISSIONS: Our manufacturing operations use phosphorus cleaners and buffer solutions. We do not utilize the four metals listed in our manufacturing processes. The four metals listed are associated with the wastewater discharge from an air pollution system associated with an on-site waste incinerator which handles solid waste that includes packaging. The reported value for phosphates is the total mass of phosphorus that is directly discharged to surface water from our sites. The value is based on analytical measurements for phosphorus with calibrated flow measurement. The mass emissions of ALL PRIORITY SUBSTANCES reported were less than 0.1% of the of the 3.9 metric tonnes total reported.</p> <p>LOCAL IMPACT: The emissions to water were NOT nearby any vulnerable communities or within water stressed areas and meet local water quality requirements.</p> <p>IN THE FUTURE: We are anticipating the amount of phosphorus directly discharged to surface waters to decrease due to a new treatment installation based on new technology-based limits.</p>



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	25,800,000,000	6,048.45	4,265,555.63822136	IN THE FUTURE we anticipate water withdrawal volumes to grow at a similar rate to revenue growth for 2023 compared to 2022, therefore, we anticipate our water withdrawal efficiency (megaliters per \$ revenue) to remain roughly flat (less than 5% change).

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	<p>None of our active pharmaceutical ingredients in our medicines are substances classified as hazardous by a regulatory authority.</p> <p>TRACING AND ELIMINATING THE USE OF HAZARDOUS SUBSTANCES: LILLY has management and chemical tracking systems that screen for and track the use of hazardous substances. We have raw material and solvent selection guides that help us transition away from sourcing/using hazardous substances in our processes and products.</p>

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement
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Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Other, please specify

BASED ON HSE RISKS AND BUSINESS IMPACT

Number of suppliers identified as having a substantive impact

50

% of total suppliers identified as having a substantive impact

None

Please explain

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 HEALTH, SAFETY AND ENVIRONMENTAL RISKS AND BUSINESS IMPACT to complete a baseline survey that addresses water issues. The total number of suppliers impacted is approximately fifty. 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.



W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization’s purchasing process?

	Suppliers have to meet specific water-related requirements
Row 1	Yes, water-related requirements are included in our supplier contracts

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization’s purchasing process, and the compliance measures in place.

Water-related requirement

Complying with going beyond water-related regulatory requirements

% of suppliers with a substantive impact required to comply with this water-related requirement

100%

% of suppliers with a substantive impact in compliance with this water-related requirement

100%

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

To MEASURE SUCCESS, we specifically actively MEASURE (through either direct measurement or calculations) the ability of our suppliers that do either bulk manufacturing or formulating to control the discharge of our active pharmaceutical ingredients. Supplier self-assessment is



conducted using a tool provided by Lilly and training provided by Lilly. Self-assessment responses are second person verified by a Lilly Subject Matter Expert. If assessment indicates a risk of non-compliance with expectations, Lilly engages with the supplier to further evaluate their self-assessment methodology and inputs and develops an action plan to address any issues. SUCCESS: By the end of 2022, we had 85% of assessments completed with an additional 15 % assessments in progress. FUTURE: We plan to finish assessments in 2023. We expect to continue to work with PSCI regarding online tools that will collect quantitative water use data from these suppliers.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

1-25

% of suppliers with a substantive impact

1-25

Rationale for your engagement

RATIONALE: We are responsible for selecting and managing the performance of external manufacturing partners that we use to make our products. We strive to use contract manufacturing partners that have sound compliance histories and are capable of handling the processes and materials we ask them to manage for us.

