



April 1, 2026

To Eli Lilly Shareholders:

CommonSpirit Health is urging shareholders to vote FOR Item 7 at the Eli Lilly (“Lilly”) shareholder meeting on May 4, 2026.

The proposal asks Lilly to prepare an annual report on its lobbying.

Resolved, shareholders of Eli Lilly (“Lilly”) request the preparation of a report, updated annually, omitting any proprietary data and produced at reasonable cost, disclosing:

Payments by Lilly used for direct or indirect lobbying, in each indirect case including the amount of the payment and the recipient.

For purposes of this proposal, payments used for direct lobbying are the annual aggregate amounts reported at the federal and state levels, broken out by federal and individual state. Payments used for indirect lobbying are payments to trade associations or social welfare groups that are used for lobbying as defined by tax law. Both direct and indirect lobbying include efforts at the state and federal levels.

The report shall be posted on Lilly’s website

The proposal is part of an ongoing and long-standing investor campaign for greater corporate political spending disclosure. Transparency and accountability in corporate spending to influence public policy are in the best interests of Lilly shareholders. Without a clear system ensuring alignment and accountability, corporate assets could be used to promote public policy objectives which (a) may not be clearly reflective of investor interests, (b) may be at odds with other corporate values, and/or (c) may jeopardize Lilly’s reputation to the detriment of shareholder value.

We believe Lilly should expand its corporate political responsibility by increasing its lobbying disclosure, including all of its third-party spending to influence public policy. In this letter, we will show support for this proposal is warranted because:

- Reputation is an important component of shareholder value;
- Lilly’s current disclosures are inadequate;

- Dark money spending through trade associations and social welfare groups presents unknown risks; and
- Lilly could easily provide details of its lobbying to investors.

Corporate reputation is an important component of shareholder value

- Lilly's failure to provide robust and complete disclosure of its lobbying activities and expenditures exposes it to potential reputational damage. Corporate reputation has significant impact on shareholder value.
- The 2018 Reputation Dividend Report estimates that "corporate reputation is now directly responsible for an average of 38% of market capitalization across the FTSE 100 & 250."¹ The Ipsos Global Reputation Centre research across 31 countries shows conclusive proof of the relationship between a good reputation and better business efficiency.²
- According to a Deloitte survey, 87 percent of executives rated reputation risk as more important or much more important than other strategic risks their companies are facing, and 88 percent said their companies are explicitly focusing on managing reputation risk.³

Disclosure Gaps - Lilly Investors Deserve a Full Lobbying Report

- Information on Lilly's federal and state lobbying spending is difficult to obtain, limited and non-consolidated. Lilly fails to provide a comprehensive lobbying report where investors can learn relevant amounts spent on direct or indirect lobbying activities/relationships, priorities, and how those efforts are supportive of the company's strategy and investor interests. Yet, Lilly has a broad lobbying footprint.

Federal Lobbying - Lilly Spends Millions Each Year, Yet Its Current Disclosure Omits Subsidiaries and Previous Year Amounts

- Lilly and its subsidiaries spent \$131.4 million on federal lobbying from 2010-2025, and \$11,155,000 in 2025 alone.
- Lilly reportedly has been lobbying on weight-loss drugs as scrutiny around the price of GLP-1 medications increased.⁴
- Lilly discloses spending "\$10,595,000 on U.S. federal lobbying activities, which include, but are not limited to, compensation and benefits for staff members, payment of external consultants, policy research funding and travel expenses" in 2025 on its website.

¹ "Link Between Corporate Reputation & Market Value Strengthens: Study," [Provoked Media](https://www.provokemedia.com/research/article/link-between-corporate-reputation-market-value-strengthens-study), March 8, 2018, at: <https://www.provokemedia.com/research/article/link-between-corporate-reputation-market-value-strengthens-study>.

² "Unlocking the Value of Reputation," [Ipsos](https://www.ipsos.com/sites/default/files/ct/publication/documents/2018-05/unlocking_value_of_reputation-may_2018.pdf), May 2018, at: https://www.ipsos.com/sites/default/files/ct/publication/documents/2018-05/unlocking_value_of_reputation-may_2018.pdf.

³ "2014 Global Survey on Reputation Risk," Deloitte, p. 4, at: https://www.cybersecurity.mycsa/event2014/slide/Megat_Faisal.pdf.

⁴ "Pharmaceutical Companies Are Spending Big Money on Weight-Loss Drug Lobbying," [NOTUS](https://www.notus.org/health-science/glp-1-weight-loss-drug-ozempic-wegovy-mounjaro-lobbying-congress-trump), Jan. 27, 2026, at: <https://www.notus.org/health-science/glp-1-weight-loss-drug-ozempic-wegovy-mounjaro-lobbying-congress-trump>.

- But Lilly’s current disclosure omits amounts of federal lobbying by subsidiaries and fails to provide reporting of previous years’ amounts.
- Lilly’s federal 2025 amount listed on its website fails to include \$560,000 in lobbying by its subsidiary, Lilly USA.

