WE BELIEVE IT IS OUR CORPORATE RESPONSIBILITY TO MAKE A SIGNIFICANT CONTRIBUTION TO HUMANITY.

We do this by creating medicines that help people live longer, healthier, more active lives ... improving global health in the 21st century. We believe that how we do business is as important as what we do. We’re drawing on our scientific, technical and business expertise to serve patients, meet community needs and reduce our environmental footprint.
CONDUCTING OUR BUSINESS ETHICALLY AND TRANSPARENTLY

For more than 135 years, the people of Lilly have approached our company’s business with a deep sense of responsibility to those we serve—patients, physicians and other healthcare providers. Our actions are grounded in our core company values of integrity, excellence, and respect for people. These values are not simply platitudes; they are infused into the Lilly culture and are a guide for all that we do.

At Lilly, how we do business is as important as what we do. We strive to be a leader in corporate responsibility. We demonstrate our values through responsible business practices that reflect our commitments to strong governance principles, transparency, patient, customer, and employee privacy; ethical product promotion; and stakeholder engagement. Our participation in the public policy process also demonstrates our values and affects how we do business. Our commitment to ethics and compliance is born of our commitment to integrity. Our policies, as well as our Code of Business Conduct (which we call "Red Book"), are infused into the Lilly culture and are a guide for all that we do.

TRANSPARENCY AT LILLY

Experience has taught us that transparency in our operations can help to build trust with our stakeholders. We believe that transparency regarding business practices that involve financial payments to physicians helps to build trust with the public. In 2003, we were the first company to announce that we would voluntarily disclose to the public our U.S. clinical-trial results—even unfavorable ones. We were also the first company to report the results of a third-party audit of our database. In addition, we publicly report the funding we provide in the United States to institutions in the form of educational grants and charitable contributions; our financial support to patient organizations based in Europe; our financial payments to U.S. healthcare professionals who are contracted as speakers for educational programs and who provide us with advice; and our company’s annual political contributions.

ADVANCING PUBLIC POLICY

As a biopharmaceutical company that treats serious diseases, we play an important role in public health and in related public policy debates. We believe it is important for our company to shape public policy debates around the world on issues specific to the people we serve and to our other key stakeholders, especially shareholders and employees. Our engagement in the public policy arena helps address the most pressing issues related to ensuring that patients have access to needed medications—leading to improved patient outcomes.

Through our policy research, development, and stakeholder dialogue activities, Lilly focuses on a number of dynamic areas that are important to our company, our industry, and the people we serve. Our public policy efforts center on three key areas: innovation, healthcare delivery, and pricing and reimbursement.

MANAGING OUR SUPPLY CHAIN

At Lilly, we manage our supply chain to help maintain a safe and uninterrupted supply of our medicines. Within our own operations and the broader pharmaceutical industry, we work to support the United Nations Global Compact principles, ensure adherence to labor laws, and protect the environment. We partner with our suppliers around the world to encourage them to adopt the same global leadership standards that we have set for ourselves. We support the Pharmaceutical Industry Principles for Responsible Supply Chain Management, as set forth by the Pharmaceutical Supply Chain Initiative, an industry group.

We also aspire to broaden the participation of small and diverse businesses in the Lilly supplier base. Since 2009, the U.S. Small Business Administration has recognized Lilly as “outstanding” in its efforts to promote and maintain supplier diversity. Our goal is to achieve 10 to 15 percent of our external spend with small and diverse suppliers. In 2010, we spent $474 million on diverse suppliers, exceeding our goal of $445 million in diverse-supplier spending.

FIGHTING COUNTERFEIT MEDICINES

What ranks among the biggest supply chain concerns for an international pharmaceutical company like Lilly? Provenicking the public from a $75 billion counterfeit drug industry. In every part of the world, patients are unknowingly encountering counterfeits that look just like the actual medicine, from the appearance of the package to the size and color of the pill. These are dangerous imposters that may contain inactive and useless ingredients—or even toxic substances, such as arsenic. In every case, counterfeiters are unreliable; in some cases, they can cause harm to patients, including death.

Counterfeit medicines pose a real and growing threat to patient safety and worldwide public health. Pharmaceutical counterfeiting crosses geographic boundaries and affects patients suffering from a variety of diseases. Medicines commonly involved in counterfeiting include those used for erectile dysfunction, oncology, cardiovascular disease, and mental health, preventing the proper treatment of these conditions.

