

# *ACTION PLAN*

July 2008 to June 2011



Answers That Matter.

## National Packaging Covenant

# National Packaging Covenant

## *CONTENTS*

<i>EXECUTIVE SUMMARY</i>	<i>1</i>
<i>ABOUT ELI LILLY</i>	<i>1</i>
<i>LILLY PHARMACEUTICAL PRODUCTS</i>	<i>2</i>
<i>ELANCO ANIMAL HEALTH PRODUCTS</i>	<i>3</i>
<i>HEALTH, SAFETY &amp; ENVIRONMENT</i>	<i>4</i>
<i>COVENANT ACTION PLAN</i>	<i>5</i>
<i>RESULTS 2007-08</i>	<i>6</i>
<i>ACTION PLAN 2008-11</i>	<i>7</i>



## National Packaging Covenant Action Plan Report (NPC)

This report has been endorsed by Jeremy Morgan, Managing Director Eli Lilly Australia Pty Limited and Brett King, Elanco Operations Manager.



### EXECUTIVE SUMMARY

Eli Lilly Australia's (Lilly) overall objective is to reduce its contribution to environmental degradation arising from the disposal of used packaging and conserve resources through the production and the re-use and recycling of used packaging materials.

The Lilly 2005-2008 Action Plan remains a living document and continues to act as the baseline for achieving and reporting against our NPC performance indicators and further actions have been planned to expand on the original plan in the next period 2008 -2011. It is important to recognise that as a pharmaceutical organisation, Lilly is bound by the Therapeutic Goods Administration, and its requirements will override other voluntary codes in relation to packaging issues and product safety.

Lilly continues to work with our various stakeholders in understanding improved ways we can minimise our environmental footprint from our products.

Our reporting process also seeks to identify additional opportunities that can be taken into account in the forthcoming year. The Action Plan continues to encounter some impediments in some areas but the efforts demonstrate our commitment to the goals and targets set back in 2005.

Key results achieved during the year include:

- Improvement in the quantity of data provided by suppliers is demonstrated through our quantities reported;
- Recycle paper waste is estimate to be 17 tons compared to 2007 of 28.3, 2006 53.5 and 2005 22.7 (2006 abnormal amount of old promotional material recycled). The procurement process reviewed to reduce excess holdings therefore reduce the creation and subsequent destruction of unwanted materials;
- Utility savings for 2008 on 2007 are expected to be Water 17%, Electricity 10% & Gas 7%;
- Ongoing discussions continue with corporate on a) project for reducing packaging material costs by reducing reusing, recycling packaging materials through the supply chain and being involved in reviewing and b) improving product stewardship globally to include an alignment of the ten requirements with those of the NPC.

The report demonstrates the improvements being made locally and framing the thoughts and involvement across the corporation in the creation, understanding and subsequent management of waste streams.



**ABOUT ELI LILLY**

Eli Lilly and Company is a leading, innovation-driven corporation committed to developing a growing portfolio of best-in-class and first-in-class pharmaceutical products that help people live longer, healthier and more active lives. We are committed to providing *Answers That Matter* – delivering medical solutions that enable people to live longer and healthier lives.

Eli Lilly globally:

- Has a heritage more than 132 years strong: company founded on May 10, 1876
- Is headquartered in Indianapolis, Indiana, U.S.A.
- Employ some 40,000 employees worldwide
- Engage approximately 7,900 employees in research and development
- Conducts clinical research in more than 50 countries with R&D facilities in 8 countries
- Has manufacturing plants in 13 countries, offices in 87 countries and sells products in 143 countries.
- Invests about US\$900M on each new drug with development taking some 10 -15 years
- Consider our people to be the source of all our abilities and all our successes.

As our company touches the lives of people worldwide, we recognise that we have a responsibility to be a good corporate citizen in our communities and to help preserve the environment for the generations to come.

