



Lilly Australia 2022 Modern Slavery Statement

This statement is made by Eli Lilly Australia Pty Ltd, the reporting entity, pursuant to section 13 of the *Modern Slavery Act 2018* (Cth) for the annual accounting period ending 31 December 2022.

Our Purpose

Lilly unites caring with discovery to create medicines that make life better for people around the world. At Lilly, we work every day with the goal of growing our business in responsible and sustainable ways that better people's lives and benefit society. Over 47 million people count on Lilly medicines each year. In the nearly 150 years we've been in business, we've developed and delivered trusted medicines that help people get better, feel better and live better. As part of our mission to improve lives around the world, we are committed to creating a safe, supportive, ethical, and rewarding work environment.

Three long-established core values guide Lilly in all that we do: 1) **Integrity**: We conduct our business consistently with all applicable laws. We are honest in our interactions with patients, customers, and employees, 2) **Excellence**: We pursue pharmaceutical innovation, provide high-quality products and strive to deliver superior business results and 3) **Respect for People**: We maintain an environment built on mutual respect, openness and individual integrity. We're committed to the wellbeing of all people who touch or are touched by our company: patients, customers, employees, shareholders, and communities. Lilly supports the United Nations Global Compact Ten Principles on respecting internationally proclaimed human rights. While our purpose encapsulates discovering innovative medicines, it also guides our commitment to ensure employees, partners and suppliers uphold our values and respect human rights as we work together to improve lives.

Eli Lilly Australia Pty Ltd ("Lilly Australia") is committed to ensuring we understand and address the risks of modern slavery in our operations and supply chain.

Our Organisation

Lilly Australia and Lilly NZ – Consultation, Structure, Operations and Supply Chain

This statement describes the actions taken by Lilly Australia to assess and address the risks of modern slavery in its operations and supply chain, and in those of its wholly controlled entity, Eli Lilly and Company (New Zealand) Limited ("Lilly NZ"), together referred to as Lilly ANZ.

Lilly's operations in NZ are field based, with less than 10 sales representatives located in NZ. All other NZ support including procurement and the engagement of suppliers is provided by Lilly Australia. Certain directors of Lilly Australia are also the directors of Lilly NZ and have a full understanding of Lilly NZ's business operations and supply chain.

Lilly ANZ is part of the Eli Lilly Group of Companies ("Lilly"). Our ultimate parent company, Eli Lilly and Company, is located in Indianapolis, United States. Lilly researches, develops, manufactures, and sells pharmaceutical products around the world. Lilly ANZ promotes and sells Lilly products in Australia and NZ and facilitates the conduct of clinical trials in Australia and New Zealand for Lilly.

Lilly ANZ suppliers provide goods and services across a range of categories, including:

- sales, marketing, and administration
- distribution arrangements
- clinical trials and real-world evidence research
- information technology



In the reporting period, Lilly ANZ contracted predominantly with suppliers in Australia and NZ, but also sourced limited goods and services from suppliers located in other countries.

Risks of modern slavery practices in the operations and supply chain of Lilly ANZ

Lilly supports the United Nations Global Compact principles, adheres to human rights and labour laws, and complies with anti-corruption practices. In 2011, Lilly revised its global standards and procedures to include specific language about human rights, including Lilly's expectation that suppliers abide by human rights standards as part of the [Lilly Supplier Code of Business Conduct](#).

Lilly is an active participant in the Pharmaceutical Supply Chain Initiative ("PSCI") industry group and adopted the PSCI principles for responsible supply chain management in 2009. The PSCI principles are designed to align with the principles of the United Nations Global Compact. They represent high-level expectations set for industry suppliers in the areas of ethics, labour, health and safety, the environment and related management systems. Lilly's Supplier Code of Business Conduct reflects the [PSCI principles](#).

Compliance Review and Contracting

In compliance with Lilly global procedures, suppliers in Lilly ANZ's supply chain are reviewed for relevant compliance and quality issues at the initiation of their relationship with Lilly ANZ. This includes an assessment of modern slavery risk. All agreements require that suppliers represent and warrant to Lilly ANZ that they comply with all applicable laws and regulations. For any supplier not meeting Lilly ANZ's expectations under its contractual arrangements, we reserve the right to terminate the agreement.