Criminals are drawn to pharmaceutical counterfeiting by the prospect of high profits and low risk, as offenders are rarely prosecuted. Because of its unregulated environment, lack of enforcement, and access to patients, the Internet is a hot spot for counterfeiters. Criminal organizations dupe customers into buying counterfeit medicines through fake online “pharmacies,” which use images of trademarked or branded pharmaceutical products.

Lilly is actively engaged in efforts to combat counterfeiting, and we partner with governments and others to protect the health and safety of our patients. Lilly is a founding member and steering group participant of the Alliance for Safe Online Pharmacies, a broad coalition of stakeholders who have an interest in protecting patient safety and ensuring patient access to safe and legitimate online pharmacies. In Europe, Lilly is active in the European Alliance for Access to Safe Medicines to further patient education about the dangers of counterfeit medicine.

EXTENDING A DIALOGUE

Our LillyPad blog (http://lillypad.lilly.com/) was designed to extend a dialogue with the public on matters that are of mutual interest to us and to those following our industry. The blog focuses on public policy issues such as health and wellness, innovation, and job creation. It also describes our corporate responsibility initiatives, advocacy efforts, and the role our employees play in making the world a healthier place to live. Visitors may add comments to contribute to the discussion.

"At the European Alliance for Access to Safe Medicines, we are raising public awareness of the dangers posed by counterfeit medicines available in the legitimate supply chain and over the Internet. As we undertake major projects each year, Lilly’s much-valued support helps bring our message to wider audiences and effect real change. We are tremendously proud to have Lilly stand shoulder-to-shoulder with us in this important work." — Jon Thomson, Chair, European Alliance for Access to Safe Medicines
ENHANCING ACCESS TO MEDICINES

In 2011, we unveiled a new platform, The Lilly Global Health Innovation Campaign, aimed at improving health for underserved populations. To create positive, long-term change, the campaign employs a novel approach that immediately benefits healthcare providers and patients while simultaneously assessing program outcomes.

The campaign encompasses two of Lilly’s signature programs: our long-standing program, The Lilly MDR-TB Partnership and a newly-launched program, The Lilly NCD Partnership.

As part of the campaign, Lilly, together with our partners, will:

- Research: Pilot new models of health care based on sophisticated research and detailed data collection,
- Report: Share data and lessons learned,
- Advocate: Inform key stakeholders about program findings and encourage the adoption of proven, cost-effective solutions.

The Lilly NCD Partnership: Our Focus on Non-Communicable Diseases (NCDs)

Non-communicable diseases such as diabetes, cancer, and heart disease are placing an increasing burden on patients, healthcare systems, and economies. According to the World Health Organization (WHO), NCDs account for 63 percent of global deaths and nearly 83 percent of deaths in low- and middle-income countries. Despite this, the Center for Global Development reports that, from 2001 to 2008, spending on NCDs in developing countries was less than 3 percent of all global health assistance.

Several successful models for NCD treatment and care currently exist in the developing world. In 2011, we announced The Lilly NCD Partnership to apply our capabilities and resources — alongside those of our partners — to help increase access to health care and improve individual patient outcomes. The partnership will initially focus on diabetes, where Lilly has deep expertise and a history of pioneering therapies.

Creating Shared Value

Lilly’s winning vision of our responsibility as a company is inspired by the concept of “shared value,” developed by Michael Porter and Mark Kramer of Harvard. We believe that Lilly can help solve today’s social problems by finding interactions between what society needs and what we do best — and then developing collaborative, strategic initiatives that both benefit society and enhance business performance. Aligning our business with pressing social needs opens up new opportunities to provide greater value to people around the world.

Lilly’s greatest contribution in this regard is to continue to discover and develop innovative medicines, which we believe will be among the most powerful tools to improve the quality and reduce the cost of health care going forward.

We aim to put a special focus on improving the health of underserved people in low- and middle-income countries around the globe — specifically, by tackling several tenacious diseases that are growing rapidly in these parts of the world.

We’ll do this not only by contributing money, but also by applying what we do best, drawing on our scientific, technical, and business expertise. We’ll also work to improve health by helping expand access to medicines. And we’ll work to ensure that global policies foster better health in the most effective and efficient ways. Approaching corporate responsibility this way will help us realize our vision: To make a significant contribution to humanity by improving global health in the 21st century.

“Through the new Lilly NCD Partnership, Lilly is making a major move toward the concept of creating ‘shared value.’ By investing in the healthcare infrastructure of countries that have the highest burden of diabetes, they are leveraging their assets and expertise to both drive business results and improve public health. This program has the potential to create significant impact for the company and for millions around the world. It represents a promising new approach for Lilly, and the industry.”