Eli Lilly Australia:

- Was established in 1960 at West Ryde, New South Wales
- Is a Member of Medicines Australia
- Employs about 550 people with over 100 working in research and development
- Invests around AU\$40 million in research and development each year
- Markets and sells human pharmaceuticals products under the Lilly label and manufactures and sells animal health products under the Elanco label.

**OUR VALUES**

As we implement our strategies and pursue our objectives, long-established core values of Respect for People, Integrity and Excellence, guide us in all that we do.

**NOMINATED REPRESENTATIVE**

Lilly welcomes all feedback on any other aspect of our environmental programs or initiatives. Please direct all correspondence to:

*Mrs Alison Eastham*  
HSE Manager, Eli Lilly Australia P/L  
112 Wharf Road West Ryde, NSW 2114  
Phone: 61 2 9325 4351 Email: aeastham@lilly.com

**LILLY PHARMACEUTICAL HEALTH CARE PRODUCTS**

Lilly's worldwide commitment to excellence and pursuit of innovation has been instrumental in the realisation of many significant medical advances as illustrated below:

Actos	Type 2 diabetes within adults
Alimta	Mesothelioma, Non-small cell lung cancer
Byetta	Type 2 diabetes mellitus;
Cialis	Erectile dysfunction
Cymbalta	Treat major depressive disorders
Evista	Osteoporosis
Forteo	Osteoporosis
Gemzar	Ovarian, Bladder, Lung, Pancreas Breast Cancer
Humalog	Insulin to help convert food to energy
Humatrope	Treat Turner syndrome & for chronic renal insufficiency
Humulin	Treat insulin dependent diabetes
Lovan (Prozac)	Depression, obsessive compulsive disorder and premenstrual dysphoric disorder
Reopro	Cardiac ischemic complications
Strattera	ADHD
Xigris	Sepsis
Zyprexa	Bipolar maintenance / mania / mood stabiliser

LILLY Brands include:



ELANCO ANIMAL HEALTH PRODUCTS

Elanco, the animal health division of Eli Lilly, is a global research-based company whose products enhance animal health, wellness, welfare and performance while remaining devoted to transforming animal agriculture in more than 100 countries through superior products and services – supported by offices with people who care in more than 30 countries.

Food producers count on Elanco for groundbreaking products to keep animals comfortable and healthy so they can perform to their full potential. We are known for a service philosophy founded on integrity, and for sharing reliable advice based on decades of experience and exploration. Our major product brands are:

Swine	Respiratory disease	Pulmotil®
	Growth promotant	Tylan®
Pasture	Growth promotant	Compudose®
	Increased milk	Rumensin®
	Bloat	Rumensin® ABC
	Mastitis	Elaclox®, Tylan 2000
Poultry	Coccidiosis	Maxiban®
		Monteban®
		Elancoban®
	Respiratory disease	Carbigran®
Feedlot	Product enhancers	Rumensin®
		Naravin®
	Respiratory Disease	Micotil®

**ELANCO Brands include:**



**HEALTH, SAFETY, & ENVIRONMENT**

*GLOBAL HSE PERFORMANCE*

Over the past 130 years, Lilly has grown from a family-owned firm to a global enterprise represented on six continents. The commitment from every Lilly colleague is to ensure we continuously improve all aspects of our operations, including employee health and safety, environmental protection, and the efficiency of our energy and materials use. At Lilly, Health, Safety, and Environment (HSE) is everyone's responsibility.

In 2008, Lilly began a journey to achieve world-class HSE performance through setting more ambitious goals and make organizational changes that will enable the company to achieve even greater performance. Lilly established global health, safety, and environmental policies in the early 1990s. Each of our facilities develops its own HSE objectives and plans in accordance with local and corporate priorities, goals, commitments and requirements. The aim is to improve aspects of our HSE performance through conformance to these individual site plans.

Lilly globally has a commitment to environmental stewardship to protect the environment and protect the health and safety of those who work on our behalf.

Senior executives and relevant board of directors subcommittees review Lilly's HSE compliance status and other identified HSE risks and opportunities regularly.