Internal Accountability

Lilly requires that all Lilly employees around the world comply with Lilly's internal code of business conduct, [The Red Book](#). The Red Book is a statement of principles that guides Lilly's operations. These principles are based on 11 corporate policies and are consistent with Lilly's company values of integrity, excellence, and respect for people. The Red Book sets the expectation for behaviour and provides the ethical framework of Lilly's business. Lilly's global procedures, standards and training align with the Red Book.

Lilly policy encourages all staff to report known or suspected issues, concerns, or behaviour that could harm Lilly or those it serves. Lilly's whistle blower protection policy, 'Speaking Up: No Retaliation', reinforces Lilly's commitment to the highest standards and conduct in all our business activities.

Training

Lilly requires ongoing training and education of all employees including our supply chain management on The Red Book, associated policies and procedures, and applicable legal requirements for specific roles. Under Lilly global and local ANZ procedures, all employees must follow ethical procurement practices and Procurement must be engaged in all transactions over a certain material spend. Employees across various functions receive targeted training and education including on 'Working with Third Parties'.

Culture of Integrity and Ethical Behaviour

At Lilly, we are committed to upholding high standards of corporate conduct in our business dealings. The Red Book, our policies and procedures, compliance management systems, training programs and communications are designed to work together to reinforce a culture of integrity and ethical behaviour. Lilly's strong compliance culture is supported by the following departments: Ethics and Compliance, Human Resources, Legal, Finance and Procurement, Quality and Audit. Furthermore, Lilly is committed to improving our positive impact in Environmental, Social & Governance areas. Lilly develops goals at the corporate level and monitors its performance on these areas on a yearly basis.

Actions taken by Lilly ANZ to assess and address modern slavery risks

Expansion undertaken of modern slavery risk assessment.

Following our initial two reviews of modern slavery risk in our supply chain, we have continued to include modern slavery risk in our local risk assessment process for the engagement of suppliers engaged by the affiliate. This assessment must be completed prior to engaging any new suppliers and on renewal of engagements with existing suppliers. Any suppliers assessed as high risk of likelihood of modern slavery (that is, on both risk dimensions: country of supplier and category of goods or services) are subject to increased scrutiny and additional due diligence which can include site visits and inspections. Further, where a supplier is assessed as high risk, Procurement and Legal must be consulted prior to progressing with the engagement. If a supplier is assessed as high risk on one rating only, that is, country or category of services/goods only, they are flagged for review and follow up.

Annual Assessment

Lilly Australia monitors recommendations for compliance with regulations addressing modern slavery throughout the year, and we liaise with other Lilly affiliates with similar requirements to share best practices across countries. Locally, we have continued in our annual review of Lilly ANZ's supply base to include an assessment of modern slavery risks, adopting the methodology used in our initial assessment and as reported below.

For the purposes of assessing the risk of modern slavery for the reporting period, Lilly ANZ conducted a risk assessment of Tier 1 suppliers, that is, suppliers from whom Lilly ANZ directly procures goods and services. Some categories of Tier 1 suppliers such as healthcare professionals and clinical trial investigators, as well as expenses charged to corporate credit cards, were excluded from this assessment.

Tier 1 suppliers assessed included both those characterised as:

- active vendors listed in finance systems, including those from whom Lilly ANZ may not have procured any goods or services in the reporting period, which group totalled 317 suppliers.
- suppliers from whom Lilly ANZ procured goods and services in the reporting period, totalling 236 suppliers.

This continues to be considered an appropriate base to assess modern slavery risks in Lilly ANZ's supply chain for the reporting period. Lilly Australia has used the GSI report to assess the risk of its vendors in previous years. Utilising the updated 2023 [Global Slavery Index](#) report, risk was assessed based on country and category of goods or services, as the factors most determinative in assessing the likelihood of modern slavery risk. For the purposes of our review, high risk countries were considered those in the top 117 of 160 countries, that is above 0.35% estimated prevalence of modern slavery per 1,000 population.

