

RESOLVED that shareholders of Eli Lilly and Company (“Eli Lilly”) ask the board of directors to report to shareholders on how it oversees risks related to anticompetitive practices, including whether the full board or board committee has oversight responsibility, whether and how consideration of such risks is incorporated into board deliberations regarding strategy, and the board’s role in Eli Lilly’s public policy activities related to such risks. The report should be prepared at reasonable expense and should omit confidential or proprietary information, as well as information about existing litigation and claims of which Eli Lilly has notice.

SUPPORTING STATEMENT

The anticompetitive practices of companies within the pharmaceutical supply chain, insulin manufacturers such as Eli Lilly, are receiving increasing scrutiny from the public, regulators, and enforcers. The criticism of Eli Lilly has focused on the company’s insulin pricing strategy, which has resulted in massive price hikes for everyday consumers.ⁱ

In response, regulators and legislators have increasingly focused on the pricing strategies of insulin manufacturers. In early 2021, the Senate Finance Committee issued a Staff Report on the rising cost of insulin, noting that Eli Lilly’s Humalog 50-50 Kwikpen had seen a 64% price increase between 2013 and 2017, and that insulin manufacturers had “aggressively raised the [wholesale acquisition cost] of their insulin products absent significant advances in the efficacy of the drugs.”ⁱⁱ Additionally, in response to high insulin prices, eight states (CO, IL, ME, NM, NY, UT, WA, WV) have capped the price of insulin within their jurisdiction and others are considering adopting similar policies.ⁱⁱⁱ

Separately, the company is facing a multitude of lawsuits around the pricing of its insulin products, including claims from various state attorney generals, class action lawsuits, and other market participants.^{iv} The allegations include claims that Eli Lilly violated both state and federal RICO statutes, was unjustly enriched, and violated various state level consumer protection laws.^v The number and magnitude of lawsuits continues to mount, with the Mississippi Attorney General recently filing a lawsuit against Eli Lilly, alleging that the company colluded with other insulin manufacturers and pharmacy benefit managers to artificially keep insulin prices high.^{vi}

Eli Lilly’s pricing strategies and the resulting mounting pressure on the company increase the likelihood of new regulation, increase risk for investors, and have a substantial impact on the public at large. Given the widespread concern and rapidly changing environment the company finds itself in, we believe that robust board oversight would improve Eli Lilly’s management of the risks related to its anticompetitive practices and that shareholders would benefit from more information about the board’s role.

Therefore, we urge Eli Lilly shareholders to vote FOR this proposal.

ⁱ [https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20\(FINAL%201\).pdf](https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20(FINAL%201).pdf)

ⁱⁱ *Id.*

ⁱⁱⁱ <https://www.nbcnews.com/news/us-news/states-are-trying-cap-price-insulin-pharmaceutical-companies-are-pushing-n1236766>

^{iv} See Eli Lilly and Company 2020 Form 10-K, at 108-109 (<https://investor.lilly.com/static-files/e724cf2c-3a2e-4180-beaf-944ecd588323>).

^v *Id.*

^{vi} <https://seekingalpha.com/news/3706905-eli-lilly-sanofi-and-novo-nordisk-sued-over-insulin-prices>