— MARK KRAMER, FOUNDER AND MANAGING DIRECTOR, FSG, AND SENIOR FELLOW, CORPORATE SOCIAL RESPONSIBILITY INITIATIVE, HARVARD KENNEDY SCHOOL

PATIENT AWARENESS

SOCIAL STIGMA

GEOGRAPHICAL DISTANCE

EFFECTIVE HEALTHCARE DELIVERY SYSTEMS

PRICE (COST OF CARE & LOST WAGES)

Barriers to Health Care for Low-Income Populations*

Creating Shared Value

In 2011, we announced Lilly TruAssist, an easy-to-use, one-stop resource about Lilly’s patient-assistance programs. During 2011, more than 227,000 patients received help through these programs, in areas including mental health, diabetes, cardiovascular disease, men’s health, osteoporosis, oncology, and growth-hormone disorders. This represented an increase of 12 percent from 2010.

The Lilly MDR-TB Partnership

The Lilly MDR-TB Partnership was created in 2001 to combat a disease so daunting that no single organization could fight it alone. This public/private initiative offers education, training, and improved care to people worldwide who have fallen victim to deadly multi-drug-resistant tuberculosis. Working in more than 80 nations and with more than 25 partners, The Lilly MDR-TB Partnership has trained doctors and nurses to recognize, treat, monitor, and prevent the spread of multidrug-resistant TB. These healthcare professionals have raised awareness to reduce the stigma of the disease, promoted prevention, researched drugs to improve treatment, and advocated for some of the world’s most vulnerable populations.

THE LILLY MDR-TB PARTNERSHIP: AWARDS AND RECOGNITION

- Committee Encouraging Corporate Philanthropy Excellence Award in Corporate Philanthropy, 2009
- Global Business Coalition Award for Excellence in Business Action, 2013 and 2010
- International Chamber of Commerce and United Nations Development Programme, 2010 World Business and Development Award
DEVELOPING INNOVATIVE MEDICINES

Lilly has a rich history of creating breakthrough products that enhance and preserve life. Today, our commitment to scientific research and development remains as strong as ever, and we’ve developed some innovative approaches that are helping us speed the creation of new medicines. We recognize that we have a duty to our patients to continue pushing the boundaries of medical science. In 2008, we took our first steps toward a more dedicated approach to bioethics and established the Lilly Bioethics Program, devoting full-time resources to the area.

EDUCATING PATIENTS ABOUT THE BENEFIT/RISK BALANCE OF PHARMACEUTICALS

When a regulatory agency approves a medicine, it has concluded that the potential benefit outweighs the risks for the conditions outlined in the product label. Still, accurate and up-to-date safety information is critical for healthcare providers and patients to make decisions about whether a medication should be used. Lilly’s role in risk management centers on helping healthcare providers make informed decisions about medicines. The care a medicine should be used, how to monitor the patient for potential adverse events, and how to communicate to the patient about proper use of the medication.

LILLY GLOBAL PATIENT SAFETY ORGANIZATION

Lilly’s global patient safety organization is a team of more than 320 individuals, including physicians, pharmacists, nurses, and other drug-safety professionals. This group leads the company’s efforts to report adverse events and continuously monitor the safety of Lilly’s products through their entire lifecycle, including the identification of changes in the benefit/risk balance.

ANIMAL CARE AND USE

To assess the potential safety, toxicity, and efficacy of compounds for human use, Lilly researchers conduct tests in laboratory animals where other reasonable alternatives do not exist. Such safety studies are mandated by law and are conducted to understand the effects of new medicines. We recognize we have an ethical and scientific obligation to ensure the appropriate and humane treatment of animals used in research, and we have systems in place to fulfill this obligation.

Animals are vital to developing medicines for the full sweep of Lilly’s R&D activities. Lilly’s Animal Care and Use principles state that animals shall be treated humanely, with pain and stress minimized. Animal testing should be performed after consideration of the 3Rs: replace animals whenever alternatives are scientifically valid and ethically acceptable; reduce the numbers of animals used; and refine procedures to minimize distress.

Specifically:
- Using conditions for research animals must be appropriate for their species and contribute to their health and well-being.
- Personnel who care for animals or who conduct animal studies must be appropriately qualified regarding the proper care and use of animals in research.
- Studies involving animals must be designed and conducted in accordance with applicable country and local regulatory guidance and the following widely recognized principles of animal care and use:
  - with due consideration of the relevance of the study to human or animal health and the advancement of scientific knowledge,
  - selecting only animals appropriate for that study,
  - with the minimum number of animals required to obtain valid results,
  - using alternative methods instead of live animals where appropriate, and
  - avoiding or minimizing discomfort and distress to the animals.

