

Powered By Purpose

Lilly

ELI LILLY & COMPANY
SUSTAINABILITY CALL | MAY 4, 2021



Safe Harbor Provision

This presentation contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. The company's results may be affected by factors including, but not limited to, the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; the extent and duration of the effects of the COVID-19 pandemic; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform.

For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K, 10-Q, and any 8-Ks filed with the Securities and Exchange Commission. Certain financial information in this presentation is presented on a non-GAAP basis. Investors should refer to the reconciliations included in this presentation and should consider the company's non-GAAP measures in addition to, not as a substitute for or superior to, measures prepared in accordance with GAAP.

The company undertakes no duty to update forward-looking statements except as required by applicable law.

A photograph of a woman with grey hair smiling and holding a baby. The image is partially obscured by a white diagonal line and a red arrow pointing right.

Sustainability Overview

DAVID A. RICKS
Chairman and
Chief Executive Officer



**Lilly unites caring
with discovery
to create medicines
that make life better
for people around the world.**

OUR PURPOSE



Focus on ESG at Lilly

- ✓ **Adopting standard frameworks**
- ✓ **ESG reporting through new portal**
- ✓ **Implemented changes to ESG leadership and governance**
- ✓ **Continued integration of ESG into the business**

Agenda

- **Human Capital Management**
Steve Fry | *Senior Vice President, Human Resources and Diversity*
- **Social Impact**
Tiffany Benjamin | *Senior Director, Social Impact; President, Lilly Foundation*
- **Access and Affordability**
Patrik Jonsson | *Senior Vice President; President, Lilly USA; Chief Customer Officer*
- **Environment**
Edgardo Hernandez | *Senior Vice President; President, Manufacturing Operations*
- **Closing Remarks**
David A. Ricks | *Chairman and Chief Executive Officer*
- **Q&A Session**

A photograph on the left side of the slide shows three women sitting around a wooden table in a modern office setting. They are looking at a laptop. A large red arrow points from the photo towards the main title. The photo is partially overlaid by white diagonal lines.

Human Capital Management

STEVE FRY

Senior Vice President,
Human Resources and Diversity





People Strategy

DIVERSITY AND INCLUSION

Improve leadership, our people systems and our culture

**Employee
Journeys**

**Explore
Your Career**

**Leadership
Programs**

**Make it Safe
to Thrive**

**Employee
Resource
Groups**

**Sponsorship
Programs**

**Recruiting
Aspirational
Goals**

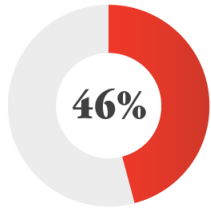


Improving Diversity

Management Positions

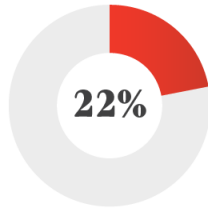
as of 12/31/2020

WOMEN



up from **41%** in 2017

MGM

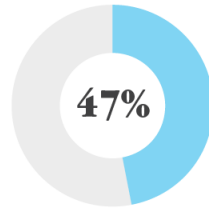


up from **16%** in 2017

Executive Committee

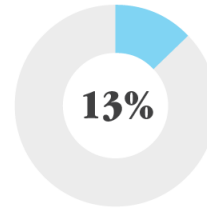
as of 3/19/2021

WOMEN



7 of 15 members

MGM

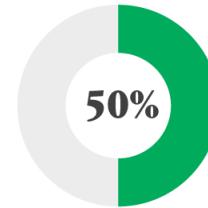


2 of 15 members

Total Workforce: Women

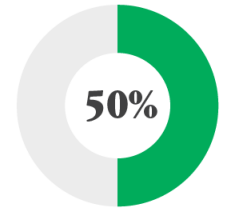
as of 12/31/2020

U.S.



up from **49%** in 2017

GLOBAL



up from **47%** in 2017



Commitment to Employee Well-Being

PHYSICAL WELLNESS, BEHAVIORAL HEALTH AND SAFETY

**Covid-19
Pandemic
Response**

**Top-Tier
Parental Benefits
& Leave Policy**

**Pay and
Benefit
Programs**

**Employee
Safety**

**Employee
Engagement
Surveys**



Social Impact

TIFFANY BENJAMIN

Senior Director, Social Impact;
President, Lilly Foundation





Community Engagement



1,500

**Connecting Hearts Abroad
Volunteers Since 2011**

DONATE



\$328M

**United Way Contributions
Since Partnership Began¹**



\$1.8B

2020 Product Donations



\$29.4M

2020 Cash Donations²

1. Includes contributions from the Lilly Foundation. 2. Including \$26.6M from the Eli Lilly and Company Foundation, Inc., a separate nonprofit organization, commonly referred to as the Lilly Foundation.