Most Tier 1 suppliers were assessed as low risk, as both country and category were low risk. There were no Tier 1 suppliers in both a high-risk country and a high-risk category, and consequently no Tier 1 suppliers were considered high risk.

With two exceptions, all suppliers are in countries with a low risk geographically. Of 236 Tier 1 suppliers with spend in the reporting period, 228 are in Australia and New Zealand, 3 in the US, 2 in the United Kingdom, and 1 in Switzerland, all countries with a low risk geographically. The two existing suppliers in a high-risk country continue to be assessed as low risk. The relevant services are low risk and Lilly's risk assessment of the supplier, both at initiation of the relationship some years ago and since then, is low risk. Even so, these suppliers have been flagged to ensure continued assessment, and Lilly ANZ will consider appropriate action if our risk assessment changes.

There were 2 suppliers who provided goods and services in a higher risk category but where the country risk is low. Again, Lilly will continue to monitor those suppliers and take appropriate action should this be required.

Addressing Modern Slavery Risks

Agreements

Based on the nature and level of the risk identified, in addition to incorporating the Lilly Supplier Code of Business Conduct, Legal may incorporate additional terms including audit rights, or otherwise tailor the terms of the agreement to address the risk identified. For any supplier not meeting Lilly's expectations under its contractual arrangements, Lilly ANZ reserves the right to terminate the agreement.

Planned expansion of modern slavery risk assessment

In continuing our efforts to assess and address modern slavery risks, we have developed a Self-Assessment Questionnaire (SAQ) and where high-risk vendors are identified, completion of the SAQ by the supplier is required as part of our risk assessment process. Should the SAQ identify any risk factors, appropriate risk mitigation actions will need to be identified, and remediation plans developed and progressed on schedule by the supplier prior to Lilly ANZ proceeding with the engagement.

The SAQ is being reviewed and will be updated to ensure the affiliate gets the most relevant information needed from vendors internally assessed as 'High-Risk'.

As part of our risk-based approach, we do not intend undertaking additional due diligence or other measures for suppliers assessed as low risk.

Awareness and Education – Ourselves and Our Suppliers

The Lilly ANZ leadership team continues its commitment to ensuring we understand and address modern slavery risks in our Lilly ANZ operations and supply chain. We continue to educate and train Lilly ANZ leadership and relevant employees on modern slavery including the awareness of risk, appropriate decision-making, swift reporting and action when required. Modern slavery awareness and training was delivered across the affiliate in 2022. Going forward, this targeted training will be incorporated into our internal training processes for relevant stakeholders to ensure we reinforce the importance of assessing modern slavery risks in our operations, and Lilly ANZ's requirements when engaging suppliers regarding this.

Effectiveness of these actions

As we continue to execute our due diligence and monitoring activities, and engage further with suppliers, Lilly ANZ will assess the effectiveness of the actions it takes and consider other measures that may be required to uncover modern slavery risk, recognising that modern slavery is a complex issue that can manifest at different levels in our supply chain.

Responding to the call to address Modern Slavery Risks in our business.

Our commitment to understanding and addressing modern slavery risk in our business operations aligns with Lilly's focus on supporting human rights and making a meaningful contribution to the world. Please refer to Lilly's [2022 ESG Report](#) and [ESG Strategy](#) and Lilly's [2021 UNGC Communication on Progress](#).

Each of these efforts flows directly from Lilly's purpose, and from our core values of integrity, excellence, and respect for people.

This statement was approved by the Board of Directors of Eli Lilly Australia Pty Ltd on 27 June 2023.

A handwritten signature in black ink, appearing to be 'Tori Brown', with a long horizontal line extending to the right.

Tori Brown

General Manager & Director, Eli Lilly Australia Pty Ltd (ACN 000 233 992)

June 26, 2023

For any questions about Lilly ANZ's efforts relating to modern slavery risks, please email Lisa Julian, Corporate & External Affairs Associate Director at julian_lisa@lilly.com