

INDEPENDENT ASSURANCE REPORT



**BUREAU
VERITAS**

To: The Stakeholders of Eli Lilly and Company

1. Introduction and Objectives of Work

Bureau Veritas UK (Bureau Veritas) has been engaged by Eli Lilly and Company (Lilly) to provide limited assurance of its environmental sustainability data information to be included in Lilly's 2023 ESG website (<https://sustainability.lilly.com/environmental>) and CDP (formerly known as Carbon Disclosure Project), in the sections Climate, Water and Waste (the 'Report'). The objective is to provide assurance to Lilly and its stakeholders over the accuracy and reliability of the reported information and data.

2. Scope of Work

The scope of our work was limited to assurance over the following information included within the Report for the period 1 January 2023 to 31 December 2023 (the 'Selected Information'):

- Greenhouse Gas (GHG) Emissions [metric tonnes CO₂e]
 - Scope 1 GHG emissions covering:
 - Stationary combustion
 - Mobile combustion
 - Emissions from refrigerants (Fugitive emissions)
 - Process emissions
 - Scope 2 GHG emissions covering:
 - Purchased electricity (market-based and location-based)
 - Purchased heat, steam and chilled water
 - Scope 3 GHG emissions covering:
 - Category 1: Purchased goods and services
 - Category 2: Capital goods
 - Category 3: Fuel and energy related activities
 - Category 4: Upstream transportation and distribution
 - Category 5: Waste generated
 - Category 6: Business travel
 - Category 7: Employee commuting (and work from home emissions)
 - Category 9: Downstream transportation and distribution
 - Category 12: End-of-life treatment of sold products
 - Category 15: Investments
- Energy use [million BTUs]
 - Direct consumption
 - Indirect consumption
 - Total energy consumption
 - Percentage renewable electricity consumption (purchased & generated) (%)
- Water [billion litres]
 - Water withdrawals
 - Water recycling and reuse rate (%)
- Waste [metric tonnes]
 - Total waste generation
 - Hazardous waste
 - Non-hazardous waste
 - Total waste disposition
 - Beneficial use (includes recycled, reused and waste-to-energy)
 - Treated (includes combustion without energy recovery)
 - Landfilled total
 - Waste goal metrics



- Total waste and plastic waste from routine operations
 - Total waste and plastic waste generated and landfilled percentage (%)
 - Plastic waste repurposed for beneficial use
- Progress on Lilly's 2030 Climate Goals:
 - 100% of electricity from renewable sources (%)
 - Carbon neutral in own operations (Scope 1 and Scope 2 (market-based) emissions)
 - Zero waste to landfill from routine operations (%)
 - 100% of plastic waste repurposed for beneficial use, with at least 90% recycled or reused (%)
 - Ensuring 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for pharmaceuticals in the environment (%)

3. Reporting Criteria

The Selected Information should be read and understood together with Lilly's internal Scope 1 and 2 Inventory Management Plan (IMP), Scope 3 Inventory Management Plan (IMP), and the external document, "Eli Lilly_ Basis of Reporting for Key ESG Environmental Indicators," as well as the Corporate Goals Scope Documents, Energy Data Estimation Methodology, related definitions and assumptions, and the notes and disclosures available at <https://sustainability.lilly.com/environmental>

4. Limitations and Exclusions

Excluded from the scope of our work is assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements of a descriptive or interpretative nature, or of opinion, belief, aspiration or commitment to undertake future actions;
- Other information included in the Report other than the Selected Information; and
- The waste data accounting process covering different waste streams is based on internal criteria/classifications defined by Lilly. The verification scope does not cover the review of end-of-life treatment for the reported waste data.

The following limitations should be noted:

- This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails;
- The reliability of the reported data is dependent on the accuracy of metering and other production measurement arrangements employed at site level, not addressed as part of this assurance;
- This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist; and
- Verification of Lilly's sites meeting predicted no-effect concentrations (PNEC) was limited to assessing and reviewing internal controls, monitoring parameters and limits/standards/guidelines set out at selected sampled sites.

5. Responsibilities

This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Lilly.

Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- Obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria;
- Form an independent conclusion based on the assurance procedures performed and evidence obtained; and

- Report our conclusions to the Directors of Lilly.

6. Assessment Standard

We performed our work to a limited level of assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after December 15, 2015), issued by the International Auditing and Assurance Standards Board.

7. Summary of Work Performed

As part of our independent assurance, our work included:

1. Conducting interviews with relevant personnel of Lilly;
2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;
3. Reviewing documentary evidence provided by Lilly;
4. Agreeing a selection of the Selected Information to the corresponding source documentation;
5. Reviewing Lilly systems for quantitative data aggregation and analysis;
6. Assessing the disclosure and presentation of the Selected Information to ensure consistency with assured information;
7. Conducting one onsite visit in Fegersheim (France) and two remote site visits in Puerto Rico (PR01/PR05, USA) and Suzhou (China) selected based on a risk-based approach;
8. Reviewing half-year data from five selected sites: Fegersheim (France), Puerto Rico (PR01/PR05, USA), Suzhou (China), Sesto (Italy), and Lilly Corporate Center (USA);
9. Confirmation of accuracy of information with third party engaged by Lilly for accounting and reporting its GHG data; and
10. Reperforming (a selection of) aggregation calculations of the Selected Information.

A 5% materiality threshold was applied to this assurance. It should be noted that the procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

8. Conclusion

On the basis of our methodology and the activities and limitations described above nothing has come to our attention to indicate that the Selected Information is not fairly stated in all material respects. However, it should be noted that the key qualifications and boundary considerations applicable for below Metrics have been noted under footnotes at the end of the below table.