Globally, the approach is for the:

- HSE management system to enable oversight through metrics review and site self-assessments;
- Facilities to be subjected to periodic corporate HSE internal audits; and
- Information gathered during the auditing process to be the basis for annual reports to the Corporate Compliance Committee and the Corporate HSE Guidance Council.

Four manufacturing facilities in Brazil; Ireland; China and Mexico have achieved certification to the ISO14001 standard.

Lilly also participates in several voluntary programs related to HSE management, including the Responsible Care® program, and the Business Roundtable's new Social, the Environment, the Economy Change Initiative (S.E.E.).

Further information regarding Lilly's global performance and commitment can be found in its Corporate Citizenship Report at the following web address:

[HTTP://WWW.LILLY.COM/ABOUT/CITIZENSHIP/](http://www.lilly.com/about/citizenship/)

## AUSTRALIAN HSE PERFORMANCE

### *Environmental Policy and Principles*

As a healthcare company, Eli Lilly and Company is committed to the present and future well being of people and the environment in which we live. Our commitment has not altered since last year's report and remains to pursue a goal of continuous improvement guided by the following principles:

- Managing our planning and operations in an environmentally friendly, economically and socially sustainable and in a responsible manner; and
- Environmental improvement and pollution minimisation, elimination where feasible, consistent with better environmental practices.

We want:

- To provide our future generation with an environment that enables them to meet their own needs;
- Our customers, suppliers and stakeholders to be impressed with our environmental performance making our products, the products of choice;
- Sound environmental performance to contribute to our competitive strength and benefit our customers, our employees, the future well being of people and the environment in which we and the wider community live.

We will:

- Work proactively with our corporate areas, suppliers, regulators, government representatives and community to utilise innovative packaging and recycling solutions to reduce waste and minimise any major lifecycle impacts from our products.
- Maintain and review measurable targets to ensure compliance with all relevant environmental requirements as a minimum performance standard through our management system(s)
- Continue our efforts to achieve environmental better practice across the Australian pharmaceutical industry.
- Encourage our employees to have a sense of environmental responsibility through targeted and delivered programs including communication, training, education and possible incentive programs.

The affiliate worked to align our local commitments to those of our parent's objectives. Progress achieved is demonstrated within the action plan and revised priorities have been included, as appropriate.

**COVENANT ACTION PLAN**

**DURATION**

Lilly was a signatory to the NPC in 3 April 2002 and re-signed in September 2005. Lilly continues to be committed to the NPC and yearly action plans will be submitted allowing measurement against objectives on a yearly basis. The Annual Reports will cover the reporting period of 1 July through 30 June.

**OBJECTIVES**

In line with overall objectives of the NPC, Lilly's objective is better placed through this work to understand and work globally to identify solutions in reducing our impact on environment through degradation arising from the disposal of used packaging. The solutions will also permit us to conserve resources through better product design and production and re-use and recycling of used packaging materials. Lilly is currently reviewing its Product Stewardship in terms of HSE across the value chain of Lilly's products through taking a "cradle to grave" approach. Currently there is a slight variation between the company approach and that of the NPC but this affiliate's contribution will attempt to resolve the variations and bring alignment between the two approaches.

