

Australian Packaging Covenant

Action Plan 2015 to 2020

1st March 2015 – 31st Dec 2020

Eli Lilly recognizes that APC KPI's are likely to change in 2016 following a review of the Covenant. Many of the actions in this document commit to a longer timeframe and may not entirely align to the KPIs of the Covenant after 2016. This document will be reviewed in 2016 and adjusted where appropriate to meet revised goals.



EXECUTIVE SUMMARY

Eli Lilly has been a signatory to the National Packaging Covenant (Now the Australia Packaging Covenant - APC) since 2002. During that time significant improvements have been made in respect to waste and energy management as well as sustainability. This has included improvements to our products and packaging to reduce waste and the use of hazardous substances.

Eli Lilly Australia is a sales and marketing affiliate of a global pharmaceuticals company and has two focus areas: Human health and Animal health. As such there are limitations on the influences we can have on product change particularly because of overriding legislation and governance relating to the pharmaceutical industry and because of the global manufacture of our brand products. Nevertheless Eli Lilly Australia remains positively and fully committed to making environmental improvements wherever possible

The action plan for the next five years has been structured based on realistic activities that we can undertake locally to help us to improve and comply with local legislation in accordance with the APC and the Sustainable Packaging Guidelines.



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Commitment to the Action Plan

Eli Lilly Australia's (Lilly) overall objective is to reduce its contribution to environmental degradation and to conserve resources through consideration of its activities particularly around water usage, energy consumption and waste reduction, including the disposal of used packaging and the re-use and recycling of used packaging materials. As such Lilly is fully committed to the APC and its objectives.

This Action Plan has been developed by the Health Safety and Environmental Team; Reviewed and approved by Senior Management as illustrated below:

This report has been endorsed by:

- Rebecca Morison - General Manager, Eli Lilly Australia Pty Limited
- May Yuan - HR Director
- Michele Genini - Director Elanco Animal Health ANZ – APAC Commercial.

Signed: _____

Name: Rebecca Morison

Date:



About Eli Lilly

Globally, locally and personally, we devote our time, resources and expertise to advancing medical science, improving global health, strengthening the communities in which we work and live, and operating responsibly as a company. This is part of our heritage and our promise to make life better for people around the world.

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

Lilly supports the Pharmaceutical Industry Principles for Responsible Supply Chain Management, as set forth by the Pharmaceutical Supply Chain Initiative (PSCI), an industry group in which Lilly is an active participant. PSCI principles were 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, labor, health and safety, the environment, and related management systems. Upon adopting the principles, we revised and updated our Supplier Code of Conduct to reflect these principles.

Through our participation in the PSCI, we're proud to stand alongside 13 other pharmaceutical companies that share a goal of providing suppliers and service providers with common health and safety, environmental, labor, ethics, and business management standards.

Eli Lilly and Company also incorporates Elanco and Novartis Animal Health, meeting the needs of Farm Animal production and Companion Animal Health. For the purpose of this action plan "**Lilly**" encompasses Lilly Pharmaceuticals, Elanco Animal Health and Novartis Animal Health elements of the business.

Lilly Globally:

- Has a heritage more than 130 years strong: company founded on May 10, 1876
- Is headquartered in Indianapolis, Indiana, U.S.A.
- Approximately 39,000 employees worldwide
- More than 8,000 employees engaged in research and development.
- Clinical research conducted in more than 55 countries with R&D facilities in 8 countries
- Manufacturing plants in 13 countries, products marketed in 125 countries.
- Invests between US\$800 million and US\$1.2 billion on each new drug
- Average length of time from discovery to patient - 10 -15 years

Lilly Australia:

- Eli Lilly Australia was established in 1960 at West Ryde, NSW and now incorporates the New Zealand Affiliate.
- We currently employ approximately 375 employees across Australia and New Zealand including Elanco, with more than 35 working in research and development (R&D).
- Our total medical investment is approximately AU\$35 million each year.
- Eli Lilly Australia is a member of Medicines Australia, which represents the innovative medicines industry in Australia.