Metric	Verified Value ¹
Scope 1 and 2 Greenhouse Gas Emissions	
Scope 1 GHG emissions (metric tonnes CO ₂ e) ²	182,000
Scope 2 GHG emissions (metric tonnes CO ₂ e) ³ – Location-based	406,000
Scope 2 GHG emissions (metric tonnes CO ₂ e) ³ – Market-based ⁴	345,000
Total GHG scope 1 & 2 (metric tonnes CO ₂ e) – Location-based	588,000
Total GHG scope 1 & 2 (metric tonnes CO ₂ e) – Market-based	527,000

Scope 3 Greenhouse Gas Emissions	
Category 1: Purchased goods and services (metric tonnes CO ₂ e)	3,098,800
Category 2: Capital goods (metric tonnes CO ₂ e)	721,200
Category 3: Fuel and energy related activities (metric tonnes CO ₂ e) ⁵	144,900
Category 4: Upstream transportation and distribution (metric tonnes CO ₂ e)	957,400
Category 5: Waste generated (metric tonnes CO ₂ e)	36,400
Category 6: Business travel (metric tonnes CO ₂ e)	40,500
Category 7: Employee commuting (and work from home emissions) (metric tonnes CO ₂ e)	45,100
Category 9: Downstream transportation and distribution (metric tonnes CO ₂ e)	6,600
Category 12: End-of-life treatment of sold products (metric tonnes CO ₂ e)	83,800
Category 15: Investments (metric tonnes CO ₂ e)	4,800
Total GHG Scope 3 (metric tonnes CO ₂ e)	5,139,500
Energy Use	
Direct energy consumption (million BTUs) ^{2, 6}	2,910,000
Indirect energy consumption (million BTUs)	4,330,000
Total energy consumption (million BTUs)	7,240,000
% Renewable electricity (%)	28.4%
Water	
Water intake (billion litres)	7.35
Water recycle and reuse rate (%)	97.5%
Waste	
Non-hazardous waste (metric tonnes)	99,000
Hazardous waste (metric tonnes)	19,000
Total waste generation (metric tonnes)	118,000
Total Waste Disposition	
Beneficial use (recycled, reused and waste-to-energy) (metric tonnes)	105,300
Treated (includes combustion without energy recovery) (metric tonnes)	9,200
Landfilled (metric tonnes)	3,500
Waste Goal Metrics⁷	
Waste generated from routine operations (metric tonnes)	102,000
Waste from routine operations to landfill (metric tonnes)	2,000
Plastic waste from routine operations (metric tonnes)	12,400
Plastic waste from routine operations repurposed for beneficial use (includes recycled, reused and waste-to-energy) (metric tonnes)	12,000
Plastic waste from routine operations recycled or reused (metric tonnes)	11,000
2030 Goal Progress	
100% of electricity from renewable sources (current %)	28.4%
Carbon neutral in own operations (Scope 1 and Scope 2 (market-based) emissions) (Current carbon footprint in tonnes CO ₂ e)	527,000
Zero waste to landfill from routine operations - Percent of waste from routine operations sent to landfill (%)	2.0%
100% of plastic waste repurposed for beneficial use (Percent of routine plastic waste repurposed for beneficial use) (%)	97.1%
- With at least 90% recycled or reused (Percent of routine plastic waste recycled or reused) (%)	88.4%
Ensuring 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for pharmaceuticals in the environment (%)	100%

¹ Values have been rounded to the closest '100 for the purpose of representation wherever applicable.

² Data includes energy from combustion of coal, fuel oil, natural gas and liquid propane, energy used by aircraft, sales fleet, and on-site generated renewable electricity. The last three sources have been included in this data from 2023.

³ Production mix emission factors from carbonfootprint.com are used to calculate emissions for all electricity usage outside the US except for Canada, UK, and Australia. The production mix emission factors account for both scope 2 and Transmission & Distribution emissions (Scope 3 Fuel and Energy Related Activities), which is aligned with what was used in the 2022 inventory.

⁴ Residual mix factors applied from AIB European Residual Mix and Green-E for United States and Canada include CO₂ only as CO₂e is not available from these sources.

⁵ T&D and WTT T&D emissions associated with steam consumption have not been included in the reported data. WTT T&D emissions associated with electricity consumption are only calculated for the United Kingdom, United States and Puerto Rico. These omissions are not expected to have a material impact on the reported figures.

⁶ Lilly is unable to separate out miles driven from electric and hybrid vehicles from combustion engine vehicles. To be conservative, miles driven from these types of vehicles are assumed to be combustion engine miles. Some personal miles/vehicles may also be included.

⁷ Certain waste categories classified as non-routine waste are excluded in the reported data and calculations, for further details refer <https://sustainability.lilly.com/environmental/waste>

9. Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, quality reviews and applicable legal and regulatory requirements which we consider to be equivalent to ISQM 1 & 2².

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA)³, across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities. We consider this to be equivalent to the requirements of the IESBA code⁴. The assurance team for this work does not have any involvement in any other Bureau Veritas projects with Lilly.



Bureau Veritas UK Ltd

Registered in England & Wales, Company Number: 1758622

Registered Office: Suite 206 Fort Dunlop, Fort Parkway, Birmingham, B24 9FD

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¹ Certificate available on request

² International Standard on Quality Management 1 (Previously International Standard on Quality Control 1) & International Standard on Quality Management 2

³ International Federation of Inspection Agencies – Compliance Code – Third Edition

⁴ Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants