



# The power of environmental goal-setting

IDEM Partners for Pollution Prevention  
Conference – September 30<sup>th</sup>, 2015

# Objective, agenda

## **Objective**

- Understand the value of goal setting to your business

## **Agenda**

- Company overview
- Our sustainability evolution
- Rationale for goal-setting
- Performance
- Lessons learned

# Our Fundamentals

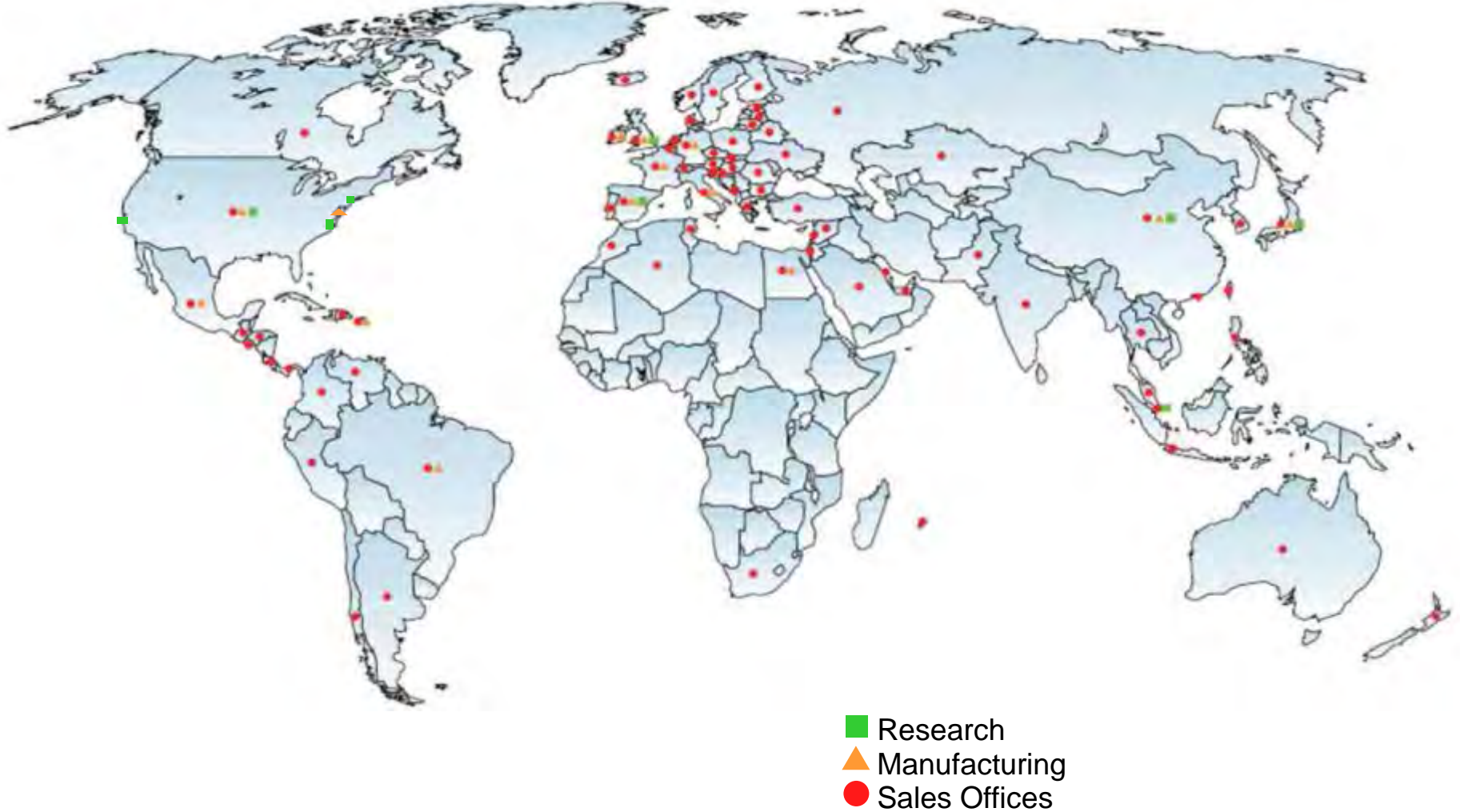
- Our Mission: We make medicines that help people live longer, healthier, more active lives.
- Our Vision: We will make a significant contribution to humanity by improving global health in the 21st century.
- Our Values: Integrity, excellence, respect for people



# Global Fast Facts

- A heritage more than 138 years strong, founded on May 10, 1876
- Headquarters located in Indianapolis, Indiana, U.S.A.
- Approximately 41,000 employees worldwide
- More than 8,000 employees engaged in research and development
- Clinical research conducted in more than 55 countries
- Research and development facilities located in 6 countries
- Manufacturing plants located in 13 countries
- Products marketed in 120 countries

# Our Global Presence







# Our Responsibility

For more than 135 years, Lilly has demonstrated a commitment to be a responsible global citizen—in large part through a long history of philanthropic contributions. Our greatest contribution to society, however, is to continue to discover and develop innovative medicines.

Lilly also demonstrates corporate responsibility through:

- Improving global health – with a focus on people in need
- Patient programs
- Supporting communities
- Giving
- Volunteering
- Operating responsibly
- Environmental stewardship.

# Awards and Recognition

- 2020 Women on Boards Winning Company
- Lilly named one of the 50 Leading Companies for Women in the Asia-Pacific Economic Cooperation region and beyond for our efforts to increase women's leadership opportunities in the workplace, "Top 50 Leading Companies for Women in APEC region"
- *Diversity Inc.*, "Top 50 Companies for Diversity" and "Top 10 Company for LGBT Employees"
- Enterprise Engagement Alliance, "Top 25 Most People-Centric Company"
- Forbes.com, "Most Generous U.S. Companies"
- *Fortune Magazine*, "Global Top Companies for Leaders"
- Human Rights Campaign Foundation, "Corporate Equity Index–Perfect Score"
- Institutional Investor, "Top Shareholder-Friendly Companies"
- International Chamber of Commerce, "World Business and Development Award"
- *LATINO Magazine*, LATINO 100 "Top Companies Providing the Most Opportunities for Latinos"
- *Med Ad News*, "Most Admired Global Companies"
- Top Companies for Executive Women, National Association of Female Executives
- Project HOPE, "Global Health Partner Award"
- *Science Journal*, "Top 20 Biopharmaceutical Employers"
- *Science Magazine*, "Best Companies for Scientists" and "Top 20 Employer Science Careers"
- *The Scientist Magazine*, "Top 30 Best Places to Work in Industry"
- U.S. Department of the Interior, "Take Pride in America"
- U.S. Small Business Administration, "Outstanding Rating for Supplier Diversity Initiatives"
- United Way of America, "Summit Award for Corporate Philanthropy, Community Investment and Community Impact" and "Spirit of America®"
- *Working Mother Magazine*, "100 Best Companies for Working Mothers" for 20 consecutive years

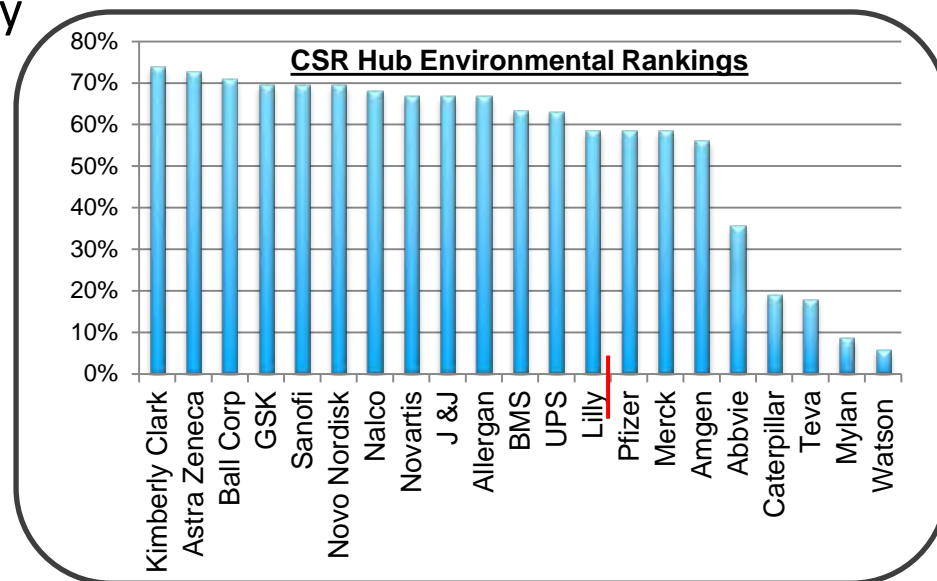




# Sustainability: External Communication and Recognition

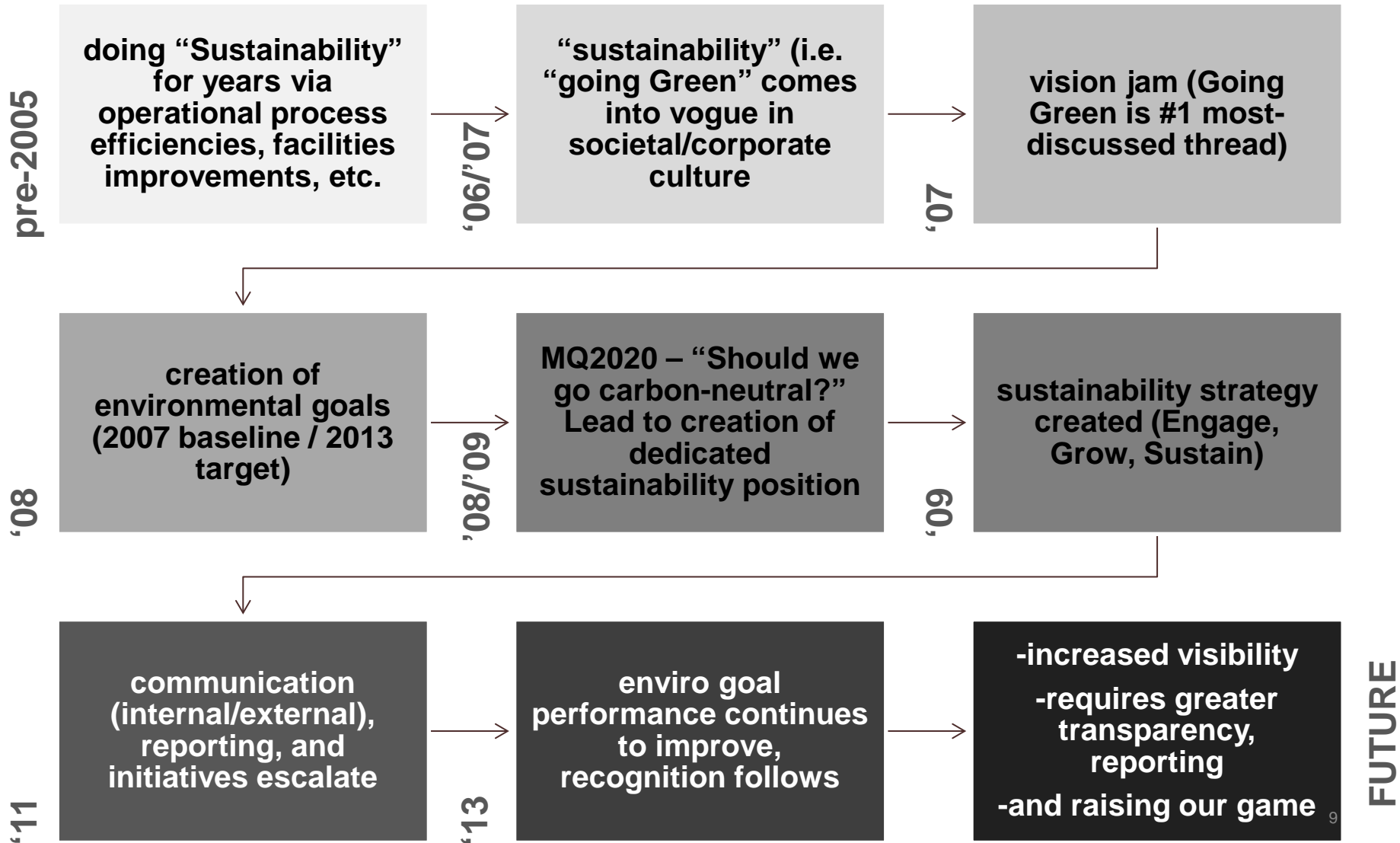
Our performance is transparently communicated in a number of ways:

- Lilly Corporate Responsibility Report
- CDP: Carbon Disclosure Project (climate change and water)
  - Recognized tool used by institutional investors to assess the sustainability risk in their investment portfolios
- UNGC (United Nations Global Impact)
- Locally originated communications, award submissions to community organizations & regulators



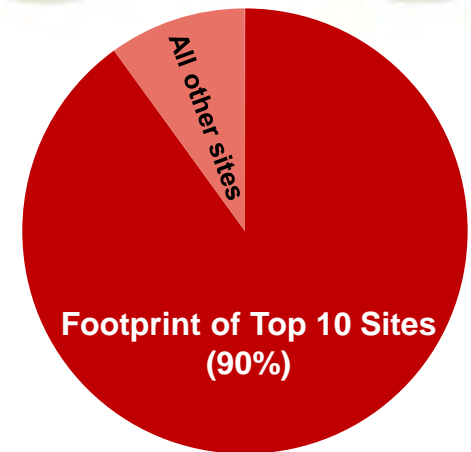


# Our sustainability evolution



# Sustainability Strategy

- Focus on environmental goals - impact to the Triple Bottom Line: People, Planet, and Profit
- Capital fund (\$36M invested since 2006)
- Integrating sustainability requirements in our facilities design processes
- Evolving our governance to drive transparency, action and accountability
- Top 10 manufacturing sites are key to our performance



# Eli Lilly and Company Sustainability Strategy Framework



## Corporate Objectives

- Make Life Better
- Deliver strong business results
- Speed Innovation



## Vision / Mission

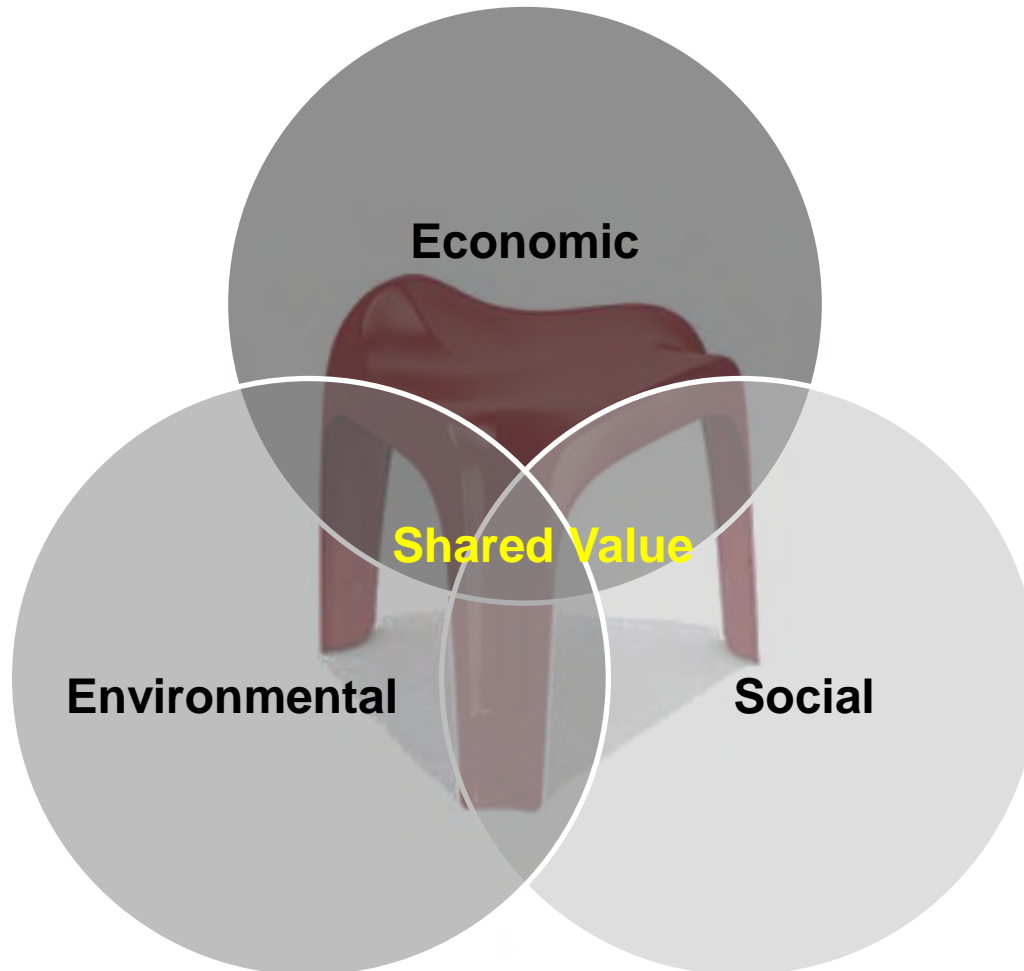
- Run our business in a sustainable manner
- Strive for upper-tier performance within Pharma



