



## Signatory Name: Eli Lilly Australia Pty Limited

*The question numbers in this report refer to the numbers in the report template. Not all questions are displayed in this report.*

Status: Complete

The content in this APC Annual Report is hereby endorsed by the Chief Executive Officer, or equivalent officer of the organisation.

Yes

**5. Industry sector** (please select 1 only):

- Brand Owner / Wholesaler / Retailer
- Packaging Manufacturer
- Waste Management
- Other - Commercial Organisation
- Community Group
- Industry Association
- Government
- Raw Material Supplier
- Other:

**6. Industry type** (please select 1 only):

- Food & Beverage
- Pharmaceutical / Personal Care / Medical
- Hardware
- Homewares
- Communications / Electronics
- Clothing / Footwear / Fashion
- Chemicals / Agriculture
- Fuel
- Large Retailer
- Tobacco
- Shipping Company
- Airline
- Other:

**7. Please indicate your organisation's reporting period:**

- Financial Year: 1 July 2013 – 30 June 2014
- Calendar Year: 1 January 2014 – 31 December 2014

**8. Please indicate the entire period your accepted APC Action Plan covers (e.g. 2011-2014)**

Start Date:

End Date:

**Goal 1: Design**

**KPI 1: % of signatories with documented policies and procedures for evaluating and procuring packaging using the SPGs or equivalent.**

9. Does your company have documented policies and procedures for evaluating and procuring packaging using the SPGs or equivalent?

Yes  No

Provide details of policies and procedures

Refer to Lilly Global Standards - Product Stewardship Standard:  
 Section 4,1 - Pre-Launch Packaging  
 Section 5 - Post Launch Packaging

This is aligned with the Sustainable Packaging Coalition Guidelines (US), EU Directive 94/62/EC - Packaging and Packaging Waste Directive, the Wal-mart Packaging Sustainability Scorecard and the Sustainable Forestry Initiative.

10. Of the types of packaging **existing at the beginning of the reporting period**, what percentage had been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

%

11. Have any new types of packaging been introduced during the reporting period?

Yes  No

12. If yes, of the **new types of packaging introduced during the reporting period**, what percentage have been reviewed using the Sustainable Packaging Guidelines (SPG) by the end of the reporting period?

%

13. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 1

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<b>Establish what the Global Policy for packaging reviews are and whether Lilly uses the SPC design guidelines for sustainable packaging</b>	Completed in 2012.  Lilly Globally continues to work toward more sustainable packaging where possible, subject to legislative limitations and product/patient safety considerations.  Refer to Lilly Website/CSR report for further information.
2.	<b>Utilise the packaging review process information to produce a policy/procedure illustrating how Lilly complies with SPG principles.</b>	Local progress on this action has been halted.  Lilly is endeavouring to simplify and streamline it's policies/procedures to minimise complexity.  There is already a Lilly Global Policy document covering the requirements for pre and post launch packaging, (refer to Question 9 above), this is based on SPG equivalent requirements from the US and Europe. As a result it was felt that this requirement, plus the detail in the annually published Corporate Social Responsibility Report illustrating Lilly's objectives and achievements (refer to www.lilly.com), met the need for documentation illustrating compliance with SPG (or equivalent) principles.  No further action to be taken.

3.	<b>Validation survey of Elanco contract manufacturers in Australia to establish what arrangements each has for environmental sustainability</b>	<p>100% complete.</p> <p>All of the major Australian contract manufacturers were reassessed in 2014. All those assessed are separating and segregating their waste and have recycling programmes in place for paper and other recyclable materials.</p> <p>One of the contract manufacturers has installed a solar system which has facilitated a saving of approx 50% in electricity costs in 2014.</p> <p>The main focus of the assessments were:</p> <ul style="list-style-type: none"> <li>• Management of hazardous waste</li> <li>• Trade waste agreements</li> <li>• Water processing</li> </ul>
4.	<b>Encourage all Australian contract manufacturers to embrace sustainable practices and provide annual report on improvements</b>	<p>As previously reported, contract manufacturers are now being assessed on their environmental performance across the Globe - including Australia.</p> <p>An attempt was made in 2013 to obtain "scorecard" reporting from these manufacturers, however the trial was not successful with only minimal responses. As a result the business is looking at alternative methods to work with and encourage higher HSE standards from contract manufacturers:</p> <p>Elanco Australia has now appointed an HSE associate specifically to focus on and work with our contract manufacturers, to help coach and guide them toward better HSE performance, matched to Lilly standards and this includes environmental performance.</p> <p>No further action to be taken.</p>

