



GENDER PAY GAP REPORT 2021

Lilly

We are proud of our diverse global mindset and our ability to provide opportunities for our employees to grow, develop and contribute; to attract and develop talent, build future leaders and improve diversity and inclusion across the company.

We have welcomed the UK Government's efforts to improve transparency in gender equality and pay in the workplace. Understanding what drives our gender pay gap is just one step on our journey to continually improve the diversity of our global team. In the words of our Chairman and CEO, Dave Ricks...

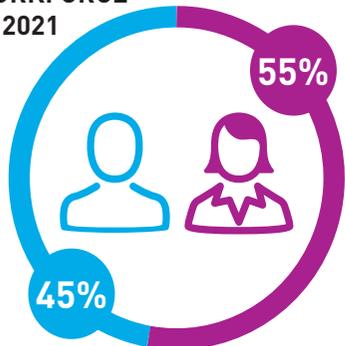
“By valuing diversity and inclusion and investing in professional growth for everyone, we can increase our productivity and achieve growth of the company. **Diversity and inclusion are business imperatives at Lilly.**” - Dave Ricks, Chairman and CEO

UK GENDER PAY GAP REQUIREMENT

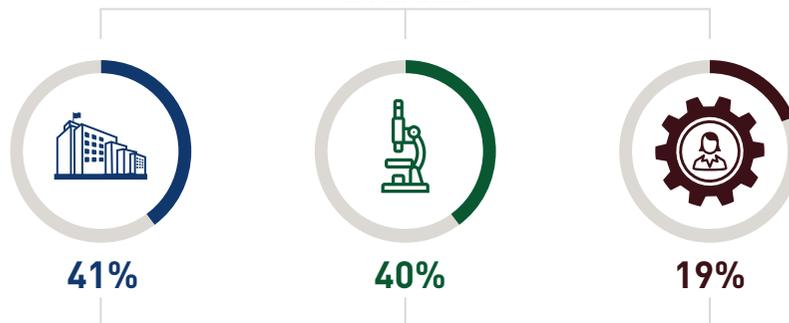
The gender pay gap shows the difference between the average (mean or median) earnings of men and women across all roles and is expressed as a percentage of men's earnings. All UK companies with 250 or more employees are required to report their gender pay gap annually.

It is important to remember that “gender pay” is not the same as “equal pay”, which is the right of men and women to be paid at a similar rate for work of equivalent value and has been law in the UK since 1970.