Lilly Australia and the Supply Chain

Lilly Australia is a sales and marketing affiliate. All Lilly/Elanco brands are manufactured at Lilly plants located around the globe or through outsourced manufacturers both in Australia and abroad. Lilly is the Brand Owner.

Product is supplied to Lilly Australia fully packaged in accordance with packaging requirements in the country of manufacture e.g. EU Packaging Waste Directive (94/62/EC) adopted widely in Europe and with pharmaceutical industry requirements as determined by authorities such as The Therapeutic Goods Administration, US Food and Drug Administration requirements. As such Lilly Australia is limited in respect to the influence it can exert over packaging refinements relating to Lilly products.

Lilly Australia works in partnership with third party storage and distribution vendors, which store and distribute Lilly product as follows, with the exception of needles and pens for the treatment of diabetes, which are distributed directly from Lilly Australia:

Pharmaceutical Products: to wholesalers/pharmacies, who in turn supply the end user (hospitals/specialists/clinics and patients). Consumers can only access Lilly products following intervention and prescription from a medically qualified and authorized professional.

Animal Health Products: are supplied via wholesalers, distributors and veterinary professionals in the majority of instances – some products on prescription only. There are a small number of products that are supplied to other manufacturers/brand owners as premix ingredients into their own branded products.

SUSTAINABLE PACKAGING GUIDELINES

Lilly products currently have to comply with equivalent programmes to the sustainable packaging guidelines around the globe. E.g. the Packaging and Packaging Waste Directive and subsidiary legislation in Europe.

Locally in Australia, Lilly has previously conducted a materials audit to establish what packaging materials and quantities are used for its products and this has been used as a measure to help drive improvement to date.

Globally Lilly has an Environmental strategy which incorporates ongoing research and development into product sustainability both in terms of packaging reduction and sustainability and also Green chemistry which is reducing the number of hazardous chemicals being used in the production of pharmaceuticals and animal health products. This has resulted in Lilly winning several Environmental awards in Europe and America.

Elanco Animal Health participates in the Drum Muster programme for those products packaged in drums.



Packaging Materials

Packaging Materials used by Lilly in the course of it's business include the following:

Packaging Material	Purpose	Packaging Type
Paper	Labels/Instructions and safety leaflets	Consumer and distribution packaging
Cardboard	Boxes and dividers	Consumer and distribution packaging
Plastic	Buckets/drums/applicators/protective covers/blister packs/Shrink Wraps & film	Consumer and distribution packaging including tertiary packaging
Glass	Phials/bottles	Consumer Packaging
Aluminium	Blister packs/strapping/foils	consumer packaging/distribution packaging including tertiary packaging
Composites	Container	Consumer and distribution packaging
Stainless Steel	Distribution packaging	Distribution packaging
Foam	Product protection/insulation (cold chain)	Distribution packaging
Wood	Pallets	Distribution packaging

Nominated Representative:

Responsibility for implementation of this plan rests with:

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Please direct all correspondence to Alison Eastham in the first instance.

Lilly welcomes all feedback on any aspect of our environmental programs or initiatives.

For further information relating to Lilly Environmental strategy and metrics please follow the attached link:
<http://www.lilly.com/Responsibility/environmental-sustainability/Pages/environmental-sustainability.aspx>

Lilly Pharmaceutical Healthcare Products

Lilly Pharmaceutical human health brands include but are not limited to, the following products. For further information relating to Lilly products please refer to the Lilly website.

<https://www.lilly.com.au/en/products/index.aspx>

Brands		
Alimta	Strattera	Lovan (Prozac)
Humalog®	Humulin® R	Humatrope
Humalog® Mix25™	Humulin® NPH	
Humalog® Mix50™	Humulin® 30/70	
Cymbalta	Reopro	Cialis
Effient	Zyprexa	Axiron
Forteo	Zyprexa Relprev	Evista



About Elanco:

Elanco is committed to protein production, companion animal health and food safety. Elanco products help the food industry produce an abundant supply of safe, nutritious and affordable food. Additionally, they enhance animal health, wellness and the human-pet bond.