**14. Describe any constraints or opportunities that affected performance under this KPI**

During the 2014 reporting period, Lilly has been focussed on a major business re-structure which has limited the resources available locally to focus on environmental improvements, therefore progress has not been made as anticipated.

As a pharmaceuticals organisation, Lilly is bound by the Therapeutic Goods Administration in Australia, and other international regulatory bodies such as the US Food and Drugs Administration. The requirements of these authorities will override other voluntary codes to safeguard product integrity and patient safety.

Whilst Lilly manufactures/packages a small quantity of animal health products in Australia (approx 19% of the product range), all human health products are imported. As Lilly/Elanco products are manufactured internationally, environmental packaging requirements local to the manufacturing environment will prevail.

The Global nature of our business, combined with the regulated trading environment, limits our opportunities to make packaging changes, therefore packaging will not be reviewed for sustainability reasons alone, and will only be considered where there are other essential reasons for change i.e. therapeutic requirement, tamper prevention etc.

**Goal 2: Recycling**

**KPI 3: % signatories applying on-site recovery systems for used packaging.**

15. Do you have on-site recovery systems for recycling used packaging?

- Yes at all facilities/ sites
- Yes at some, but not all facilities/ sites
- No

16. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 3

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<p><b>Re- tender for waste contracts, incorporating improved recycling arrangements and reporting data into the contractual agreements</b></p>	<p>Complete: 100% of non-recycled waste is now processed through our vendors bioreactor, generating biogas (methane and carbon dioxide) which is used to produce green electricity. Other by-products of the bioreactor are also reused i.e. agricultural fertilisers.</p> <p>Recycling arrangements are improved, although there is still scope for further development.</p> <p>Data reporting is part of the vendor agreement and detailed reports are recieved monthly.</p> <p>Zero waste to landfill between Sept 2013 and 31st Dec 2014. Total waste sent to bioreactor = 85.5 tonnes. Greenhouse gas emissions saved due to driverting waste from landfill = 270.85 (tCO2.e)</p>

17. Describe any constraints or opportunities that affected performance under this KPI

Use of reusable crockery,cutlery and Keep Cups has continued.  
 During 2014 approx:  
 622 Kgs of food waste was composted on site.  
 120 tonnes of waste was sent for recycling, of which 91.18 tonnes were recovered (materials recovery)  
 Follow me print services are ongoing to reduce waste due to uncollected print jobs.  
 A total of 120 tonnes of solid waste and 6000 Ltrs of liquid was recycled

**KPI 4: Signatories implement formal policy of buying products made from recycled packaging.**

18. Does your company have a formal policy of buying products made from recycled packaging?

- Yes  No

Please explain why not

As many of our products are manufactured overseas Lilly is limited, in some circumstances, around product choices based on patient and product safety, integrity and quality.

Lilly policies contain the intent of this KPI, but extend beyond purchasing products and include a wider range of considerations encompassing whole of life sustainability and product stewardship.

Lilly Australia's Environmental Policy Statement requires the business to minimise waste and maximise recycling options. This is reflected in the Environmental Management System - Planning section 2.4, which includes procurement considerations, but does not specifically mandate that purchased products must be made from recycled packaging.

The Lilly Global Standard HSE-STD-Product Stewardship-0014 also includes a requirement to consider recycled materials alongside sustainable and renewable sources and to consider waste minimisation in packaging/product design. Furthermore, it states that vendor's must be encouraged to reduce packaging and consider reusable and recycled content in their packaging.

