

INDEPENDENT ASSURANCE REPORT

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 to be included in Lilly's 2022 ESG report website (<https://esg.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 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 2022 to 31 December 2022 (the 'Selected Information').

- Greenhouse Gas (GHG) Emissions [metric tonnes CO₂e]
 - Scope 1 GHG emissions covering:
 - Stationary combustion
 - Mobile combustion
 - Emissions from refrigerants (Fugitive)
 - Process emissions
 - Scope 2 GHG emissions covering:
 - Purchased electricity (market and location based)
 - Purchased heat, steam and chilled water.
 - Scope 3 GHG emissions for below categories

| Categories | Included or Not |
|---|------------------------------------|
| Category 1 - Purchased goods and services, | Relevant, Calculated |
| Category 2 - Capital goods | Relevant, Calculated |
| Category 3 - Fuel and energy use | Relevant, Calculated |
| Category 4 - Upstream transportation and distribution | Relevant, Calculated |
| Category 5 - Waste generated in company operations | Relevant, Calculated |
| Category 6 - Business travel | Relevant, Calculated |
| Category 7 - Employee commuting | Relevant, Calculated |
| Category 8 - Upstream leased assets | Not Relevant, explanation provided |
| Category 9 - Downstream transportation and distribution | Relevant, Calculated |
| Category 10 - Processing of sold products | Not Relevant, explanation provided |
| Category 11 - Use of sold products | Not Relevant, explanation provided |
| Category 12 - End of life treatment of sold products | Relevant, Calculated |
| Category 13 - Downstream leased assets | Not Relevant, explanation provided |
| Category 14 - Franchises | Not Relevant, explanation provided |
| Category 15 - Investments | Relevant, Calculated |

- Energy [million BTUs]
 - Direct consumption
 - Indirect consumption
 - Percentage renewable electricity consumption (purchased and 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
 - 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 purchased electricity from renewable sources (%)
 - Carbon neutral in our own operations (Scope 1 and 2 emissions) (metric tonnes CO2e)
 - 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 needs to be read and understood together with the Lilly's internal Scope 1 and 2 Inventory Management Plan – IMP (13th April 2023), Scope 3 Greenhouse Gas Emissions Assessment - Standard Operating Procedure (17th July 2023), Corporate Goals Scope Documents, Energy Data Estimation Methodology, the definitions and assumptions considered therein and the notes and disclosures on <https://esg.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;
- Verification of overall quantity of finished products sold/shipped that has been considered in calculation due to confidentiality of this data/information as stated by Lilly;
- The waste data accounting process covering different waste streams is based on internal criteria/classifications defined by Lilly. Verification scope does not cover checking/review end of life treatment for the reported waste data; and
- Categories covered under Scope 3 emissions are the ones which have been deemed relevant to Lilly based on their own assessment and as explained in their reporting criteria. Materiality of excluded categories has not been assessed by Bureau Veritas.

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;
- Verification of Lilly's sites meeting predicted no-effect concentrations (PNEC) limited to assessing and reviewing internal controls, monitoring parameters and limits/standards/guidelines set out at selected sampled sites;
- Certain input data for selected Scope 3 categories obtained via third parties were checked for alignment and not traced back through third party calculations to source, including data taken from suppliers and service providers; and
- Certain emission factor values used for Scope 2 and Scope 3 GHG calculations could not be verified as these were proprietary in nature and purchased by the third party engaged by Lilly for calculations. Sources of these factors shared were authoritative and no material variations were observed in the calculations when compared with factors available publicly.

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. Carrying out three remote site visits, selected on a risk-based basis to Kinsale (Ireland), Alcobendas (Spain), and Branchburg (USA), and desktop reviews for other four sites;
8. Confirmation of accuracy of information with third party engaged by Lilly for accounting and reporting its GHG data; and
9. 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.