Impact of the engagement and measures of success

To MEASURE SUCCESS, we specifically actively MEASURE (through either direct measurement or calculations) the ability of our suppliers that do either bulk manufacturing or formulating to control the discharge of our active pharmaceutical ingredients. Supplier self-assessment is

conducted using a tool provided by Lilly and training provided by Lilly. Self-assessment responses are second person verified by a Lilly Subject Matter Expert. If assessment indicates a risk of non-compliance with expectations, Lilly engages with the supplier to further evaluate their self-assessment methodology and inputs and develops an action plan to address any issues. OUTCOMES: Suppliers are taking steps to prevent or minimize any discharges of Lilly active pharmaceutical ingredients to the environment from impacting aquatic life and human health even under low-flow drought type conditions. There was also shared learning that occurred to improve novel quantitative ways to measure meeting discharge targets. FUTURE: We have 15% our suppliers to assess in 2023. We will continue to work with PSCI regarding online tools that will collect quantitative water use data from these suppliers.

Comment

n/a

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Educate and work with stakeholders on understanding and measuring exposure to water-related risks

Rationale for your engagement

PARTNERS: Lilly engages with large customers of our products that are interested in or expect information on our environmental performance.

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 and



conducted a water risk assessment on patient use of antibiotics for a large customer based on its footprint.

Impact of the engagement and measures of success

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 analysing. 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?

	Water-related regulatory violations	Comment
Row 1	No	We had no fines, enforcement orders or other penalties for water-related regulatory violations in 2022.

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	<p>PROCEDURES IN PLACE TO IDENTIFY AND ADDRESS THE USE OF HAZARDOUS SUSTANCES:</p> <p>1. We conduct an environmental development review (EDR) for product. A EDR is a systematic, detailed analysis of product development processes to identify, understand, evaluate, prioritize, and resolve complicated and subtle environmental issues of future manufacturing processes. The goal of environmental development reviews is to assess whether a process with an acceptable environmental profile for long-term manufacturing will be delivered to the manufacturing site and that the manufacturing site will be prepared to handle wastes generated by that process. These reviews enhance the company’s overall understanding of environmental issues and provide general learning points to improve process development and product manufacturing.</p> <p>2. Lilly has management and chemical tracking systems that screen for and track the use of hazardous substances. We have raw material and solvent selection guides that help us transition away from sourcing/using hazardous substances in our processes and products.</p> <p>MEASURES/SUCESSES:</p> <p>The EDR process has successfully influenced raw materials substitutions, optimized processes for process efficiency and influenced environmental control operational and capital spending.</p>

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Phosphates

Description of water pollutant and potential impacts

EXCESSIVE NUTRIENTS in surface waters can lead to undesirable eutrophication conditions (i.e., lack of dissolved oxygen, taste issues for drinking water). 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. We have proactively decreased discharges of phosphorus to in anticipation of future expectations.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements

Please explain

PROCEDURES:

We conduct Environmental Development Reviews (EDRs) which are a systematic, detailed analysis of product development processes to identify, understand, evaluate, prioritize, and resolve complicated and subtle environmental issues of future manufacturing processes (see 3.1 response for more details). The potential for phosphorus discharge for new products and processes are addressed in EDRs.

MEASURES/SUCCESSSES:

PUBLIC GOAL TO REUSE PHOSPOHORUS EMISSIONS:

1. We had a company-wide goal to reduce phosphorus in wastewater 15% by 2020 from a 2014 baseline. At the end of 2018, the four-quarter amount of total phosphorus discharged was approximately 83 metric tonnes, a 25.4% decrease from the 2018 baseline. Collaboration across



business units identified opportunities for sharing best practices and lessons learned. Some production decreases combined with cleaning changes led to decreases in phosphorus emissions. 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.

2. The EDR process has successfully influenced raw materials substitutions and optimized processes for process efficiency to reduce nitrogen emissions.

Water pollutant category

Other synthetic organic compounds

Description of water pollutant and potential impacts

Uncontrolled releases of active pharmaceutical ingredients can cause water quality issues and negatively affect our company reputation.

Value chain stage

Direct operations

Supply chain

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements

Please explain

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 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.

PROCEDURES: We have procedures to help develop safe levels for predicted, no-effect concentrations in the environment and company standards that require our sites to meet established discharge limits. Our internal notification procedures specify that senior management be notified when we have exceeded a limit or may have had a "near miss" event that could have caused an exceedance.

MEASUREMENT: We actively assessed emissions of active ingredients from our manufacturing facilities and require sites to report annually on their compliance with emissions limits. In 2022, 100% of sites were below their emission limits.

Water pollutant category

Nitrates

Description of water pollutant and potential impacts

Excessive nutrients in surface waters can lead to undesirable eutrophication conditions (i.e., lack of dissolved oxygen, taste issues for drinking water). 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. We have proactively been developing future controls needed for discharges of nitrogen.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements

Please explain

PROCEDURES: We conduct Environmental Development Reviews (EDRs) which are a systematic, detailed analysis of product development processes to identify, understand, evaluate, prioritize, and resolve complicated and subtle environmental issues of future manufacturing processes (see 3.1 response for more details). The potential for nitrogen discharge for new products and processes is addressed in EDRs. We also have collaboration-information sharing across business units that identify opportunities for sharing best practices and lessons learned on how to optimize the nutrient needs for cell culturing to influence not having excess nitrogen discharges.

MEASURES: The EDR process has successfully influenced raw materials substitutions and optimized processes to reduce nitrogen emissions.

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
- Supply chain

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
- WWF Water Risk Filter
- 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
Impact on human health
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. For example, our procurement organization builds redundancy into our supply chain to provide resiliency against physical risks of water scarcity and flooding at these key supplier sites by doing "market concentration" analyses. We also are also requiring our manufacturing sites in areas of high water risk to have mitigation efforts to address water quality and water quality issues and we require annual updates from these sites on their goals and progress.

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.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	<p>RATIONALE: Potential business interruptions are planned for in our BUSINESS CONTINUITY PLANNING (BCP) processes.</p> <p>Each facility and relevant business function with critical operations or services maintains updated BCPs for identified operations and services. Outcomes of the risk assessments are also used to inform internal decisions such as capital investments to mitigate risks and decisions related to supply</p>	<p>Potential business interruptions from water issues, flooding, droughts, precipitation changes, regulatory changes, etc., are planned for in our BUSINESS CONTINUITY PLANNING (BCP) processes.</p> <p>Water availability and quality at a catchment level is vital to business continuity as we need sufficient access to clean water to produce our medicines and also impacts our work to</p>	<p>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.</p>	<p>Whenever water risks are identified and deemed significant 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,</p>



	<p>chain design.</p> <p>We conduct Environmental Development Reviews (EDRs) which are a systematic, detailed analysis of product development processes to identify, understand, evaluate, prioritize, and resolve complicated and subtle environmental issues of future manufacturing processes (see 3.1 response for more details).</p>	<p>mitigate risks potentially associated with active pharmaceutical ingredients.</p> <p>Water regulatory frameworks are key for business continuity and ensuring that regulations are led by scientific understanding is needed.</p> <p>Access to WASH services is provided at all Lilly sites and is acknowledged as a human right.</p>	<p>Employees play a role in reducing our water footprint and risks. We are also mindful, as a public company, of environmental disclosures that may be of interest to investors. Local communities can also be affected by quality and scarcity when we use water for our products.</p> <p>Regulators are key in a highly regulated industry. Changes to regulations can impact our business, and we see partnerships with regulators as key to managing water risks.</p>	<p>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.</p>
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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 three-by-three 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	<p>RISKS EXIST, BUT NO SUBSTANTIVE IMPACTS ARE ANTICIPATED. We assessed water stress at Lilly facilities using the WRI Aqueduct tool. Ten 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.</p> <p>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.</p> <p>EFFECT ON LILLY: As the impact could not be evaluated financially, it was evaluated qualitatively and found to be low impact.</p>



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. Furthermore, we are investing in projects at four manufacturing sites to address water resiliency. For a specific list of goals and projects at these locations please refer our response to W8.1a Target 5. Our Research and Development community also focuses on process efficiency and natural raw material consumption during product development through Process Mass Intensity (PMI) efficiency targets. As Active Pharmaceutical Ingredient (API) preparations have a potential significant impact on a product's footprint, measuring and focusing on PMI improvements during the development stage is key to product sustainability. For a more detailed description what we do and what we have achieved, please see our discussion on Environmental Development Reviews (EDRs) in W3.1.