We consider that a policy to buy products made from recycled packaging would have no added benefit over and above the documentation we already have in place (ocal and global), and that this would be unlikely to change the level of sustainable products used in our business.

Please refer to the Lilly CSR report for further details relating to Lilly's approach to product stewardship and environmental considerations across the Lilly product life cycle:

<http://www.lilly.com/Responsibility/environmental-sustainability/Pages/environmental-sustainability.aspx>

19. Is this policy actively used?

- Yes  No

20. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 4

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<p><b>Develop a local policy relating to purchase of recycled products and purchase of product using recycled packaging.</b></p>	<p>Work was started to develop a policy and draft information was collated for the development of the document.</p> <p>This action has since been reviewed and will not be progressed because Lilly is endeavouring to simplify it's arrangements and documentation. There are already Lilly Global Standards and a local Environmental Management System in place that recommend sustainable practises. As there are limitations on our flexibility due to the legislative requirements in our industry, and many of our products are manufactured abroad; our local influence is limited.</p> <p>We believe our current arrangements and our endeavours locally and globally already meet the intent for responsible purchasing and sustainable practise and that further documentation is not required.</p>

<p>2.</p>	<p><b>Consider procurement contractual clauses incorporating take back and recycling of packaging</b></p>	<p>Significant work has been done with the procurement team to develop a bank of tender questions for prospective vendors, which include a number of questions focussed on health safety and the environment.</p> <p>Contractual clauses for every contracts, around take back and recycling of packaging have been considered, but have not proceeded because:</p> <ol style="list-style-type: none"> <li>1. Not all of our contracts are managed by the local procurement team, so managing standard clauses across the supply chain would be complex.</li> <li>2. Some supply contracts are negotiated regionally and may not be managed or controlled in Australia (although Australia is included in the agreements).</li> <li>3. Contracts are not required for all purchases, so there could be purchases made that would not be covered by contractual clauses, but where the vendors impact on the waste stream could be high.</li> <li>3. In order to add value, if contractual clauses were included in contracts around environmental performance, these would need to be actively managed to include regular reporting and monitoring. It would be impractical to manage this effectively and meaningfully across all contracts without significant resource.</li> <li>4. The significance of take back and recycling options is varied across the supply chain, dependent on the nature of the services provided. i.e. Providers of travel services would have little need for clauses relating to packaging, but this would be more relevant for providers of washroom supplies or stationery.</li> </ol> <p>For the reasons outlined above - no further action will be taken at this time on general clauses in our contracts. Instead we have chosen to consider some individual contracts where the nature of the services warrant specific arrangements and we have focussed on those areas in our local control and where the impact is greatest:</p> <p><b>Example:</b>  We have an agreement in place with our printer vendors for take back and recycling of printers toners (and packaging).  We have specific environmental clauses in the contract with our provider and distributor of printed marketing materials (print management service). We obtain regular reports on the CO2 emissions generated on the products they manufacture and distribute for us, and we have assessed their operations to ensure: All paper and card used in Lilly Marketing materials is sustainably produced (FSC); packaging is made from recycled or sustainably produced materials and that materials used throughout the manufacturing and delivery process are recycled or sustainable. As a result we have seen some improvements i.e. pallet strapping replaced with sustainably produced and biodegradable pallet wrap and "please dispose of responsibly" messages printed on all tertiary packaging to encourage responsible disposal by the end user.</p>
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**21. Describe any constraints or opportunities that affected performance under this KPI**

Purchasing in the Lilly Australia business, is largely limited to marketing materials, transport, communications, utilities and office supplies. Most animal health and all human health products are packaged overseas and imported into Australia therefore, raw material and packaging purchasing is very limited and conducted in partnership with external business partners.

Lilly medicines are intended to be used in their entirety by patients. As a result, typical models of take-back, reuse and recycle that are designed to capture value from products (such as paper, beverage containers or electronic equipment) after use, do not apply to Lilly products. We continue to work with customers and partners to better understand and ensure an effective approach to product end of life issues. We are working to more effectively communicate this information to patients through product user manuals, patient education programs and improved sales force awareness.