All Lilly facilities are accredited by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) and are subject to external review and inspections. AAALAC also provides an independent review and confirmation of appropriate animal care and use. In the United States, Lilly’s animal care and use committee (which includes an independent, third-party member) approves and oversees animal research activities and care programs. Similarly, Lilly is U.K. ethical committee reviews all animal usage in that country and ensures that people using animals are appropriately qualified.

WORKING TOWARD DIVERSITY IN CLINICAL TRIALS

Minority populations have historically and consistently been underrepresented in clinical trials. As a result, important information about how medicines work in minority populations is not always available. This issue is critical because patients’ responses to medicines can vary by ethnicity, lifestyle, and genetic background.

To help boost enrollment of diverse individuals in trials and make trials more accessible to all, Lilly has partnered with key organizations to launch awareness campaigns and set goals across our therapeutic and product lines to achieve greater diversity among patients enrolling in clinical trials. Since 2008, we have introduced 229 new clinical-trial sites in the United States in locations with diverse populations. We are currently establishing a global strategy.

TAILORED THERAPIES

“Historically, medicine has been ‘one size fits all.’” Increasingly, this is changing. Personalized medicine also called tailored therapies promises to deliver greater precision, higher value, and improved outcomes for individual patients. Today, biology is being built into every drug development program at Lilly, using a variety of approaches to identify meaningful differences across patient populations.

Tailoring therapeutics is not just a technical challenge. By using emerging technologies and capabilities, the pharmaceutical industry can move toward better and more predictable patient outcomes. It is also a strategy for enhancing the social value of medicines. All medicines have potential risks and benefits, tailoring allows an us to real-world data and information, and reap benefits of tailored approaches to develop therapies that offer the most value to individuals and society.

THE DRUG DEVELOPMENT PROCESS

The research-based pharmaceutical industry is uniquely able to discover, develop, and produce (for patient use) new medicines that are safe and efficacious. Yet pharmaceutical research and development is a complex and lengthy process. To demonstrate the safety and efficacy of a medicine, it must be tested in the laboratory, in living cells and animal studies. They involve an average of 300 to 500 healthy human volunteers or patient volunteers with the disease being studied.

1. DRUG DISCOVERY

Lilly’s discovery scientists search for biological targets within the body that play a role in a given disease. They create and test unique molecules that might someday be medicines, and they screen millions of molecules against the targets to pick promising leads.

2. PRECLINICAL TRIALS

Preclinical trials assess the potential safety, toxicity, and efficacy of compounds, as evaluated through laboratory and animal studies.

3. CLINICAL TRIALS: PHASE I

Phase 1 clinical trials determine the safety and dosage of a new drug candidate, and are tested on an average of 25 to 80 healthy human volunteers or patient volunteers with the disease being studied.

4. CLINICAL TRIALS: PHASE II

Phase II clinical trials evaluate the efficacy and safety of a new drug candidate, and are tested on an average of 150 to 250 patients with the disease being studied.

5. CLINICAL TRIALS: PHASE III

Phase III clinical trials continue to evaluate the efficacy of a new drug candidate, and monitor adverse reactions from a large number of patients. They involve an average of 1,500 to 2,500 patient volunteers with the disease being studied, however sometimes 10,000 to 20,000 patients are needed.

6. REGULATORY REVIEW

In the phase of the drug development process, a new drug application (NDA) is filed with the Food and Drug Administration (FDA). The drug is either approved or rejected.

7. POST-MARKETING

After a drug is approved for use, additional long-term dosing and monitoring is required by the FDA to continue gathering data about the drug’s safety and any reported adverse events associated with the drug.

Lilly is engaged in research and development at 7,300 locations in 125+ countries; and Lilly customers conduct research in 125+ countries.

Lilly conducted clinical research in 2010 in 125 countries with Lilly medicines.

1 Lilly researchers conducted clinical research in 125 countries with Lilly medicines in 2010.

2 Figures provided are approximations, meaning they account for the costs of capital to complete each phase. The $1.8 billion estimate includes all the costs of Lilly’s global drug discovery and development process.
SUPPORTING STRONG WORKPLACE PRACTICES

Our legacy dates back 135 years to our founder, Colonel Eli Lilly. More than a century ago, his vision and his commitment to patients, employees, and communities set a strong tone for our company that continues today. Our business has prospered because of our people — people with a talent for innovation and a passion for making a difference by finding treatments for the most stubborn diseases; people whose talent is matched by their generosity; and people with strong values and a determination to prevail, regardless of the challenges.