% OF UK WORKFORCE IN 2021

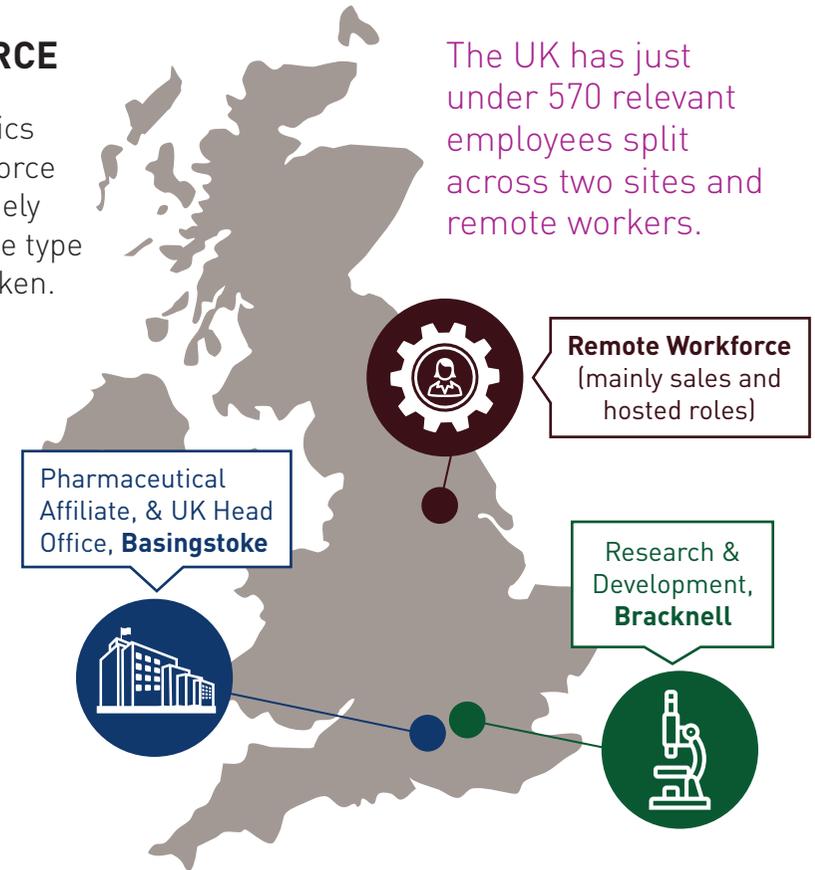


% FEMALE



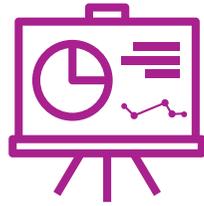
UK WORKFORCE

The demographics of our UK workforce vary by site, largely depending on the type of work undertaken.



The UK has just under 570 relevant employees split across two sites and remote workers.

The UK Gender Pay Gap legislation requires companies to disclose six metrics and has outlined how these should be reported. The data is calculated across all jobs and levels within the organisation as of 5 April, 2021.



OUR GENDER PAY GAP

Mean Pay Gap 11.6%
Median Pay Gap 9.4%
Mean Bonus Gap 13.3%
Median Bonus Gap 23.2%

Mean & Median Pay Gap

The difference in hourly rates of male and female full-pay employees

Quartile Pay Bands

The proportion of male and female full-pay employees by quartile

Mean & Median Bonus Gap

The difference in average bonus paid to male and female employees

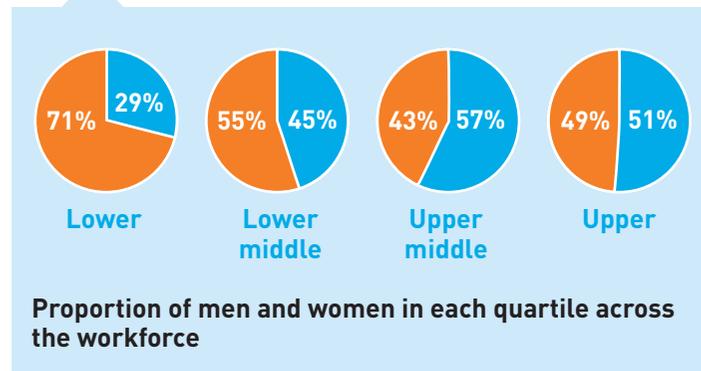
Bonus Proportions

The proportion of male and female employees who received a bonus

Our mean pay gap is **11.6%** with a median pay gap of **9.4%**. On average this means that across Lilly in the UK, women are paid **11.6%** less than men, and at the median **9.4%** less than men which is a decrease of **4%** over prior year. The Office for National Statistics quotes the average mean UK pay gap as **15.4%** when all workers are included.

While our pay gap remains lower than the UK average, we recognise that we still have further improvements to make.

Women represent **55%** of Lilly's UK employees and **50%** of director comparable level or above which is a **7%** increase over the prior year. However, there were more men employed in the upper two quartiles, which includes Lilly's higher paid senior roles.



Proportion of men and women receiving a bonus payment

We have seen an **11%** increase in women in the upper quartile since gender pay reporting started in 2017. Our mean gender bonus gap is **13.3%** and **23.2%** at the median (a decrease of **10.2%** over prior year).

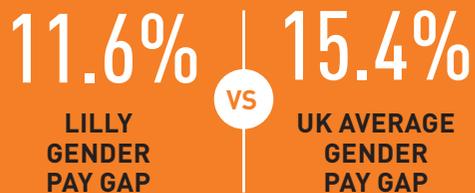
- Our bonus gap is consistent with the numbers of men and women in our pay quartiles and is reflective of the higher proportion of men in our most senior roles. In these roles there is greater eligibility for bonus and long term incentive awards. The percentage of women in the upper quartile increased **5%** over the prior year which is a reflection of initiatives to increase the proportion of senior female leaders.
- The data excludes expatriates although we currently have 4 women in senior UK based roles including the Affiliate General Manager
- The data includes almost fifty part-time workers, who are treated the same as full-time workers in the analysis but whose bonus payments are made on a pro-rata basis. Women account for **100%** of part-time workers.