**Goal 3: Product Stewardship**

**KPI 6: % signatories with formal processes to work collaboratively on packaging design and / or recycling.**

22. Does your company have formal processes in place for collaborating with other companies or organisations on improved packaging designs and/or recycling which aims to reduce or eliminate waste?

- Yes  No

Provide details of policies and procedures (including names of policies/ procedures)

This is included in our Global Product Stewardship Standard - Sections 2,4 and 5.

23. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 6

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<p><b>Consider options for reduction in marketing material waste and/or using recycled materials for marketing purposes and/or reducing packaging on marketing materials, together with a suitable policy to reflect this.</b></p>	<p>100% Complete.</p> <p>It was reported during 2013 that a new print management provider with ISO 14001 accreditation was appointed and established a print management service to monitor materials usage and subsequently minimise print runs, consumables, packaging and deliveries.</p> <p>In 2014 the procurement and HSE teams worked with our print management providers to understand performance data and seek improvements - please refer to the Action 2 response under KPI 4.</p> <p>Additionally Lilly transitioned to I pads for sales support in 2013 and during 2014, enhancements to the IT service delivery included the development of online marketing materials which has significantly reduced the requirement for printed materials. Additionally the new functionality has facilitated the development of a series of on-line forms, to reduce the need for paper documents.</p> <p><b>Examples:</b> HR forms - IT asset orders - marketing detailers</p> <p><b>Cold Chain Deliveries:</b> As reported in 2013, Lilly Australia was working on a project to refine and reduce cold chain tertiary packaging. During 2014 this project was completed, resulting in tertiary packaging that reduced weight and quantity of packaging by approximately 40%. This included a smaller box, and changes to insulating materials which included environmentally friendly gel packs. Included in each box is a handout requesting responsible disposal of the tertiary packaging and providing information on how this can be achieved. The external box is also pre-printed, reducing the quantity of labels required, and includes the recycle logo to illustrate that the box is recyclable.</p>

24. Describe any constraints or opportunities that affected performance under this KPI

Paperstock suppliers for Lilly in China, Europe and the United States have confirmed that they source materials from sustainable forests as accredited by Forest Stewardship Council (FSC) or equivalent entities.

**KPI 7: % signatories showing other Product Stewardship outcomes.**

25. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 7

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<b>Load Australian Packaging Covenant action plan/report on the Lilly Website and improve information available on the Health Safety and Environment Intranet.</b>	Objective completed in 2011.  We continue to publish our reports and update the HSE Intranet.

26. Since the beginning of the reporting period, has your company had any other outcomes related to product stewardship?

Yes  No

If yes, please give examples of other product stewardship outcomes

During 2014 we have continued to obtain reporting from the Lilly global environmental team, illustrating the quantities and types of packaging entering the Australian marketplace. This reporting currently only includes packaging from Lilly manufacturing sites and excludes 3rd party manufacturing partners: It was anticipated that 3rd party manufacturers would be included in the reporting during 2014, but this has not been possible - work is continuing to facilitate this in the future.

A comparison of the 2013/2014 reports illustrate that during 2014 there was an overall reduction in the quantity of packaging entering the Australian market from Lilly Manufacturing sites, of around 16.5%. Whilst this in itself isn't an accurate measure and may be influenced by market demand, the data also illustrates that:

1. There have been negligible changes in secondary and tertiary packaging - the majority of which are wood/cardboard, and sustainable/recyclable.
2. Primary packaging adjustments have resulted in approx 55% less plastic being used - the reduction is primarily in "other plastics" and the ratio of PET/LDPE/PP and PS plastics have remained relatively static.
3. Primary packaging adjustments have resulted in approx 40% less glass being used.
4. The single largest component of our packaging is paper and cardboard - equating to just under 28 tonnes in 2014 from Lilly manufacturing sites.