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)

Potential financial impact figure – minimum (currency)

11,889

Potential financial impact figure – maximum (currency)

16,645

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 (unadjusted for inflation from 2021 to 2022) 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)

Potential financial impact figure – minimum (currency)

324,000

Potential financial impact figure – maximum (currency)

648,000

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 (unadjusted for inflation from 2021 to 2022) 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)

Potential financial impact figure – minimum (currency)

5,350

Potential financial impact figure – maximum (currency)

6,509

Explanation of financial impact

The process changes resulted in a water use decrease of more than 27,000 liters/day. This water reduction initiative was projected to save a total of 968 million liters per year, which decreased our water intake and wastewater sewer fees. Potential financial impact figures provided do not account for inflation from 2021 to 2022.

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)

Potential financial impact figure – minimum (currency)

58,386

Potential financial impact figure – maximum (currency)

118,711

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. Potential financial impact figures provided do not account for inflation from 2021 to 2022.

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)

Potential financial impact figure – minimum (currency)

834,377

Potential financial impact figure – maximum (currency)

2,503,080

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. Potential financial impact figures provided do not account for inflation from 2021 to 2022.

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)

Potential financial impact figure – minimum (currency)

5,496,967

Potential financial impact figure – maximum (currency)

16,490,900

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. Potential financial impact figures provided do not account for inflation from 2021 to 2022.

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)

Potential financial impact figure – minimum (currency)

6,000,000

Potential financial impact figure – maximum (currency)

7,000,000

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. Potential financial impact figures provided do not account for inflation from 2021 to 2022.

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
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<p>Row 1</p>	<p>Company-wide</p>	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Commitment to stakeholder education and capacity building on water security</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitments beyond regulatory compliance</p> <p>Acknowledgement of the human right to water and sanitation</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>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.</p>
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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 or committee	Responsibilities for water-related issues
Board-level committee	<p>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.</p> <p>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.</p>

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	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

		<p>Monitoring progress towards corporate targets</p> <p>Overseeing acquisitions, mergers, and divestitures</p> <p>Overseeing major capital expenditures</p> <p>Overseeing the setting of corporate targets</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Setting performance objectives</p>	<p>social, environmental, political and governance trends and public policy issues that may affect the business operations, performance or reputation of the company.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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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
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.

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

Executive Vice President and President of Manufacturing Operations

Water-related responsibilities of this position

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Setting water-related corporate targets

Monitoring progress against water-related corporate targets

Integrating water-related issues into business strategy

Managing annual budgets relating to water security

Managing major capital and/or operational expenditures related to low water impact products or services (including R&D)

Managing water-related acquisitions, mergers, and divestitures

Providing water-related employee incentives



Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Executive 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

Water-related responsibilities of this position

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities
- Monitoring progress against water-related corporate targets
- Integrating water-related issues into business strategy

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	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO)	Reduction of water withdrawals – direct operations Improvements in water efficiency – 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 indicators are typically evaluated annually and assessed for progress toward our 2030 environmental goals. Indicators are at the company-level. Performance against these goals and expectations is included amongst

		<p>Improvements in wastewater quality – direct operations</p>	<p>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.</p> <p>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.</p>	<p>other factors when evaluating overall executive performance and future compensation awards.</p>
Non-monetary reward	Other, please specify All employees	<p>Reduction in water consumption volumes – direct operations</p> <p>Improvements in water efficiency – direct operations</p> <p>Improvements in water efficiency – supply chain</p>	<p>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.</p>	<p>Performance indicators are typically evaluated for specific improvement metrics (e.g., reduction in water consumption) and assessed for short-term and long-term impact at the local or regional level.</p>



		Improvements in water efficiency – product use Implementation of employee awareness campaign or training program on water-related issues		
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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	STRATEGY AND DECISIONMAKING: 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.