## Actions and Tactics

- Set / hit our environmental goals
- Prioritize key programs and initiatives
- Engage employees and external stakeholders
- Look for opportunities to provide value to the business

# Goal rationale



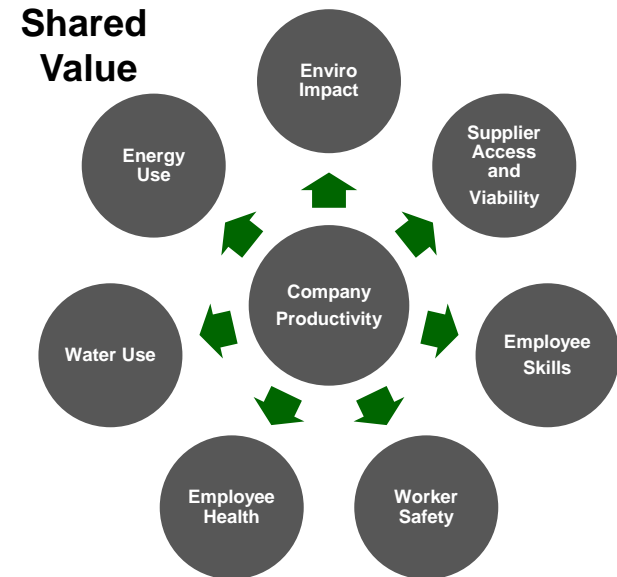
# Why is this important for our business?

## Our goals:

- Set clear direction & focus the organization
- Change behavior
- Drive culture
- Demonstrate transparency & commitment

## We Value:

- Continued cost savings
  - **~\$185M** savings from '07-'12 from progress toward current goals / **~\$176M** in forecasted savings for new goal period
  - Energy, Waste, Water Reduction Capital Fund (EWRF) has average 1.8-yr simple payback
- Reduced environmental impact
- Improved social impact (branding, stakeholder engagement, community impact)