27. Describe any constraints or opportunities that affected performance under this KPI

**KPI 8: Reductions in packaging items in the litter stream.**

28. Please indicate your progress this year towards achieving your annual targets and milestones for KPI 8

	Target: According to your Action Plan, what did you set out to do?	Actual: What did you achieve?
1.	<b>Incorporate a litter clean up activity as part of the annual Lilly Day of Service</b>	Completed in 2012.  Lilly continues to incorporate environmental and litter clean up activities in it's annual Day of Service. In 2014 these were: <ul style="list-style-type: none"> <li>• A Waterfront Clean Up - removing litter from waterfronts.</li> <li>• Bushcare at Kareela Golf Club - maintaining the bushland areas.</li> <li>• Trees for Life - revegetation, conservation and biodiverse planting.)</li> <li>• Sustainable Coastlines - litter sweep (in New Zealand</li> </ul> Across the Globe in 2014, approx 24000 employees participated in hundreds of community based activities, including environmental activities.

2.	<p><b>Consider Corporate Social Responsibility (CSR) funding for a litter reduction programme (Clean Up Australia) or an anti litter education programme.</b></p>	<p>As explained in previous reports, the CSR committee were unable to commit funding to a project. As an alternative, Lilly Australia employees have been participating annually in the Clean Up Australia day and have been organising litter clean up activities in our local area (Parramatta River, W Ryde).</p> <p>The 2014 activity was unfortunately cut short when some valuable items were discovered by the team resulting in the area being isolated by the Police, however this still proved to be a valuable community activity which will continue in coming years.</p> <p>Elanco (Animal Health Division) subscribes to the drum muster scheme to try and encourage recycling of drums through the scheme. All drums are printed with the drum muster information.</p>
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**29. Describe any constraints or opportunities that affected performance under this KPI**

It is very difficult to assess the impact of our product packaging in the litter stream for the following reasons:

1. Lilly sits at the top of a chain of supply incorporating distributors, wholesalers, pharmacies/hospitals/medical centres or veterinary surgeries before arriving with the end user.
2. Lilly products are designed to be used in their entirety and in some cases in medical establishments, or under GP/Veterinary or Specialist supervision. As packaging contains medications, responsible and controlled waste disposal often applies i.e. clinical waste.

We continue to work with customers and partners to better understand and ensure an effective approach to product end of life issues. We are working to more effectively communicate this information to patients through product user manuals, patient education programmes and improved sales force awareness.

## Your Experiences

This section lets you share with us any achievements, good news stories and areas of difficulties in making progress against your plan and the Covenant goals and KPIs.

### 30. Key achievements or good news stories

During 2014, Lilly Australia:

**Reduced Electricity** consumption by approx 11% when compared to 2013 - total reduction in last 5 yrs = 20% approx.

Achieved through improvements in the building management system and energy saving materials and equipment.

**Reduced Gas** Consumption by approx 18.5% when compared to 2013 - total reduction in last 5 yrs = 10.5% approx.

Achieved predominantly through improvements in aircon and heating systems

**Reduced Water** consumption by approx 28% when compared to 2013 - total reduction in last 5 yrs = 40% approx.

Achieved predominantly through installation of water limitation devices for garden watering and washroom/toilet facilities and improved leak management.

**Reduced Fuel use** in fleet vehicles by 11% when compared to 2013 - total reduction in last 5 yrs = 20% approx. Achieved predominantly through rationalisation of fleet vehicles to those with lower emissions.

**Reduced Co2 emissions** as a result of air travel when compared to 2013 = 2.6% reduction.

### 31. Areas of difficulties in making progress against your plan, Covenant goals or KPIs

The 2010-2015 action plan has become outdated as a result of actions already taken and changes in our business, which has limited the progress against the plan. We have now re-written our action plan for 2015 and beyond to resolve this moving forward.

As Lilly is primarily a sales and marketing affiliate in Australia, with most of our products manufactured and imported from overseas into third party distributors, it is becoming more challenging to identify meaningful local objectives. This is due to the limited control and influence we have over packaging design/development and the limitations on recycling and reuse of packaging waste in our industry. Lilly does however remain committed to exploring opportunities for continuous improvement in environmental sustainability.