			ACTIONS: 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	<p>STRATEGY AND DECISIONMAKING: 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.</p> <p>ACTIONS: 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.</p>
Financial planning	Yes, water-related issues are integrated	5-10	<p>STRATEGY AND DECISIONMAKING: 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.</p> <p>ACTIONS: 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 2022.</p>

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)

5

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

5

Water-related OPEX (+/- % change)

0

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 5% from 2021 to 2022 due to an increase in capital projects including construction of new manufacturing sites, which includes water-related infrastructure and equipment. For future CAPEX (2024), we are expecting an increase (approximately 5% year-over-year) as new site investments continue.

The OPEX value was estimated based on the annual water intake and wastewater discharge volumes and expenses. Current year (2022) OPEX is roughly flat (less than 5% change) compared to the previous year. For future OPEX, we are expecting an increase of up to 5% as new manufacturing sites become operational and water demand increases to support production growth.

W7.3

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

Use of scenario analysis	Comment



Row 1	Yes	<p>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.</p> <p>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.</p> <p>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.</p>
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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 Climate-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. This helps protect water quality under more extreme drought conditions. We also apply mixing zone restrictions for specific substances that	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.	We are currently not predicting any significant changes on our business strategy based on our current scenario analysis. For example, we are applying the lessons learned from the exercises within our site networks from water stress management planning as we build a strategy for water risks and climate risk within our supply chain.



		<p>further protect water quality. This also helps to protect biodiversity.</p>	<p>EXAMPLE OUTCOMES: Four manufacturing sites have developed water stress management plans that will address local water quality and quantity issues at the local watershed level based on forecasts out to 2040 or later. These sites set goals and established projects to help prevent disruption to operations due to local water stress (see list of examples in 8.1b Target 5).</p>	<p>We are also evaluating lessons learned from working with external manufacturing partners to assure their wastewater treatment and control capabilities for controlling the release of active pharmaceutical ingredients. We are proactively looking at regulatory risks experienced in our manufacturing sector by periodically reviewing compliance databases and participating in benchmarking forums.</p>
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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 found numerous modelling error assumptions when we evaluated the software. 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	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	Important but not an immediate business priority	<p>Water quality and availability to manufacture high-quality medicines are currently of primary importance.</p> <p>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.</p>

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category
Water pollution	Yes
Water withdrawals	Yes
Water, Sanitation, and Hygiene (WASH) services	Yes
Other	Yes

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water pollution

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify

Sites meet predicted no-effect concentration (PNEC) discharge limits for Pharmaceuticals in the Environment through analytical measurement or mass-balance calculations.

Year target was set

2021

Base year

2020

Base year figure

0

Target year

2030

Target year figure



100

Reporting year figure

100

% of target achieved relative to base year

100

Target status in reporting year

Achieved

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

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify

Sites meet 10% of their predicted no-effect concentration (PNEC) discharge limits for Pharmaceuticals in the Environment through analytical measurement or mass-balance calculations.



Year target was set

2016

Base year

2015

Base year figure

0

Target year

2022

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year

100

Target status in reporting year

Achieved

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

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify

External manufacturing partner sites are capable of meeting predicted no-effect concentration (PNEC) discharge limits for Lilly active ingredients through analytical measurement or mass-balance calculations.

Year target was set

2021

Base year

2020

Base year figure

0

Target year

2030

Target year figure

40

Reporting year figure

34

% of target achieved relative to base year

85

Target status in reporting year



Underway

Please explain

By the end of 2022, we had 85% of assessments completed with an additional 15 % assessments in progress.

Target reference number

Target 4

Category of target

Other, please specify

Absolute water intake reductions, improvements in the efficiency of water use, pollutant-specific discharge reductions and projects to improve resiliency.