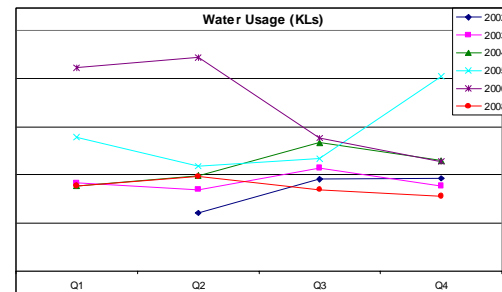
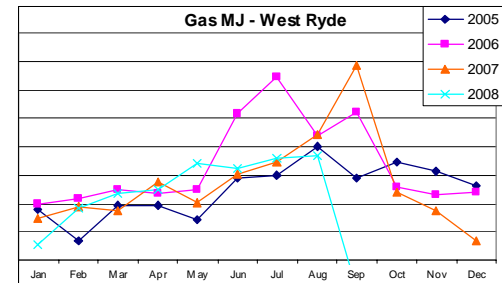
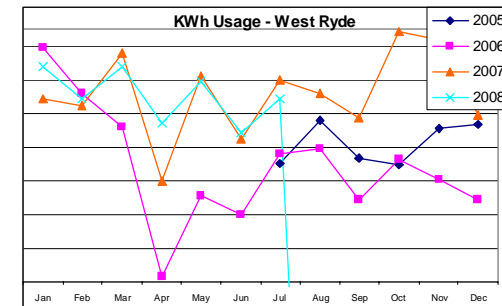
Product Stewardship has been defined in the NPC as typically consisting of a number of elements all of which will be considered and actioned on as appropriate by Lilly, including:

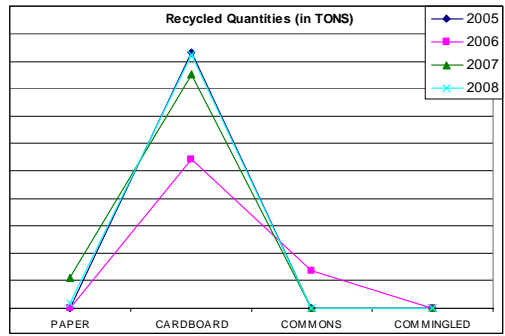
- Design;
- Production;
- Distribution;
- Disposal;
- Research;
- Market Development;
- Education;
- Labelling;
- Wholesaling and Retailing;
- Recycling and Reprocessing.

In both pharmaceuticals and animal health products, Eli Lilly Australia accepts only the highest levels of quality in ingredients, manufacturing methods and testing procedures. Our quality control system is designed to meet regulatory standards both in Australia and internationally.

Corporate Lilly have recently reviewed its efforts and recognised that more can be done. Accordingly a transformation plan has been developed recognising our waste minimisation efforts need to be accelerated. Staff have clearly communicated through a recent global forum that HSE sustainability performance is of increasing importance to them.

Utility & recycling performance statistics





**ACTION PLAN 2005-08**

Goal #	Action @ 2005 to 2008 commitment	Measure	2007-08 Results	KPI Reference
1	Perform a comprehensive materials audit to identify quantity and type of packaging used throughout the organisation, including supply chain.	Tonnes of packaging by material type, provided in 2004 Baseline Packaging Data Report. Report again for 2008-09 period.	Ongoing Action– measuring means we can better manage <b>Locally &amp; Imported (tons):</b> 2006-07 - Paper 6.8; Cardboard 15.15; Plastics 8.1; Glass 3.1; Aluminium 8.1(incomplete) 2007-08 - Paper 71; Cardboard 52; Plastics 62; Glass 10; Aluminium 16 39 tons of paper and cardboard recycled; along with a further 67 tons incinerated as secure destruction.	1, 6, 27, 28, 29
2	Contact key suppliers to determine if they pro-actively manage their packaging usage/waste and identify opportunities for future packaging initiatives.	Document if suppliers (aka Third Party Organisations or TPOs) participate in a packaging waste reduction program or extended producer responsibility program (e.g.) E.U. Packaging and Packaging Waste Directive, Germany's Green Dot Program, U.S. Resource Conservation Challenge). Report again for 2008-09 period.	Ongoing – Locally, some work has been done with suppliers namely in the consumables area to understand what is purchased. Further work in this area is required.	3, 4, 28
3	Increase awareness of our overseas packaging development groups on NPC requirements and our commitments and obligations.	2004 Baseline Packaging Data Report. Report again for 2008-09 period.	Ongoing - This is being conducted in conjunction with gathering baseline data (Goal 1). Effort was focused on liaising with corporate and other Lilly sites gaining an understanding of what legislation applied in which region. This has seen some changes being muted to attempt to meet the regional requirements.	28
4 Closed	Identify opportunities to include use of the recycling logo (or other details on proper waste management) on packaging and promotional materials, as appropriate.	Number of products that have NPC related labelling, provided in 2005 Baseline Packaging Data Report.	This is a long term strategy due to product packaging changes which are static for many years and are aligned to regulatory approvals. Changes do not occur frequently. Item will be closed but will be retained and followed up at the appropriate time. Closed	28, 29
5 Closed	Report on types and amounts of packaging waste materials within Australia that are recovered, reused, and/or recycled.	Tonnes by material type, provided in 2004 Baseline Packaging Data Report.	Data again reported within IDAS enabling comparisons to be made. The level of data has significantly improved. This is an initiative that has been raised with corporate and they are considering to better make available packaging information. This item will be closed as it is a requirement for our involvement in the NPC. Closed	4, 21, 27, 28, 29
6	Identify key Australian suppliers, distributors or other key groups within packaging chain, and determine which are currently signatories to NPC. Encourage non-signatories to join.	Identification to be included in 2004 Baseline Packaging Data Report. Non-signatories continue to be encouraged to join. Report again for 2008-09 period.	Ongoing – TPOs identified as matter discussed with them as appropriate.	3