Colonel Lilly’s values — integrity, excellence, and respect for people — continue to shape our practices. We strive to provide our employees an engaging and rewarding working environment built on a foundation of trust. We believe we have created a workplace with fair labor practices, where employees are respected for their contributions.

As a pharmaceutical company, our mission is to make medicines that help people live longer, healthier, more active lives. Our employees are essential to us accomplishing that mission. We strive to provide our employees on engaging and rewarding working environment built on a foundation of trust. We believe we have created a workplace with fair labor practices, where employees are respected for their contributions.

Employee Health, Safety, and Wellbeing

Effective employee collaboration is critical to Lilly’s success, and we work to engage our employees, and foster and promote teamwork. Even in a challenging business environment, we believe it’s important to invest in employee development with programs such as Connecting Hearts Abroad. This new program invites 200 employees a year to volunteer, on company time, for two weeks in 10 countries where people lack access to basic resources, including quality healthcare.

Workplace Awards

We’re frequently ranked as one of the best companies in the world in which to work. Some recent recognitions include the following:

- Top 50 Companies for Diversity. Lilly ranked 39th out of 529 companies that completed the DiversityInc survey (2013). This was the first time Lilly made the list.
- Top Companies for Executive Women, National Association of Female Executives (2009–2011)

DIVERSITY AND INCLUSION

At Lilly, embracing diversity is at the core of our long-held value of respect for people. It is the lens through which we understand and respond to the unique needs of the millions of individuals who depend on our medicines. We are proud of our diversity and the essential role it plays in helping us accomplish our mission: making medicines that help people live longer, healthier, more active lives.

Lilly works to attract and retain talented employees who bring the varying perspectives and skills we need to operate on a global level. Diversity fosters creativity, creativity drives innovation, and innovation leads to better patient outcomes and enhanced business success. Without diverse ideas, we simply cannot remain viable in a rapidly changing environment.

We partner with advocacy groups, professional societies, community organizations, public and private healthcare administrators, and others to help reduce health disparities and address the unique health care needs of all communities. Our diversity commitment extends through the full spectrum of our business, including our clinical trial strategy and our supply chain.

We are working to further embed diversity within the culture at Lilly by integrating diversity into every aspect of our business — from our clinical trial and marketing practices to how we hire our employees.

In recent years, we have increased our leaders’ accountability for developing diverse talent. Our senior leaders have performance objectives focusing on mentoring and career-path planning for women and diverse employees globally. In 2010, approximately 53 percent of our U.S. workforce was male and 47 percent was female. Global numbers were 56 percent male, 44 percent female. Minority employees made up approximately 79 percent of our U.S. workforce, breaking down as follows: 8 percent African American, 7 percent Asian, 3 percent Latino, 2 percent two or more races, and less than 1 percent each American Indian/Alaska Native and Native Hawaiian/other Pacific Islander.

LILLY WAS INCLUDED ON DIVERSITYINC’S 2011 LIST OF TOP 50 COMPANIES FOR DIVERSITY

PRIVACY CONCERNS

We were the first in our industry to formally implement a policy to protect the privacy of our employees’ genetic information, with the goal of ensuring that such information cannot be used to discriminate in employment and benefit-related decisions.
Lilly has committed to donating more than 800,000 vials of insulin to the International Diabetes Federation’s Life for a Child program between 2008 and 2013. The medicine will help as many as 24,000 children in more than 20 global locations, who have no access to diabetes treatment.

The Lilly NCD Partnership is a public/private initiative working to tackle the scourge of multi-drug-resistant tuberculosis in high-burden countries like China, Russia, South Africa and India. Since 2003, Lilly has contributed $135 million in cash, medicines, technology and know-how to this partnership.

In 2010, Lilly gave $4.2 million in donations in the wake of natural disasters. One of our biggest efforts followed the devastating earthquake in Haiti.

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In 2011, we launched The Lilly NCD Partnership to provide funding to fight the rising burden of non-communicable diseases (NCDs) in developing nations.

Our annual Global Day of Service ranks among the largest single-day volunteer initiatives of any company in the United States. In 2010, more than 24,000 employees in more than 30 global locations volunteered on one day in October.

$430 million in global charitable contributions

In 2010, we gave away approximately $430 million in charitable contributions, including cash, products, and other in-kind donations, all around the world.