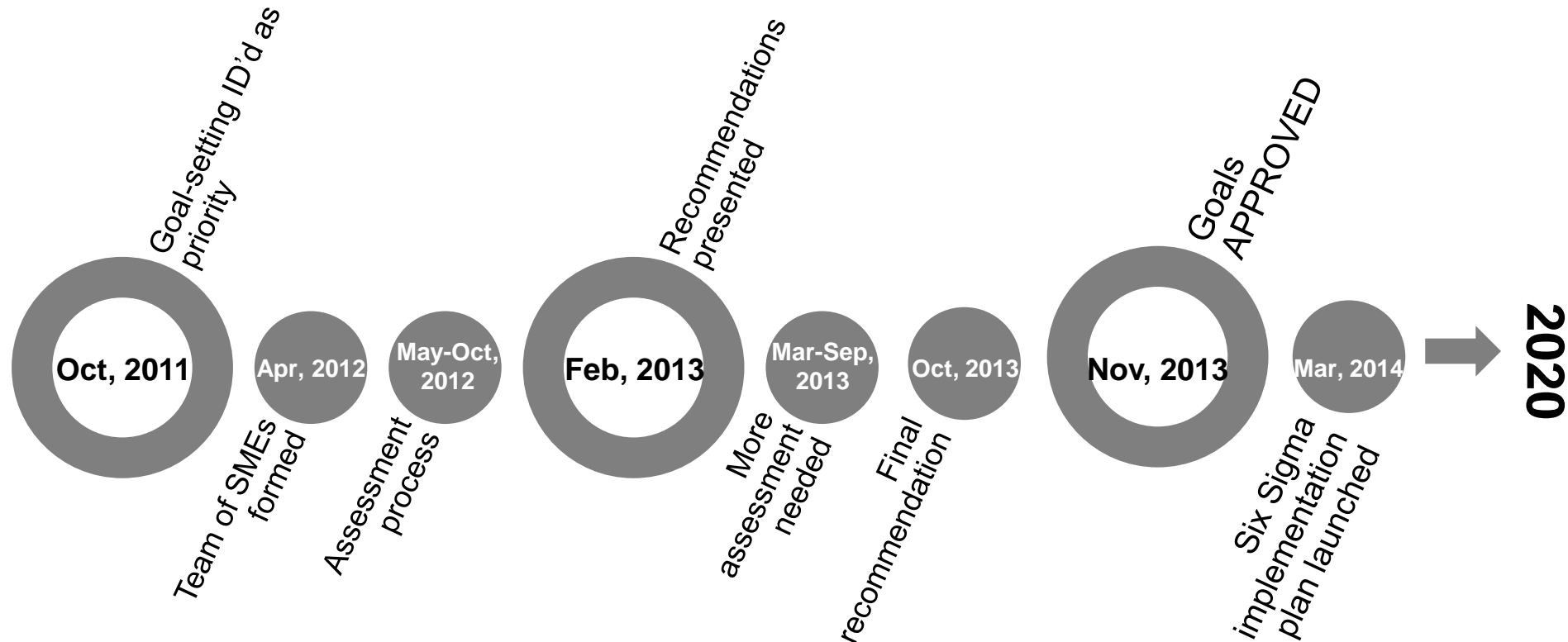


## We are committed to:

- **Leverage efficiencies via goals** to achieve value (i.e. Every Dollar Counts).
- **Stay in step with pharma the sector.**






# Our goal-setting journey



Past goal period: 2007-2013

# 2020 Environmental Goals

	Goal	Performance	Savings
 <b>Energy</b>	20% (efficiency)		\$160M
 <b>Waste</b>	20% (efficiency)		\$15M
 <b>New Phosphorus</b>	15% (emissions)		Compliance

Continued partnership, targeted initiatives, and improved governance will be needed to drive continuous sustainability improvement

# Sustainability in Action:

## Building a Sustainability Mindset

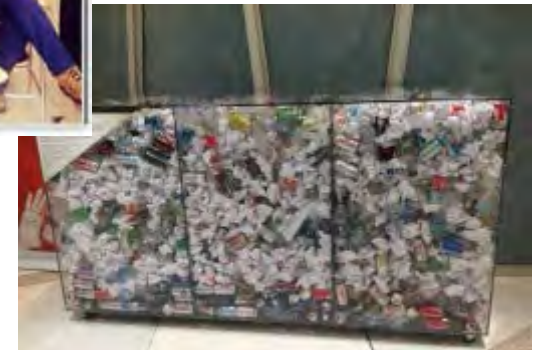
- Prioritizing energy goal to maximize cost savings
  - Via site-driven project portfolios
- Recognizing global environmental achievement
- Leveraging global green teams
  - Employees can initiate ideas, get involved and make an impact
- Utilizing robust recycling programs
  - Multiple sites utilize centralized recycling and trash
  - 16 sites are zero-landfill
- Selectively implementing renewable energy
  - Roughly 8% of our energy portfolio