Goal #	Action @ 2005 to 2008 commitment	Measure	2007-08 Results	KPI Reference
7 Closed	Review requirements for product safety that may limit ability to reduce packaging volumes or substitute materials.	Report on any significant findings of assessment.	Ongoing – this is subject to corporate review as and when product packaging is modified. Additionally this matter has been raised with corporate and will be further raised within the Product Stewardship review. Matter Closed from this report.	4
8 Closed	Identify opportunities to align Eli Lilly Australia practices with Lilly Corporate Good Manufacturing Practices (GMP) and Good Quality Standards (GQS) requirements, with an aim to minimise unnecessary usage of shrink wrap, pallets, strapping, non-reusable containers, etc.	Revised Eli Lilly Australia standard operating procedures.	Ongoing - Corporate GMP and GQS standards address issues related to NPC objectives. Additionally this matter has been raised with corporate and will be further raised within the Product Stewardship review. Matter Closed from this report.	4
9	Build upon Lilly's internal recycling programs to expand and enhance the existing capabilities.	2004 internal recycling rate determined by March 2006. Recycling rates will be provided in annual reports with a goal of increasing the internal recycling by 10 percent in 2006 over 2004. Report again for 2008-09 period.	Ongoing – Data demonstrates the amount of recycling performed at site and the Environmental Committee continually seeks to enhance the recycle position. 2007-08 recycle paper waste is estimate to be 17tons compared to 2007 of 28.3, 2006 53.5 and 2005 22.7 (2006 abnormal amount of old promotional material recycled). Process reviewed this period to reduce excess holdings therefore reduce the creation and subsequent destruction.	16, 21, 28, 29
11	Review Lilly's procurement policy and incorporate aspects of NPC requirements, where appropriate.	Revised Lilly Australia procurement policy. Report again for 2008-09 period.	Ongoing – as contracts come up for renewal / review, requirements are being included as appropriate. Locally, some work has been done with suppliers namely in the consumables area to understand what is purchased. Further work in this area is required.	3, 26
12 Closed	Encourage public feedback on all aspects of Lilly's corporate social responsibility programs, including packaging waste reduction/ product stewardship.	Report on feedback in annual report.	Ongoing – Feedback is obtained through NPC Action Plan and Lilly Australia's website, Customer Service area and corporate reporting including its Corporate Citizenship report. This is an ongoing activity and will be Closed from this report.	3, 28
13	Re-run an internal baseline training program for key individuals on use of EcoPP for new product packaging design.	Training register includes names, dates, and content of training. Report again for 2008-09 period.	Planned – Carried Forward - new product process for Australia now includes requirements for HSE communications. Final aspects are yet to be developed. This matter is outstanding however links to the NPC and EcoPP information exists on our internal web site, which is currently under review.	3, 22
14	Enhance internal education regarding NPC principles and commitments through inclusion of information into New Hire Orientation program and monthly forums.	Documentation of revised New Hire Orientation program. Report again for 2008-09 period.	Planned – Carried Forward - Initiatives include inclusion of recycling information into New Hire Orientation program and monthly forums.	16
15	Report on water and electricity usage by Eli Lilly	2004 water and electricity rates for Eli Lilly Australia	Data continues to be collected for Water, Gas & Electricity	2