Target coverage

Site/facility

Quantitative metric

Other, please specify

Sites have local water-stress management plans using the Alliance for Water Stewardship Standard developed and in place by 2022

Year target was set

2021

Base year

2020

Base year figure

0

Target year

2022



Target year figure

100

Reporting year figure

100

% of target achieved relative to base year

100

Target status in reporting year

Achieved

Please explain

At the end of 2022, 100% of our affected sites have developed their water-stress management plans.

Target reference number

Target 5

Category of target

Other, please specify

Water Use, Water Efficiency, and Resiliency

Target coverage

Site/facility

Quantitative metric

Other, please specify

Sites have quantitative metrics for absolute water intake reductions, improvements in the efficiency of water use, pollutant-specific discharge reductions and/or projects to improve resiliency.

Year target was set



2022

Base year

2022

Base year figure

0

Target year

2030

Target year figure

100

Reporting year figure

0

% of target achieved relative to base year

0

Target status in reporting year

New

Please explain

Measurement on the success of completing the "context-based" targets in Water Stress Management plans will be based on the dates specified for individual targets in the plans. These plans have specified four goals (reduction of absolute water use, improvement in water efficiency, or pollutant specific discharge reduction) and 12 specific project to address water stress and water resiliency. Examples of projects include:

- Construction and qualification of Water Treatment System upgrades (New Multimedia, Softeners, RO, UF, Activate Carbon and chlorination) to reduce water consumption.
- Implement a plan to improve well extraction efficiency.
- Implement an effective and reliable automated system to sustain continuous well water extraction.



- Repair wells and change the electric configuration of them to improve extraction reliability.
- Repair and overhaul a Wastewater Reuse Treatment system to increase recycled water use.
- Installation of new pumps at lift station to allow for continuous supply of the water reuse treatment system.
- Improvements to Membrane Bioreactor Permeate Reuse systems.
- Installation of green infrastructure (i.e., Rainfall harvesting storage system, rain gardens, etc.)
- Reuse of condensate from new Air Handling Units condensate at cooling towers to reduce consumption.


All goals and targets must be completed by no later than the end of 2030.

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

 Eli Lilly Assurance Report_2022_23_Final_July23.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 6,048.45 megaliters of water per year reported in W1.2b	ISAE 3000	Bureau Veritas verified our 2022 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 2022 target that Lilly site discharges must meet predicted no-effect concentration (PNEC) values 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. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Product use phase	We have mapped out the use of plastics utilized in our medical devices.

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Yes	Product use phase	HOW: Lilly evaluated waste treatment and disposal practices associated with three substances in plastics utilized in medical devices. We calculated theoretical concentrations for these three substances in the environment after patient disposal. CONCLUSION: We do not believe Lilly medical devices are a significant contributor to potential environmental concentrations of these three substances from waste disposal systems (incinerators) and landfills.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Yes	Product use phase	Regulatory Reputational	SITUATION: We are seeing new and proposed legislation that requires product registration or reporting for certain substances associated plastics without the use of an appropriate concentration threshold to quantify the amount of the substances. These types of product registration new and proposed requirements will not effectively address waste management and risk management decision-making. It would also not provide compliance protections for business in the event the capabilities of analytical methods improve to detect these substances in products. These types of legislation create the perception that certain products are not safe.

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Waste management	Increase the proportion of recyclable plastic waste that we collect, sort, and recycle	100% of plastic waste from routine operations be repurposed for beneficial use (recycled, reused, or incinerated with energy recovery) with at least 90% recycled or reused. Some plastic wastes (including wastes that cannot safely be recycled/reused without risk to human health or the environment) are excluded from this goal.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	No	
Production / commercialization of durable plastic goods (including mixed materials)	Yes	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	Yes	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Yes	

W10.7

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

Row 1



Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)

Raw material content percentages available to report

Please explain

Not quantified.

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	Please explain
Plastic packaging used			Not quantified.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	Please explain
Plastic packaging used		Not quantified.



W11. 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.

N/A

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Executive Vice President and President of Manufacturing (C-Suite Officer that reports directly to the CEO)	Other C-Suite Officer

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 indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

No



Please confirm below

I have read and accept the applicable Terms