$2.5 million Mind Trust grant

We gave our largest-ever education-focused grant to The Mind Trust in 2011 to help improve public education for underserved children in Indianapolis.

$30 million over five years

Through the Connecting Hearts Abroad program, we are sending 100 “Lilly Ambassadors” each year on two-week assignments to provide assistance in developing communities in Asia, Africa, and Central and South America.

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ENGAGING WITH PATIENTS

We understand the health challenges patients and their families face, and we provide hundreds of millions of dollars in product donations each year to help. But product contributions tell only part of the story. Here at Lilly, we work to go beyond medicine to help patients improve their health and manage their diseases. We believe an informed patient is a better participant in his or her own care and can achieve better health outcomes than a patient with access to less information.

We support and partner with numerous local and national organizations, including those addressing multicultural health disparities, to improve patient care. In the United States, for example, minority groups often suffer heightened rates of certain diseases, including diabetes, which is one area of therapeutic focus for us. Our prevention-related interventions include materials printed in multiple languages for traditionally underserved communities.

Not everyone who needs our medicines is able to get them. In the United States, Lilly TruAssist [www.lillytruassist.com] provides access to products for eligible patients through several patient-assistance programs. The majority of our product donations are made through TruAssist, which serves as the umbrella program for Lilly’s many patient-assistance efforts.

Our programs typically focus on our core areas of expertise, including cancer, diabetes, and mental illness. We support many initiatives, including the following examples.

ONCOLOGY ON CANVAS
The Lilly Oncology On Canvas® Expressions of a Cancer Journey Art Competition and Exhibition honors the journeys people face when confronted with a cancer diagnosis. The biennial competition invites individuals diagnosed with any type of cancer—or as well as their families, friends, caregivers, and healthcare providers—to express, through art and narrative, the life-affirming changes that give their cancer journeys meaning. The result is a compelling art collection that provides insights into the wide range of emotions experienced by those touched by cancer.

F.A.C.E. DIABETES CAMPAIGN
The Fearless African Americans Connected and Empowered [F.A.C.E.] Diabetes campaign is a grassroots movement to help African Americans overcome key barriers to success in living with type 2 diabetes. African Americans are disproportionately affected by the disease. According to the American Diabetes Association, African Americans in the United States are 1.8 times more likely to have diabetes than non-Hispanic whites. About one-quarter of African Americans between the ages of 65 and 75 have the disease. Supported by Lilly, the F.A.C.E. Diabetes campaign [www.face-diabetes.com] offers programs and tools to help people make lifestyle changes to manage their disease.

DIABETES CONVERSATIONS
Created by Healthy Interactions in collaboration with the International Diabetes Federation, Lilly Diabetes sponsors the Diabetes Conversations program, featuring Conversation Map™ education tools. This innovative education method uses a unique, visual approach to facilitate interactive group participation and empower people with diabetes to become actively involved in managing the disease. The education tools, available in 35 languages, have been launched in more than 105 countries since 2008.

CAMP CARE PACKAGE
For more than a decade, Lilly has been one of the largest providers of insulin and glucagon, educational materials, volunteers, scholarships, and educational grants to diabetes camps through the comprehensive Lilly Camp Care Package. In 2010, 54 diabetes camps participated in the Camps in Color program, an art-therapy-based initiative for children. Requesting camps received nearly $3 million in insulin product and more than 22,000 educational booklets. Lilly also provides camp tuition support through its partnership with the American Diabetes Association and the Diabetes Education & Camping Association.

REINTEGRATION AWARDS AND SCHOLARSHIPS
People who are managing or recovering from mental illnesses often hear the word “reintegration.” It refers to the steps involved with reentering the community and getting back to living as normal a life as they can.

Key to reintegration is the support of family, friends, and mental health professionals. Since 1996, Lilly has partnered with the Center for Reintegration to present Lilly Reintegration Awards and Scholarships. The goal of these programs is to recognize mental health professionals, family and friends of individuals with mental illness, and individual patients for their exceptional contributions and achievements in helping those battling serious mental illnesses.

LILLY FOR BETTER HEALTH™
Lilly for Better Health is a patient-focused resource available to community and health advocacy organizations, public and private healthcare providers, policymakers, and others interested in improving the health and well-being of their communities. Lilly for Better Health provides a website, conference websites, and printed materials, and reaches tens of thousands of customers directly each year at community events, programs, and healthcare conferences, offering valuable education materials and interactive assessment tools on a variety of health topics. In 2010, we distributed more than 1,000,000 patient education resources to individuals and organizations.