Goal #	Action @ 2005 to 2008 commitment	Measure	2007-08 Results	KPI Reference
	Australia operations and reduce usage "intensity" over time.	operations will be determined by March 2006. Usage rates will be provided in annual reports with a goal of reducing usage "intensity" by 10 percent in 2007 over 2005 rates. Report again for 2008-09 period.	Usage refer Graphs on pg 5. <u>Water</u> – Expect 2008 saving to be approx 17% against 2007; 2007 savings was 53% against 2006 and 30% against 2004; For 2008 we are anticipating savings of 30% against 2004 usage rate. <u>Electricity</u> - Expect 2008 saving to be approx 10% against 2007, 2007 saw a 7% increase against 2006 and saving in 2006 of 1% on 2005; For 2008 were are anticipating savings of 9% against 2005 usage rate. <u>Gas</u> - Expect 2008 savings to be 7% against 2007 and 2007 savings were 14% against 2006, 2006 saw a 25% increase in usage against 2005.	
16 New	Reduce the quantity and type of waste generated at the facility that is destined for landfill.	2008 Environmental Committee has set 2008-09 strategies with this one being specifically applicable to the NPC reporting.	New Action 2008	4, 21, 27, 28, 29

**ACTION PLAN 2008 -11**

Goal #	Action for 2008 to 2011	Measure	Results	KPI Reference
1	Perform a comprehensive materials audit to identify quantity and type of packaging used throughout the organisation, including supply chain.	Tonnes of packaging by material type		1, 6, 27, 28, 29
2	Contact key suppliers to determine if they pro-actively manage their packaging usage/waste and identify opportunities for future packaging initiatives.	Document if suppliers (aka Third Party Organisations or TPOs) participate in a packaging waste reduction program or extended producer responsibility program (e.g.) E.U. Packaging and Packaging Waste Directive, Germany's Green Dot Program, U.S. Resource Conservation Challenge).		3, 4, 28
3	Increase awareness of our overseas packaging development groups on NPC requirements and our commitments and obligations.	Document if contract partners recognise NPC requirements and our commitments and obligations.		28
5	Identify key Australian suppliers, distributors or other key groups within packaging chain, and determine which are currently signatories to NPC. Encourage non-signatories to join.	Non-signatories continue to be encouraged to join.		3
6	Build upon Lilly's internal recycling programs to expand and enhance the existing capabilities.	Provide internal recycling rate as part of annual reports		16, 21, 28, 29
7	Review Lilly's procurement policy and incorporate aspects of NPC requirements, where appropriate.	Revised Lilly Australia procurement policy.		3, 26
8	Re-run an internal baseline training program for key individuals on use of EcoPP for new product packaging design.	Training register includes names, dates, and content of training.		3, 22
9	Enhance internal education regarding NPC principles and commitments through inclusion of information into New Hire Orientation program and monthly forums.	Documentation of revised New Hire Orientation program.		16
10	Report on water and electricity usage by Eli Lilly Australia operations and reduce usage "intensity" over time.	Usage rates will be provided in annual reports with a goal of reducing usage "intensity" by 10 percent over 2005 rates.		2
11	Reduce the quantity and type of waste generated at the facility that is destined for landfill. (2008 Environmental Committee has set 2008-09 strategies)	Provide landfill quantities as part of annual reports & demonstrate continual improvement in reducing landfill and increasing recycling		4, 21, 27, 28, 29