We know that the high number of men in the most senior roles and the number of part-time women impacts the overall bonus gap.

87.1% of women receive a bonus compared to **95.7%** of men. This is due to the higher percentage of women in non-bonus eligible roles.

WHAT ACTIONS ARE WE TAKING?

Lilly's UK business has a smaller gender pay gap than the UK average (11.6% versus 15.4%) and we are proud of the work we are doing to build a diverse and inclusive workforce both globally and here in the UK.



“Take what you find here and make it better and better.”

Colonel Eli Lilly, 1882

POLICIES AND PRACTICES

An important focus of Lilly's People Strategy is to ensure pay is administered in a fair and equitable way across the workforce. Employees are paid based upon factors such as the content and level of the job, prior work experience, years of service, time in role, education and performance. Our global job structure and grade ranges help us maintain equitable pay across our workforce. The UK was included in Lilly's global pay equity analysis initiative twice in the last five years. The overall findings were favourable resulting in very few adjustments.

Our UK policies support a wide range of opportunities including part-time working, home working, career breaks as well as family leave events. Flexible working arrangements ensure we attract and retain top talent and achieve work-life balance for our employees. Following the global pandemic, Lilly has rolled out flexible working practices for its employees globally.

Our suite of employee well-being programmes cover a range of support to encompass our Diversity, Equity & Inclusion agenda. We have started to explore the awareness and education of our employees, including supervisors, on the impact of menopause on our workforce with a view to launching a Menopause policy in 2022.

SUPPORTING FEMALE LEADERS

We are proud that both of our sites are led by women and that within both our Commercial and Research organisations we have Business Units led by women. We have been focused on increasing the number of women at senior levels and in research roles.

A strategic priority globally at Lilly is to measure ourselves against clear goals

to increase representation of women in senior positions within the organisation. We have an active Women in Lilly Discovery and Development (WiLDD) forum for networking, shared learning and mentoring to facilitate the development of female scientists to progress their careers.

DIVERSITY, EQUITY AND INCLUSION (DEI) AND UK EMPLOYEE RESOURCE GROUPS (ERGS)

A focus on diversity, equity and inclusion is built into our workplace culture. From recruiting and hiring to talent management processes and supervisor coaching, we see direct benefit when our workforce is representative of the customers we serve. We also benefit from each employee's diverse views and ideas. A strong emphasis has been placed on inclusive leadership, conscious inclusion education and psychological safety to assist employees to be the best they can be.

“Delivering on our purpose to help make life better for people around the world means hiring and developing the best possible team. Diversity and inclusion are a critical part of that strategy at Lilly. I'm committed to creating an inclusive environment that celebrates the ideas and impact of women and am passionate about fuelling their success and future careers.”

Laura Steele,
President & General Manager
Northern European Hub

We are proud to be a Global Stonewall Champion and take part in the Stonewall Workplace Equality Index (WEI); an assessment of achievements and progress on LGBTQ+ equality. LGBTQAllies is just one of the ERGs operating across our UK sites who focus our work on inclusion. Other ERGs include EmBRACE whose mission is to leverage the diverse experiences and talents of people of colour at every level of our organisation through ally-ship and action, to serve our patients, our customers, and our employees.

We partner with the Business Disability Forum to assess and improve our facilities, processes and working practices. We are also members of the UK Government's Disability Confident Scheme as a committed employer. The scheme works with employers to ensure disabled people and those with long term health conditions have the opportunity to fulfil their potential and career aspirations. This is supported by the EnABLE ERG.

Our Diversity Champions Network is comprised of UK colleagues across both sites and business areas with a passion for diversity and inclusion.

We have an active Gender Inclusion Network (GIN) that works to remove obstacles that prevent women and men at Lilly from achieving their full potential.



Laura Steele
President &
General Manager
Northern European
Hub



Karen Alexander
Associate VP, HR
Northern European
Hub