Racial Justice



Racial Justice Initiative

\$25M commitment from Lilly Foundation
25,000 volunteer hours over 5 years



Indy Racial Equity Pledge

Commitment to advance racial equity
for Black Americans



Indianapolis Urban League

\$250,000 grant from Lilly Foundation to
establish an Entrepreneurship Center



Unseen Capital Health Fund LP

\$30M limited partner investment to support
minority-owned, early-stage health care companies



Clinical Trial Diversity

Pursuing racial equity in the clinical trials
of our medicines



Health Equity Fund (U.S.)

\$5M commitment over 5 years to Direct Relief to provide
high-quality, culturally-appropriate health care to urban
and rural areas

**Lilly pledges to increase Black American
employment from 10% to 13% and
double our spend with Black American
suppliers and vendors.**



Global Health

Lilly 30x30



Pipeline



Programs



Partnerships

7.3M people reached through 2020

A photograph of an elderly woman with short, grey hair, wearing a white t-shirt and grey pants, sitting on a bed. She is looking out of a window with green curtains. The image is partially obscured by a white diagonal line and a red arrow pointing towards the right.

Access and Affordability

PATRIK JONSSON

Senior Vice President; President, Lilly USA;
Chief Customer Officer





Pricing Structure



List Price

The price Lilly sets for our medicines.

Considering factors including value to the patient, the competitive landscape, research and manufacturing costs, etc.

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Rebates and Discounts

Payments Lilly makes to entities in the U.S. healthcare system to ensure our medicines are available to patients.

That includes insurance companies, pharmacy benefit managers, wholesalers and distributors.

=



Net Price

The final amount that Lilly receives after paying rebates and discounts.

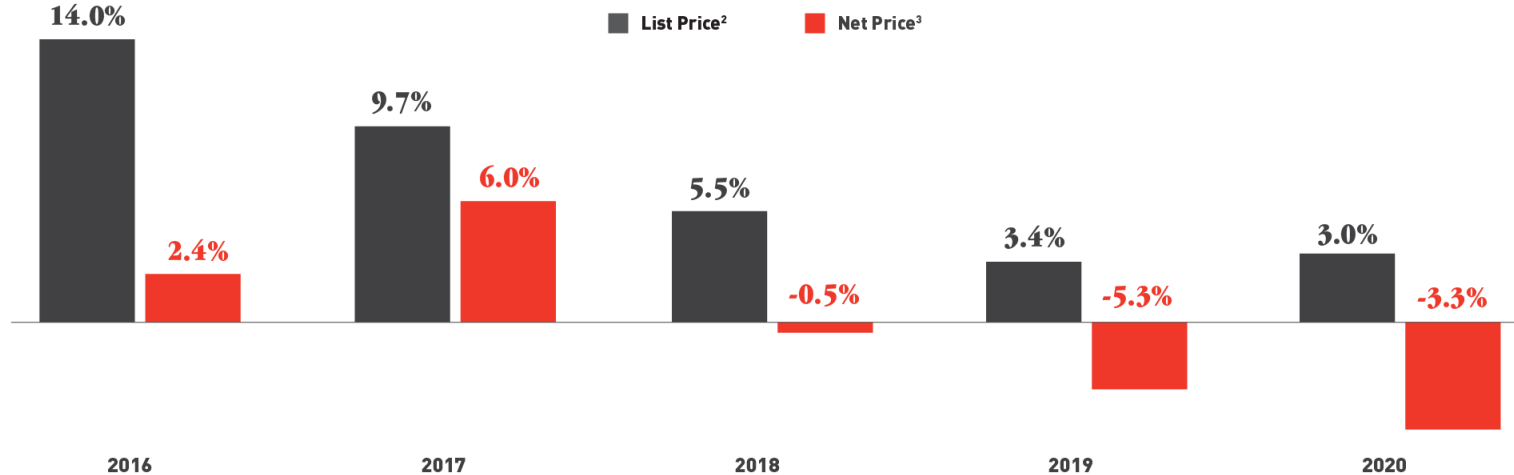
This is the value we earn for our innovation.



Pricing Trends

COMPARISON OF LILLY LIST AND NET PRICE CHANGES FOR U.S. PRODUCT PORTFOLIO¹

% change versus the prior year

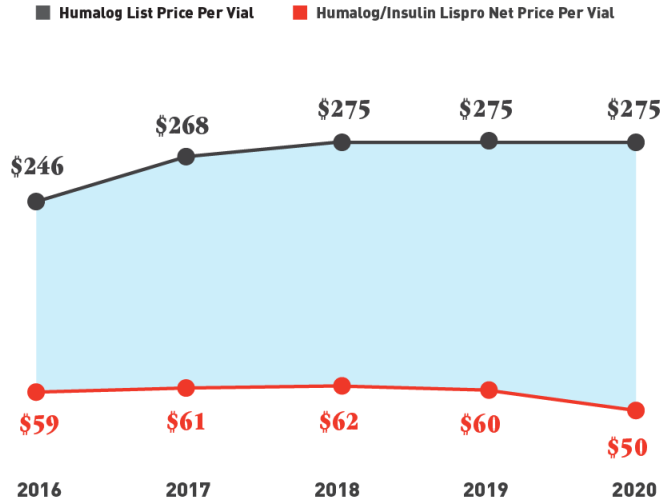


1. U.S. Product Portfolio includes all human pharmaceutical products marketed in the U.S. for which Lilly is the holder of the new drug application (NDA). Bamlanivimab is not included because it is not currently marketed. The U.S. Product Portfolio represents approximately 89% of our total U.S. human pharmaceutical revenue. 2. List Price represents the weighted average year-over-year change in the wholesale acquisition cost (WAC). 3. Net Price represents weighted average year-over-year change in net price, which is WAC minus rebates, discounts and channel costs.

