

Whereas, we believe in full disclosure of Lilly’s direct and indirect lobbying activities and expenditures to assess whether Lilly’s lobbying is consistent with its expressed goals and in the best interests of shareholders.

Resolved, the shareholders of Lilly request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Lilly used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Lilly’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management’s and the Board’s decision-making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which Lilly is a member.

Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels.

The report shall be presented to the Public Policy and Compliance Committee and posted on Lilly’s website.

Supporting Statement

Lilly spent \$82,532,000 from 2010 – 2019 on federal lobbying. This does not include state lobbying in the 48 states where Lilly lobbies¹ but disclosure is uneven or absent. Lilly also lobbies abroad, spending between €700,000–799,000 on lobbying in Europe for 2019 and attracting scrutiny for “using shifty lobbying tactics to dodge regulations and get medicines approved” in Australia.²

Lilly sits on the board of the Pharmaceutical Research and Manufacturers of America (PhRMA) and belongs to the Chamber of Commerce, which together have spent over \$2.0 billion on lobbying since 1998. Lilly does not disclose its payments to trade associations and social welfare organizations, or the amounts used for lobbying, including grassroots. Grassroots lobbying does not get reported at the federal level under the Lobbying Disclosure Act, and disclosure is uneven or absent in states.

We are concerned Lilly’s payments to third party groups are potentially being used for undisclosed grassroots lobbying. For example, PhRMA, which brought in \$459 million in revenue for 2018, has given millions to “dark money” social welfare groups which then “advocated policies favored by drugmakers.”³

¹ <https://publicintegrity.org/state-politics/amid-federal-gridlock-lobbying-rises-in-the-states/>

² <https://www.aap.com.au/hunt-calls-out-big-pharmas-dodgy-lobbying/>.

³ <https://www.opensecrets.org/news/2019/11/big-pharma-bankrolled-conservative-groups-tax-returns-show/>.

We are also concerned Lilly's lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Lilly states it works to make medicine more affordable, yet funds PhRMA's opposition to lower drug price initiatives.⁴ Lilly publicly supported COVID-19 efforts, but the Chamber directly lobbied against using the Defense Production Act for production of personal protective equipment for workers.⁵ And Lilly's ALEC membership has drawn negative scrutiny.⁶

⁴ <https://www.cnn.com/2019/01/23/health/phrma-lobbying-costs-bn/index.html>

⁵ <https://www.nytimes.com/2020/03/22/us/politics/coronavirus-trump-defense-production-act.html>.

⁶ <https://www.commoncause.org/wp-content/uploads/2020/05/Eli-Lilly-ALEC-COVID-letter-FINAL.pdf>.