The website, which was updated in 2011, spotlights Lilly partnerships and programs that focus on wellness, prevention, and disease management and offers on-demand access to health education materials. Many Lilly for Better Health websites are available in both English and Spanish, with select tools in Mandarin.

450,000
Number of patient-education resources we distributed to individuals and organizations in 2010

$15 MILLION committed by Lilly over five years to support Peers for Progress, designed to enhance peer support for those with diabetes

105
Number of countries where Lilly has launched the Diabetes Conversations program

1,200
Students with a mental illness who have been awarded Lilly Reintegration Scholarships for college
FOSTERING ENVIRONMENTAL SUSTAINABILITY

The medicines we make require the use of valuable resources, including energy, water, and raw materials. We know that the way we operate our business today can have a long-lasting impact. Lilly takes a holistic approach to understanding and managing our environmental impacts across the product life cycle (see below).

To operate most sustainably, we are committed to conducting our business in an environmentally, socially, and financially responsible manner.

Our performance in meeting our environmental goals, related to energy efficiency, greenhouse gas (GHG) emissions, water intake, and waste to landfill (see right), demonstrates our commitment to reduce our environmental footprint. We believe that implementing cost-effective, more sustainable solutions is a powerful and ongoing source of business value.

Energy, Waste, and Natural Resource Redution Fund

Making capital investments in technology and physical plant operations can have a substantial, positive impact on achieving overall environmental goals. However, these projects compete for funding with other essential projects at each facility, for example, those directly related to product manufacturing. To address this challenge, we established an Energy, Waste, and Natural Resource Reduction Fund. The Fund helps pay for capital projects at our facilities globally, and promotes the development of environmentally superior, efficient technologies, and the sharing of best practices across our facilities.

The amounts spent each year are included in the following table. In 2010, Lilly realized a return of about $15 million for all projects implemented so far.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$6.5</td>
</tr>
<tr>
<td>2009</td>
<td>$5.7</td>
</tr>
<tr>
<td>2010</td>
<td>$4.1</td>
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MANAGING PERFORMANCE ACROSS THE LIFE CYCLE

At each stage of the pharmaceutical product life cycle, there are distinct environmental, health, and safety impacts and opportunities for improvement. This graphic provides an overview of our impacts and how we work to minimize them.

Research and Development

We consider environmental factors from the earliest stages of design and development. Our design for environmental outcomes includes gray box environmental, chemical and materials risk assessments, and an Environmental Development Review (EDR) process to evaluate potential environmental, chemical, and materials risks. EDRs are conducted for all new and major modifications of existing technologies. EDRs also focus on the scale-up of medicine production to manufacturing levels.

Manufacturing

Measuring, reporting, and reducing Lilly's environmental impacts from manufacturing are central to the company's sustainability program. Our manufacturing HSE committees ensure compliance to HSE regulations. The manufacturing HSE steering committee, which includes representatives from multiple functions, ensures high-level decision making. Lilly continuously works to improve the energy efficiency of our water for process use, to increase the recovery of process water, and to reduce our environmental footprint.

Sales and Marketing

Lilly continually works to improve the fuel efficiency of our internal vehicles, to meet goals to reduce overall fuel use 10 percent by 2013. As Lilly sales and marketing offices around the world, we assess opportunities to reduce energy use while increasing the efficiency and effectiveness of our external environmental awareness and action.

Product Use

Lilly is committed to understanding the potential effects of medicinal products in the environment as well as in humans, and we support using science-based evaluations to assess and mitigate the environmental industrial and consumer impacts of Lilly products. Through collaborations with industry partners, academic researchers, and regulatory agencies, we continually work to further our understanding of and proactively address any potential impacts from the production, distribution, and disposal of our products.

PRODUCT STEWARDSHIP

Lilly's Product Stewardship Standard defines our health, safety, and environmental (HSE) requirements for assessing Lilly products across the value chain. The scope covers both internal and external value—chain elements globally, and distributes accountability to numerous Lilly business and functional groups, to integrate product stewardship deeply into our business.

Our main areas of focus include:
- Using green chemistry to reduce the use of hazardous materials in our development and manufacturing processes.
- Improving materials use in devices.
- Reducing the environmental impact of product manufacturing.
- Decreasing the environmental impact of packaging.
- Using science-based environmental risk assessments to evaluate the potential impact of our products in the environment, and
- Disposing of products responsibly at end-of-life.

Innovations in Green Chemistry

In the early 1990s, Lilly was one of the first pharmaceutical companies to recognize the potential of green chemistry to transform our manufacturing processes. We have continued our work to be inherently safer, more efficient, and more environmentally friendly.