HSE Award Winners



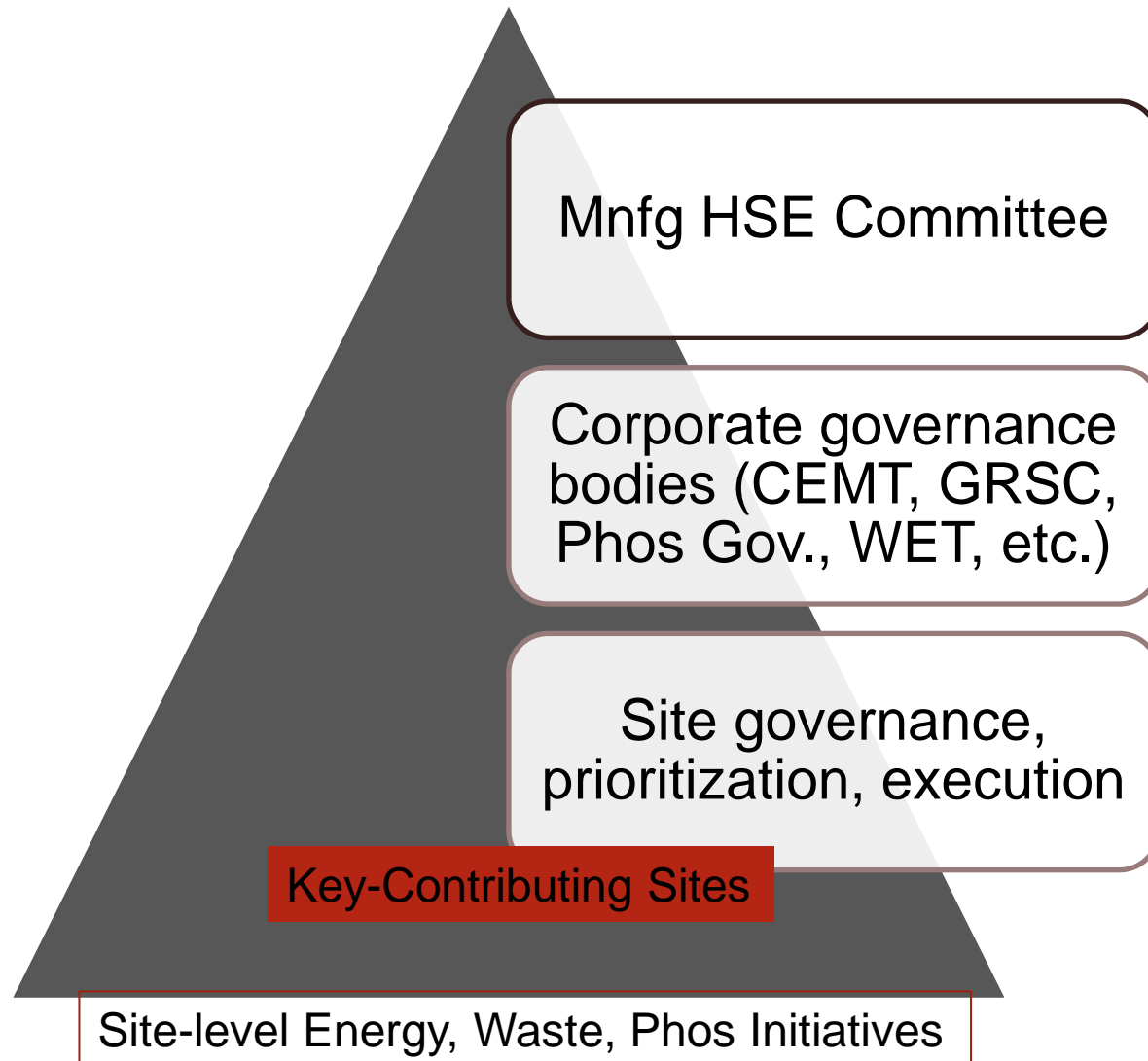
Brazil Green Team

Recycling cube display



40-acre solar farm in Branchburg

# Goal governance structure



# Top -contributing sites focus



Goal  
Specific  
Timelines &  
Initiatives



Global  
HSE  
ETC  
TS/MS  
(phosphorus)



Significant  
Contributing  
Site Focus

**Functional and Site Coordination**



# RMAPP Team Environmental Goal transformation map

## Energy

- Project portfolios
- Submetering
- Re / Retrocommissioning
- HVAC Optimization
- LRL impact assessments
- Process energy assessments

## Phosphorus

- Define baseline
- Feasibility assessments
- Execute center and site-specific initiatives
- Proliferate throughout networks