[Elanco Companion Animal Health](#) is leading the way in pet medicine, helping veterinarians help pets live longer, healthier, happier lives.

[Elanco Food Solutions](#) markets food-safety products and services to the food animal industry.

Elanco introduced its first antibiotic for veterinary use in 1953 and:

- is a global, innovation-driven company that develops and markets products to improve animal health and protein production in more than 75 countries.
- Has offices in more than 40 countries
- Employs more than 2500 people worldwide.
- has brought more than 35 agricultural and animal health products to the global marketplace, including food industry products such as antibacterials, parasiticides, anticoccidials, and productivity enhancers, as well as pet medicines and food safety solutions.
- Has global headquarters in Greenfield, Indiana, USA, and is also the home of the United States business operations.
- Has recently acquired Novartis Animal Health. The combined organization will increase Elanco's product portfolio, expand its global commercial presence and deliver more innovation to customers. The acquisition also augments Elanco's manufacturing and R&D capabilities with a total of 17 manufacturing sites and 14 R&D locations in the newly combined organization.



Elanco Products:

Elanco and Novartis animal health brands include but are not limited to, the following products. For further information relating to Elanco and Novartis products please refer to the websites below:

<http://www.elanco.com.au/products-services/index.aspx>

http://ah.novartis.com.au/products/products_home.html

Brands		
Companion Animal Health	Food Animal	Novartis Animal Health
Comfortis	Compudose	Interceptor
Imaverol	Compudose G	Milbemax
Panoramis	Componenet	Sentinel Spectrum
Reconcile	Demize	Capstar
Surolan	Rumensin	Program
	Tylan	Reunite
	Extinosad	Clik
	Paylean	Acatak
	Maxiban	Fasimec
	Monteban	Fasinex
	Elector	Pyrimide
	Surmax	Zolvix
	Pulmotil	

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This plan replaces the updated plan submitted in 2010 to align with the new objectives of the Australian Packaging Covenant. This plan extends beyond the review of the APC KPI's due in 2016, and will be revised at that time if required.

Covenant Performance Goals and KPI's	Actions	Responsibility	Baseline Data	Target/Performance Goal	Timeline or Milestones
1. Design – optimise packaging to achieve resource efficiency and reduce environmental impact without compromising product quality and safety					
<p>KPI 1 - Proportion of signatories in the supply chain implementing the SPG for design or procurement of packaging</p> <p>Target: 70% of Covenant signatories with documented policies and procedures for evaluating and procuring packaging using the SPG or equivalent</p> <p>Target – 70% of signatories assessing 100% of new packaging and 50% of old packaging against the guidelines.</p>	<p>Initiate project to rationalize SKU's in the Animal Health Business following purchase of another business. Objective to reduce range of pack sizes and evaluate product range. Environmental impact – reducing quantity and types of packaging into the marketplace.</p> <p>Continue working with Lilly Global Environmental Team to obtain regular data reports re. packaging types/quantities entering the Au market to measure positive change. Open dialogue with the Global team re. considerations for change.</p>	<p>EEM Leader APAC and EEM HSE Associate.</p> <p>HSE Manager and EEM HSE Associate</p>	<p>2015 SKU list for Elanco and Novartis Animal Health</p> <p>Annual report illustrating type and quantities.</p>	<p>Combined SKU list for both Co's, illustrating SKU rationalization. Ideally a 10% reduction in range and associated packaging although this will be market driven.</p> <p>Reporting history and trend measurement to illustrate positive change/reduction. Evidence of communications with Global Env team re considerations for change.</p>	<p>By the end of 2017</p> <p>Annual review for the period of the Action plan</p>

