

Eli Lilly and Company, Inc.
Lobbying Misalignment 2022

Resolved: Shareholders request that the Board of Directors commission and publish a third party review within the next year (at reasonable cost, omitting proprietary information) of whether Eli Lilly and Company’s (“Lilly’s”) lobbying activities (direct and through trade associations) align with Lilly’s public policy position and public statements, particularly supporting “making medicines more accessible and affordable to patients” and “fairness and transparency in the biopharma industry.”¹ The report should discuss how Lilly addresses the risks presented by any misaligned lobbying and its plans, if any, to mitigate these risks.

Supporting Statement:

Lilly’s commitment to Health Above All is in opposition to its lobbying efforts. Lilly says, “We’re dedicated to making our medicines more equitable, accessible and affordable,” and clearly states, “no one should have to ration their insulin.”² Yet, Lilly is among three insulin manufacturers explicitly called out for price collusion in a 2017 class action lawsuit.³

Lilly states, “Now more than ever, it’s vitally important that we demonstrate accountability and trustworthiness so we can continue to earn the confidence of patients, healthcare providers and other customers, as well as society as a whole.” However, Lilly has directly lobbied against drug pricing reform that advances affordability,⁴ hiring three lobbyists in March 2021 to defeat Democratic drug pricing proposals even while Lilly was under intense scrutiny for insulin price hikes.⁵

Lilly’s CEO Dave Ricks is now the Board Chair for Pharmaceutical Research and Manufacturers of America (“PhRMA”), which raised nearly \$527 million in 2020 and spent roughly \$506 million, including donating millions to numerous other organizations for use in opposing congressional drug pricing reform efforts.⁶ PhRMA also sits on the board of the American Legislative Exchange Council, which has actively opposed H.R. 3 and its moderate counterpart S. 2534 (both 116th Congress) - bills to lower the costs of pharmaceuticals.⁷

Lilly is the fourth largest lobbying spender (\$166.2M) and the third highest campaign contributor (\$13.3M) between 1999 and 2018. Lilly was among several pharmaceutical companies that gave \$1.6M to lawmakers in the first half of 2021, targeting legislators who were likely to oppose drug pricing reforms in the Build Back Better Act.⁸

¹ <https://www.lilly.com/policies-reports/public-policy>

² <https://www.lilly.com/who-we-are/health-above-all>

³ <https://www.fiercepharma.com/pharma/novo-faces-new-shareholder-suit-for-alleged-collusive-price-fixing>

⁴ <https://www.wfyi.org/news/articles/eli-lilly-says-legislation-to-address-drug-prices-would-hurt-its-current-future-operations>

⁵ <https://www.opensecrets.org/news/2021/04/vaccine-access-pharma-lobbying-fight/>

⁶ <https://www.opensecrets.org/news/2020/12/pharma-lobby-poured-millions-into-darkmoney-groups/>

⁷ <https://www.alecaction.org/update/20-alec-lawmakers-say-no-to-importing-price-controls-and-socialized-medicine-to-america>

⁸ <https://www.tampabay.com/news/health/2021/10/27/big-pharma-spends-big-to-block-attempts-to-control-drug-prices/>

The positions Lilly adopts should not be undermined by lobbying efforts undertaken by organizations the Company supports financially. A company may not support every position taken by the trade associations to which it belongs, but proper risk management requires that the board be aware of inconsistencies and evaluate salient risks that would require mitigation.

Given Lilly's extensive direct and indirect lobbying against measures that would make drugs more affordable, we are concerned that the misalignment between Lilly's lobbying and its stated position with regard to equity, access and affordability creates reputational risk.

For these reasons, we urge shareholders to support the proposal.

⁹<https://www.opensecrets.org/orgs/eli-lilly-co/lobbying?id=d000000166>