

# Independent Assurance Statement to Eli Lilly and Company

ERM Certification and Verification Services (ERM CVS) was engaged by Eli Lilly and Company (Eli Lilly) to provide limited assurance in relation to specified 2018 environmental performance data in the Eli Lilly 2018 UNGC Communication on Progress as set out below.

| Engagement summary                       |  |
|--|--|
| <b>Scope of our assurance engagement</b> | <p>Whether the Eli Lilly 2018 absolute and intensity data for the following indicators are fairly presented, in all material respects, with the reporting criteria:</p> <p><b>Greenhouse Gas Emissions</b></p> <ul style="list-style-type: none"> <li>• Scope 1 GHG Emissions [metric tonnes CO2e]</li> <li>• Scope 2 GHG Emissions [metric tonnes CO2e]</li> <li>• GHG Intensity [metric tonnes CO2e/1,000 square feet]</li> <li>• Scope 3 GHG Emissions [metric tonnes CO2e] (Sources are Employee Business Travel, Employee Commuting, Product Transportation and Distribution (contracted), Waste Generated in Operations)</li> <li>• Non-Kyoto Compound Emissions (refrigerants, VOCs) [metric tonnes CO2e]</li> </ul> <p><b>Energy Use</b></p> <ul style="list-style-type: none"> <li>• Energy Consumption [million BTUs]</li> <li>• Energy Intensity [million BTUs/1,000 square feet]</li> <li>• Direct Energy Consumption [million BTUs]</li> <li>• Indirect Energy Consumption [million BTUs]</li> </ul> <p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Water Intake [billion liters]</li> <li>• Phosphorus emissions to wastewater [metric tonnes]</li> </ul> <p><b>Waste</b></p> <ul style="list-style-type: none"> <li>• Total Waste Generation [metric tonnes]</li> <li>• Beneficially Reused [metric tonnes]</li> <li>• Recycled (includes combustion with energy recovery) [metric tonnes]</li> <li>• Treated (includes combustion without energy recovery) [metric tonnes]</li> <li>• Landfilled [metric tonnes]</li> <li>• Waste Recycling Rate [%]</li> </ul> <p><b>In addition, for the 2020 Goals:</b> (against baselines 2012 with the exception of phosphorus: 2014)</p> <ul style="list-style-type: none"> <li>• Reduction in greenhouse gas emissions intensity: Progress through 2018 [%]</li> <li>• Improvement in energy efficiency: Progress through 2018 [%]</li> <li>• Reduction in Phosphorus emissions in wastewater: Progress through 2018 [%]</li> <li>• Improvement in waste efficiency while increasing recycling rate above 70% and decreasing waste to landfill below 10% of total waste: Progress through 2018</li> </ul> |
| <b>Reporting criteria</b>                | The WBCSD/WRI GHG Protocol (2004, as revised January 2015) for the Scope 1 and 2 GHG emissions and Eli Lilly's internal reporting criteria and definitions for the other indicators.   |
| <b>Assurance standard</b>                | ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).  |
| <b>Assurance level</b>                   | Limited assurance.   |
| <b>Respective responsibilities</b>       | <p>Eli Lilly is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>   |

## Our conclusions

### Environmental data:

Based on our activities, nothing has come to our attention to indicate that the Eli Lilly 2018 absolute and intensity data for the indicators, as listed above, are not fairly presented, in all material respects, with the reporting criteria.

### 2020 Goals:

Based on our activities, nothing has come to our attention to indicate that the progress reported against the 2020 goals for the goals listed above, is not fairly presented, in all material respects, with the reporting criteria.

## Emphasis of matter

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Eli Lilly relating to the data on page 51 of the Report, in particular the limitations relating to the 2018 data for the Scope 3 emissions assumptions and estimations which should be read in conjunction with the reported data.

## Our assurance activities

Our objective was to assess whether the selected data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews with relevant staff at the Eli Lilly corporate headquarters in Indianapolis, IN to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal indicator definitions and conversion factors;
- In person visits to two sites (Clinton Labs, IN, USA and Fegersheim, France) and a further desktop review of source data (energy and water only) for an additional 14 sites across North America, South America, Europe, Asia, and Australia to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation;
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators from the site data;
- A review of underlying data and calculations used to support the reported 2018 progress against the reported baseline;
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

## The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. While we have reviewed the assumptions and calculations for 2018 progress on the 2020 Goals against 2012/2014 baselines, the baseline data (2012 and 2014 for phosphorous) were not assured or reviewed for accuracy or completeness. It is important to understand our assurance conclusions in this context.



Jennifer Iansen-Rogers  
Head of Corporate Assurance  
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ERM Certification and Verification Services, London  
[www.ermcvs.com](http://www.ermcvs.com); email: [post@ermcvs.com](mailto:post@ermcvs.com)

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