| Environmental Metrics | Verified Valueⁱ |
|---|-----------------------------------|
| Greenhouse gas emissions | |
| Scope 1 GHG Emissions (metric tonnes CO ₂ e) | 171,000 |
| Scope 2 GHG Emissions (metric tonnes CO ₂ e) - Location Based | 415,000 |
| Scope 2 GHG Emissions (metric tonnes CO ₂ e) - Market Based ⁱⁱ | 374,000 |
| Total GHG scope 1 & 2 (metric tonnes CO ₂ e) - Location Based | 586,000 |
| Total GHG scope 1 & 2 (metric tonnes CO ₂ e) - Market Based | 545,000 |
| Scope 3 GHG emissions for below categories | |
| 1 - Purchased goods and services (metric tonnes CO ₂ e) | 2,087,950 |
| 2 - Capital goods (metric tonnes CO ₂ e) | |
| 3 - Fuel and energy use (metric tonnes CO ₂ e) ⁱⁱⁱ | 137,940 |
| 4 - Upstream transportation and distribution (metric tonnes CO ₂ e) ^{iv} | 784,900 |
| 5 - Waste generated in company operations (metric tonnes CO ₂ e) | 31,070 |
| 6 - Business travel (metric tonnes CO ₂ e) | 22,400 |
| 7 - Employee commuting (metric tonnes CO ₂ e) | 33,440 |
| 9 - Downstream transportation and distribution (metric tonnes CO ₂ e) ^v | 4,010 |
| 12 - End of life treatment of sold products (metric tonnes CO ₂ e) | 77,280 |
| 15 - Investments (metric tonnes CO ₂ e) | 10 |
| Total Scope 3 Emissions (metric tonnes CO₂e) | 3,179,000 |
| Energy use | |
| Direct energy consumption (million BTUs) ^{vi} | 1,950,000 |
| Indirect energy consumption (million BTUs) | 4,180,000 |
| Total energy consumption (million BTUs) | 6,130,000 |
| % Renewable electricity (%) | 14.4% |
| Water | |
| Water intake (billion litres) | 6.05 |
| Water recycle and reuse rate (%) | 97.9% |
| Waste | |
| Non-hazardous waste (metric tonnes) | 101,000 |
| Hazardous waste (metric tonnes) | 22,000 |
| Total Waste Generation (metric tonnes) | 123,000 |
| Total Waste Disposition | |
| Beneficial use (recycled, reused and waste-to-energy) (metric tonnes) | 111,000 |
| Treated (includes combustion without energy recovery) (metric tonnes) | 8,000 |
| Landfilled (metric tonnes) | 4,000 |
| Waste Goal Metrics^{vii} | |
| Waste generated from routine operations (metric tonnes) | 110,600 |
| Waste from routine operations to landfill (metric tonnes) | 1,900 |
| Plastic waste from routine operations (metric tonnes) | 12,000 |
| Plastic waste from routine operations repurposed for beneficial use (includes recycled, reused and waste-to-energy) (metric tonnes) | 11,800 |
| Plastic waste from routine operations recycled or reused (metric tonnes) | 10,800 |
| 2030 Goal Progress | |
| 100% of purchased electricity from renewable sources (current %) | 14.4% |
| Carbon neutral in our own operations (Market-Based Scope 1 and 2 emissions) (Current carbon footprint in tonnes CO ₂ e) | 545,000 |
| Zero waste to landfill from routine operations - Percent of waste from routine operations sent to landfill (%) | 1.7% |

| | |
|--|-------|
| 100% of plastic waste repurposed for beneficial use (Percent of routine plastic waste repurposed for beneficial use) (%) | 98.0% |
| - with at least 90% recycled or reused (Percent of routine plastic waste recycled or reused) (%) | 89.6% |
| Ensuring 100% of Lilly sites meet predicted no-effect concentrations (PNEC) for Pharmaceuticals in the Environment (%) | 100% |

ⁱ Values have been rounded to the closest significant whole number ('000)/decimal point for the purpose of representation wherever applicable.

ⁱⁱ CO₂ emissions factors applied for residual mix calculation (for electricity) rather than CO_{2e}.

ⁱⁱⁱ T&D or WTT T&D emissions associated with steam consumption have not been included in the reported data.

^{iv} Average distance factor considered in a portion of emissions calculation for the reported data is taken from analysis of historical 2021 information due to non-availability of 2022 details.

^v Emissions related to "last-mile" movement of finished products from Lilly's affiliate warehouses/distribution centers to the customers/users have not been included in the reported data.

^{vi} Reported data does not include energy used by aircraft, sales fleet, or on-site generated renewable electricity.

^{vii} Certain waste categories classified as non-routine waste excluded in the reported data and calculations, for further details refer <https://esg.lilly.com/environmental>.

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

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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