## Waste

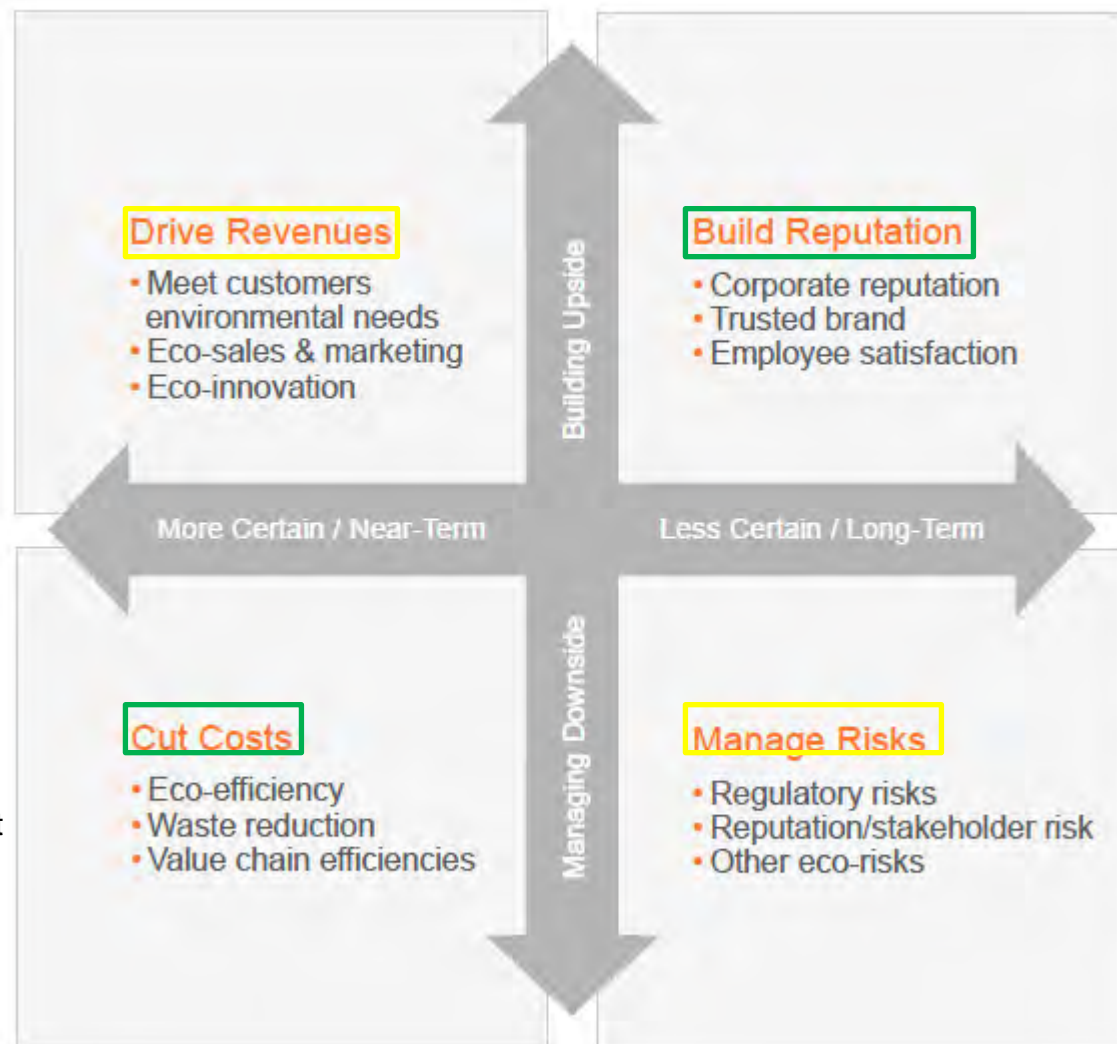
- Define normalization factors per each site (unit of production)
- Establish waste teams at top-contributing sites
- Conduct site-level waste assessments
- Assess, identify and prioritize potential projects

**2014 - 2020**

# The business value for sustainability

- Business units represent emerging opportunities
- LCAs necessary to demonstrate value for human health products

- Clear benefit / business Rationale (\$30M+ per year)
- Clear benefit / impact on environmental goals



- Aligns with CSR strategy
- Internal (employee) impact
- Meets external stakeholder impact/expectations

- Right to operate
- Necessary / right thing to do (manage the down-side)
- Do no harm



# Lessons learned

- Where do you want to be?
  - Lagging?
  - Middle of the pack?
  - Leading?
- The 3 legs of the triple bottom line stool are not equal
- Crystalize and communicate the business value (especially internally)



# Questions?