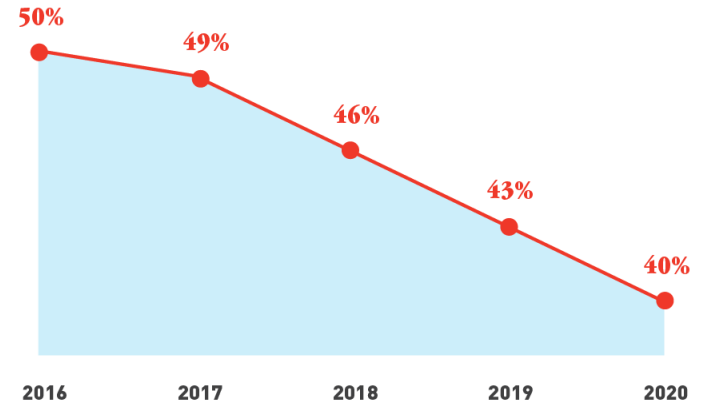


Pricing Trends

HUMALOG® LIST AND NET PRICE PER VIAL¹



AVERAGE LILLY NET PRICE (AS A % OF LIST PRICE) AFTER DISCOUNTS ACROSS THE U.S. PRODUCT PORTFOLIO²



1. The average net price per vial, the amount Lilly receives after rebates and discounts, is calculated by dividing the total net vial sales (Humalog and Insulin Lispro vials), by the total vials sold.

2. The average net price percentage is calculated by dividing net sales, the amount Lilly receives after rebates and discounts, by the annual gross sales (total sales at list price, prior to all discounts).



Increasing Access



Diabetes Solution Center



Affordable solutions for migraine, immunology diseases and cancer

Anyone using Lilly Insulin - regardless of their insurance status - is now eligible to buy their prescription for **\$35 per month.***



System Solutions Needed

1

REBATE PASS-THROUGH

Insurers pass through our negotiated rebates directly to the customer at the pharmacy counter

2

FIRST DOLLAR COVERAGE

Exempts certain health care services for chronic conditions, including medicines such as insulin, from an insurance plan's deductible

3

MEDICARE PART D OUT-OF-POCKET CAPS

Limit the out-of-pocket costs for Medicare Part D patients, providing a critical financial safeguard



Environment

EDGARDO HERNANDEZ

Senior Vice President;
President, Manufacturing Operations





Climate Change



2030 Climate Goals

Purchase 100% renewable electricity

Carbon neutral in our own operations

Enhance full value-chain emissions reporting

Actions



Energy and Emissions

- Reduced Emissions Intensity by 22%¹
- Improved energy efficiency for heating and cooling by 15% at our Indianapolis headquarters¹
- Invested \$50 million from our dedicated internal Energy and Waste Reduction Fund²



Renewable Electricity

- On-site solar arrays installed in France, Italy, Ireland and India
- Active projects to add over 10 megawatts of solar capacity to our sites in Puerto Rico, Ireland, France, and Spain in the next year



Carbon Neutrality Strategy

- Reducing consumption through continued energy efficiency improvements
- Replacing carbon-intensive processes and energy sources with low-carbon alternatives
- Off-setting remaining emissions with high-quality carbon off-sets

1. Since 2012. 2. Since 2006.



Waste Management

Actions



2030 Waste Goals

Zero waste to landfills

100% of plastic waste repurposed for beneficial use, with at least 90% recycled or reused

Integrate sustainability into product and packaging designs



Waste Efficiency

- Improved by 32% from 2012-2020



Recycling

- Enhanced recycling rate to 78% in 2020
- Waste to landfill declined to 6% in 2020



Focus on Plastics

- Recycling packaging material for incoming components
- Pilot take-back program in Germany



Product Packaging

- Created a reusable shipping container coming in 2022



Water Security

Actions



2030 Water Goals

Implement water management plans

100% of sites continue to meet predicted no-effect concentrations

Controls with Lilly contract manufacturers to prevent discharge of pharmaceuticals in wastewater



Water Consumption

- Recycled or reused over 270M liters of water in 2020



Phosphorus Emissions

- Reduced phosphorus emissions by 35% through 2020



“A-” Rating from CDPs Water Program

- Above average for our industry



Closing Remarks

DAVID A. RICKS

Chairman and Chief Executive Officer

“The broad over-all policy of this concern is to conduct its affairs so that ‘the greatest good for the greatest number over the longest period of time’ will result.”

ELI LILLY

Lilly Supervision, May 1947

Q&A

Lilly