



## **Lilly Australia 2020 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 2020.

### **Our Purpose**

Lilly's purpose is to unite caring with discovery to create medicines that make life better for people around the world.

Across the globe, Lilly employees work to discover and bring life-changing medicines to those who need them, improve the understanding and management of disease, and give back to communities through philanthropy and volunteering. Since its founding 145 years ago, Lilly has pioneered major breakthroughs like insulin and the polio vaccine and has worked to make sure these discoveries reach the people who need them most. Powered by our purpose, Lilly responded with urgency, resilience and the full force of our scientific expertise to help combat the COVID-19 pandemic and its devastating effects on our most vulnerable communities and health systems around the world.

Lilly supports the United Nations Global Compact Ten Principles on respecting internationally proclaimed human rights. One of our long-established core values – respect for people – guides us to maintain and uphold an environment built on mutual respect, openness and individual integrity. This includes our concern for all people who touch or are touched by our company – patients, customers, employees, shareholders, partners, suppliers and communities. 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 fewer 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 full knowledge and 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 employs approximately 35,000 staff worldwide with more than 7,800 engaged in research and development. Lilly conducts clinical research in 55 countries, has research and development facilities in 8 countries, and markets products in 120 countries.

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 employs approximately 200 staff working in marketing, sales, clinical development, and support services. Lilly ANZ has 20 medicines in Australia and 11 in New Zealand including for the treatment and management of diabetes, cancer, immunology and pain. Since 1 January 2010 Lilly has conducted a total of 115 clinical trials in ANZ.



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 goods and services from suppliers located in other countries.

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

For the purposes of identifying the risk of modern slavery in our supply chain, 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.

Suppliers assessed included both those characterised as:

- active vendors listed in finance systems, but from whom Lilly ANZ may not have procured any goods or services in the reporting period, which group totalled 377 suppliers
- suppliers from whom Lilly ANZ procured goods and services in the reporting period, totalling 235 suppliers

This was considered an appropriate base to assess modern slavery risks in Lilly ANZ's supply chain for the reporting period, recognising capability and procedures will be further developed over time. Utilising the [Global Slavery Index 2018](#), 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 120 of 167 countries, that is above 0.25% estimated prevalence of modern slavery per 1,000 population.

Lilly ANZ assesses most of its Tier 1 suppliers as low risk, as both country and category were low risk. There were no suppliers in both a high risk country and a high risk category and consequently no suppliers were considered high risk.

With one exception, all suppliers were in relatively low risk countries. Of 235 suppliers with spend in the reporting period, 225 were in Australia and New Zealand, 6 in the US, 2 in Ireland and 1 in the UK. One supplier of professional (digital marketing) services was in India, a high risk country. Following further review, this supplier was assessed as low risk as the relevant services are low risk and Lilly's risk assessment of the supplier, both at initiation of the relationship some years ago and regularly since then, is low risk. Even so, this supplier has been flagged to ensure continued assessment, and Lilly ANZ will consider appropriate action if our risk assessment changes.

In Lilly ANZ's extended supply chain, as for most businesses in Australia, three categories of goods present higher risks: electronics and IT hardware, uniforms and apparel, and food and catering. There are known risks for example of debt bondage and forced labour in electronics and apparel from SE Asia, in the Brazilian coffee growing industry and of child labour in the Vietnamese and Columbian coffee growing regions.

In the reporting period, Lilly ANZ had 3 suppliers who provided electronics and IT hardware, one supplier of apparel and two suppliers of food and catering. All of these suppliers are Australian businesses and distributors.



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

Lilly ANZ views its supply chain as an extension of its operations and strives to instil Lilly's global operating principles within its supply chain. 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. All agreements require that suppliers represent and warrant to Lilly ANZ that they comply with all applicable laws and regulations. Where a risk of modern slavery is assessed in respect of a supplier, Procurement must consult with Lilly Legal. 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 additional audit rights or otherwise tailor the terms of the agreement to address the risk identified. For any supplier not meeting Lilly ANZ's expectations under its contractual arrangements, Lilly ANZ reserves 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 whistleblower 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, Procurement must be engaged in all transactions over a certain material spend and must follow ethical procurement practices. Employees in relevant functions receive training and education on 'Working with Third Parties'. Lilly ANZ is currently assessing expansion of this training to include training on assessing and addressing modern slavery risks.

### **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.



### **Implementation of modern slavery risk assessments**

We have expanded our pre-existing annual review of Lilly ANZ's supply base to include an assessment of modern slavery risks, adopting the methodology used in this initial assessment and utilising the Global Slavery Index 2018, as updated or revised. As a result of our annual review, suppliers assessed as high risk, both country and category, will be subject to additional due diligence and increased scrutiny. As part of this 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 is committed to implementation of appropriate measures to ensure we understand and address modern slavery risks in our operations and supply chain. We will 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. We will also continue to educate and engage our suppliers.

### **Effectiveness of our actions**

As we 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.

Lilly ANZ is currently considering various means by which high risk suppliers, goods and services can be identified and those risks managed routinely as part of Lilly ANZ's procurement processes. Over the coming year we will test various approaches to modern slavery risk assessment, including the effectiveness of the expanded annual review of our supplier base. We will also consider further measures which may be appropriate where suppliers are identified as high risk.

Lilly ANZ recognises the importance of the input of several functions of our business, and draws on support from these functions, such as Legal and Procurement, in managing modern slavery risks. Lilly ANZ will continue to identify opportunities for improvement as part of its ongoing modern slavery compliance journey.

### **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 [2020 ESG Report](#) and [ESG Strategy](#) and Lilly's [2019 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 25 June 2021.

**Benjamin L. Basil**  
General Manager & Director, Eli Lilly Australia Pty Ltd (ACN 000 233 992)

**28 June 2021**

For any questions about Lilly ANZ's efforts regarding modern slavery risks, please email Dee Gunasekara, Corporate Communications Manager at [gunasekara\\_dee\\_kumari@lilly.com](mailto:gunasekara_dee_kumari@lilly.com)