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Covenant Performance Goals and KPI's	Actions	Responsibility	Baseline Data	Target/Performance Goal	Timeline or Milestones
2. Recycling – the efficient collection and recycling of packaging					
KPI 3 Proportion of signatories with on-site recovery systems for recycling used packaging	Build on current recycling arrangements to improve recycling levels. i.e. paper cups/tin cans/plastic bottles etc.	Engineering Manager, HSE Committee and advocates	120 Tonnes of Recycling in 2014	10% increase in recycling.	By the end of 2016
KPI 4 Proportion of signatories with a policy to buy products made from recycled packaging All Covenant signatories will have a formal, documented policy of buying recycled products or materials	Ensure that any property maintenance work (refurb/construction) incorporates recycled or sustainably produced materials. Vendor Contract to include recycling of waste materials where possible	Engineering Manager	No specific baseline data - whilst this has always been the intent with projects there hasn't been a formal process to record this contractually or to monitor performance	Refurb/Construction records illustrating sustainable products/materials used. Vendor Contracts illustrating recycling commitment. Summary reported in APC annual report.	Annual review for the period of the Action plan

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Covenant Performance Goals and KPI's	Actions	Responsibility	Baseline Data	Target/Performance Goal	Timeline or Milestones
3. Product stewardship – a demonstrated commitment to product stewardship by the supply chain and other signatories					
KPI 6 Proportion of signatories that have formal processes for working with others to improve design and recycling of packaging	Refine sample returns process to ensure greater controls on secondary and tertiary packaging used for safety and environmental purposes.	Product Quality Team Leader. Sales Operations and Capabilities Manager and the HSE Manager	No specified packaging for sample returns.	Documented QA protocol illustrating returns process including packaging requirements.	By the end of 2015
KPI 7: Proportion of signatories showing other product stewardship outcomes	Project to rationalize the approved contract manufacturers list, (product and packaging) for the Animal Health Division; including HSE considerations as part of the decision making process	EEM Leader APAC and EEM HSE Associate	Manufacturers list 2015. Some partners assessed for HSE performance.	Revised and consolidated list. Documented assessments for all approved manufacturers including information around environmental (and H&S) performance.	By the end of 2019
	Consider feasibility of installing Solar energy and/or water harvesting systems as part of building refurbishment	Engineering Manager/HSE Manager	No green energy provision or water harvesting in place currently. Use 2014 data s baseline	Reduction in water and energy use by 20%.	By end of 2020
	Obtain a NABERS rating for environmental/water/energy performance for the building. Use to help guide	Engineering Manager	No formal environmental performance rating for the building.	Obtain a formal performance rating – Objective is to improve star rating by 1 star or	By the end of 2018

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	building improvements.			more over the period.	
<p>KPI 7: Proportion of signatories showing other product stewardship outcomes</p> <p>Continued....</p>	<p>Fleet car project: Review fleet management and supply for business purposes but, including consideration of improved CO2 emission management across the fleet.</p>	<p>Six Sigma project team</p>	<p>Current fleet vehicles all either diesel or hybrid – max CO2 emissions 180g/Km. No emission management for Novated lease and Car Allowance vehicles (approx 45% of the fleet)</p>	<p>Revised fleet selection process that manages vehicle emissions for more than 80% of fleet cars</p>	<p>By end 2017</p>
	<p>Building re-furb project: include: Upgrade and restructure air-conditioning system to improve performance and reduce energy use. Improve natural light flow into the building to reduce electricity use. Include energy efficient and sustainable products and materials.</p>	<p>Engineering Manager</p>	<p>Use 2014 energy data as a baseline.</p>	<p>Reduction in energy use of 20%</p>	<p>By the end of 2020</p>
<p>KPI 8: Reductions in packaging items in the litter stream</p>	<p>Continue good practice of participating in clean up Australia day and including environmental and litter activities as part of the Lilly Day of Service.</p>	<p>HSE Manager, Engineering Manager and CSR team.</p>	<p>Current annual participation in both events</p>	<p>Ongoing annual evidence and reporting of participation in APC report.</p>	<p>Annual review for the period of this action plan</p>