Lilly's approach to green chemistry is twofold. We seek improvements by reducing the amount of hazardous materials used to make a product, increasing overall material efficiency, evaluating chemical alternatives, and avoiding use of the riskiest substances. We also seek more fundamental changes—ones that can result in order-of-magnitude improvements—by advancing the state of the art in chemistry, and developing and implementing new reactor technologies.

For example, we discovered an alternative synthesis route for the commercial drug leflunomide. This innovation reduced the amount of hazardous materials (including water) used for every kilogram of drug produced by 74 percent.

Product Transport and Packaging

Lilly's packaging guidelines—which cover areas such as reducing materials use, using materials with decreased environmental impact including recycled content, and designing packaging to enhance recyclability—provide a systematic basis for incorporating sustainability into packaging decision-making. We track the GHG emissions of our product transportation and distribution senders, and are committed to working with them to reduce these impacts.

2013 GOALS

With a 2010 baseline, Lilly aims to:

- Reduce energy intensity of water intake by 25%.
- Reduce greenhouse gas emissions intensity by 15%.
- Reduce waste to landfill by 40%.
- Increase recycling rate to 84%.
- Improve water use efficiency through green procurement, other air emissions, biodiversity, and compliance.

PERFORMANCE IN OPERATIONS

We are committed to continually improving environmental performance across Lilly’s operations. This includes our key environmental performance areas of environmental impact—energy use and GHG emissions, water use, and waste—as well as our progress in green procurement, other air emissions, biodiversity, and compliance. Setting, driving toward, and communicating our progress against HSE performance goals is central to our HSE management approach.

HSE MANAGEMENT SYSTEMS AND STANDARDS

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GROSS REGULARITY RATE IN 2010 at Lilly's site in Carolina, Puerto Rico, up from 11 percent in 2007, achieving more than 1.5 million annually.

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GROSS REGULARITY RATE IN 2010 at Lilly's site in Carolina, Puerto Rico, up from 11 percent in 2007, achieving more than 1.5 million annually.
“The business community can—and must—play a vital role in addressing complex societal problems. It’s clear that writing a check or donating product alone doesn’t have a lasting impact. A growing body of evidence demonstrates that when a company engages with partners in an area in which the company has deep expertise and a vested interest, society benefits and the company enhances its own performance.”
— JOHN LECHLEITER, PH.D., LILLY CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

2010 CORPORATE RESPONSIBILITY HIGHLIGHTS

Committed to end hunger for 100,000 families globally by 2020 through a partnership with Heifer International and our Elanco animal health division. See page 11; www.lilly.com/corporate-responsibility.

Reduced our waste to landfill by 50 percent compared to 2007.

Reduced serious injury and lost-time injury rates by 33 percent each from our 2007 baseline.

Invested $2.5 million—our largest-ever education-focused grant—in a new education-reform campaign sponsored by The Mind Trust, an organization committed to improving public education for underserved children. See page 10.

Selected 200 Lilly employees to volunteer in countries where people lack resources or access to quality health care. See page 10.

Launched a physician payment registry in 2011 to help people better understand how we work with doctors to advance research and education. See page 10; www.lillyphysicianpaymentregistry.com

Since 2003, contributed $135 million in cash, medicines, technology, and know-how to fight multidrug-resistant tuberculosis (MDR-TB). See page 10; www.lillymdr-tb.com

Provided help to 227,000 patients through our patient-assistance programs. See page 10; www.lilly.com/patient-assistance

Reduced energy intensity by more than 12 percent, compared to 2007, and decreased corresponding greenhouse gas emissions by more than 9 percent (both per square foot of facility space). See page 15

Named for the first time to DiversityInc’s list of “Top 50 Companies for Diversity.” See page 9

Introduced new blog LillyPad to extend dialogue with the public on policy issues such as health and wellness, corporate responsibility, innovation, and job creation. http://lillypad.lilly.com See page 9

Made approximately $430 million in charitable contributions, including cash and products. See page 10.

Committed to donating more than 800,000 vials of insulin to the International Diabetes Federation’s Life for a Child program between 2008 and 2013. See page 11

Reduced serious injury and lost-time injury rates by 33 percent each from our 2007 baseline.

Reduced energy intensity by more than 12 percent, compared to 2007, and decreased corresponding greenhouse gas emissions by more than 9 percent (both per square foot of facility space).

To learn more about our commitment to corporate responsibility and transparency and to view our full 2010 report, visit: www.lilly.com.

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