State Lobbying – Information on Lilly’s Spending in 50 States Difficult to Obtain

- Obtaining comprehensive information on lobbying at the state level is described by one expert as “nearly impossible” given “the ‘Byzantine’ manner in which the data is captured and made available online” which effectively buries information at many states.⁵
- Lilly fails to provide any details of its state lobbying expenditures as requested by the proposal. Lilly’s current state lobbying disclosure on its website provides investor a link to a chart with 54 links to all 50 states and the District of Columbia. This incomplete disclosure fails to provide the amounts, as requested. It also requires the user to look up Lilly’s reports at 54 different state websites.
- An additional problem on top of requiring investors to look up 54 different disclosure links is that state disclosure requirements vary widely.⁶
- An analysis of Lilly’s 2023 state disclosure found that 25 out of 48 states Lilly provided links for did not disclose any of amounts Lilly spent on state lobbying.⁷

The Company We Keep: Lilly Fails to Provide Comprehensive Dark Money Disclosure

- Shareholder proposals for lobbying disclosure request dark money spending where there are no limits on what a company can give, whether through trade associations or social welfare groups. While corporate donations to politicians and traditional PACs have strict limits, their payments to trade associations and 501(c)(4) social welfare nonprofits have no restrictions. Thus companies can give unlimited amounts to third party groups that spend millions on lobbying without disclosing these details.
- Undisclosed company payments and dark money lobbying by trade associations and social welfare groups may be “at least double what is being reported.”⁸ In 2017, TAs and SWGs spent \$535 million on disclosed lobbying

⁵ “Wal-Mart Improves Lobbying Disclosure after Shareholder Push,” Reuters, May 13, 2015, at: <https://www.reuters.com/article/us-wal-mart-stores-disclosure-lobbying-e/exclusive-wal-mart-improves-lobbying-disclosure-after-shareholder-push-idUSKBN0NY0AH20150513> .

⁶ “How States Define Lobbying and Lobbyist,” National Conference of State Legislators, Jan. 8, 2025, at: <https://www.ncsl.org/ethics/how-states-define-lobbying-and-lobbyist>.

⁷ “Despite Company Claims, Eli Lilly Fails to Disclose Its State Lobbying Spending for Half the Country,” Public Citizen, May 3, 2024, at: <https://www.citizen.org/news/despite-company-claims-eli-lilly-fails-to-disclose-its-state-lobbying-spending-for-half-the-country/>.

⁸ “Business Group Spending on Lobbying in Washington at Least Double What’s Publicly Reported,” The Intercept, Aug. 6, 2019, at:

and \$675 million on unregulated efforts to influence public policy, including strategic consulting, broadcast advertising, media relations, social media posts, polling and funding for astroturf campaigns.

Trade Association Blind Spots: Hidden Chamber Lobbying, At Least Seven Missing Trade Associations and Disclosure Lags Peers

- Lilly's disclosures of its participation and memberships in Trade Associations is limited, lacking detail with respect to amounts spent, alignment with corporate priorities, and process and engagement.
- Corporations make payments to trade associations that are used to lobby indirectly on their behalf without specific disclosure or accountability. Trade associations spend hundreds of millions to lobby. For example, the US Chamber of Commerce has spent more than \$2.0 billion since 1998.⁹
- Lilly discloses trade associations to which it pays annual membership dues of \$50,000 or more, and which lobby in the U.S. at the federal and state level, as well as the percentage of dues collected from member companies utilized by that organization for federal and state lobbying and political expenditures.
- However, Lilly shareholders still face a trade association blind spot, as Lilly fails to disclose its actual trade association payments, nor the portions of these payments used for lobbying.
- Lilly lists memberships in ten trade associations, including the Business Roundtable, Pharmaceutical Research and Manufacturers of America (PhRMA) and US Chamber Commerce, which together have spent over \$3.0 billion on federal lobbying since 1998.¹⁰ Yet shareholders have no way to know the specific amounts of Lilly's payments being used for lobbying.
- Lilly does not list the amount of its trade association payments, only that the ten disclosed groups received \$50,000 or more, with Lilly providing a percentage of the undisclosed exact amount used for lobbying. A percentage of an indeterminate number is unresponsive to the proposal's request.
 - For example, Lilly lists the Chamber of Commerce as one of the ten trade associations receiving more than \$50,000 in dues, with 40% of that used for lobbying. All a reader can tell here is that the Chamber received over \$50,000 and 40% of that unknown amount was used for lobbying. Did Lilly give the Chamber \$50,000 with \$20,000 used for lobbying, \$500,000 with \$200,000 used for lobbying, or \$1,000,000 and \$400,000 used for lobbying?
 - And Lilly lists PhRMA for receiving more than \$50,000 in dues, with 33% of that used for lobbying. Did Lilly give PhRMA 50,000 with

<https://theintercept.com/2019/08/06/business-group-spending-on-lobbying-in-washington-is-at-least-double-whats-publicly-reported/>.

⁹ <https://www.opensecrets.org/federal-lobbying/top-spenders?cycle=a>.

¹⁰ <https://www.opensecrets.org/federal-lobbying/top-spenders?cycle=a>.

\$16,667 used for lobbying, \$300,000 with \$100,000 used for lobbying, or \$1,500,000 with \$500,000 used for lobbying?

- Lilly's failure to provide the precise amounts is the problem for shareholders. It is also unclear whether this disclosure captures any payments in addition to dues made to trade associations, or the portions of these payments used for lobbying.
- In addition, Lilly's disclosure leaves out support and membership for at least seven other major trade associations which lobby, including the Alliance to Modernize Prescribing Information, the Healthcare Distribution Alliance, Healthcare Institute of New Jersey, Illinois Biotechnology Innovation Organization, Life Sciences Pennsylvania, Personalized Medicine Coalition and Texas Healthcare & Bioscience Institute.¹¹ We are unclear about additional memberships Lilly is failing to disclose.
- Lilly's incomplete disclosure lags peer group members which disclose their trade association payments used for lobbying, including Amgen, Biogen, Bristol-Myers Squibb, Gilead Sciences, Merck and Pfizer. On lobbying disclosure, Lilly is failing to keep up with its peers.

Social Welfare Groups are "Perfect Entity to Receive a Bribe", Lilly Gave Nonprofits Over \$300 Million in 2018

- Lilly's disclosure notably leaves out 501(c)(4) social welfare groups (SWG), entities which can engage in lobbying.
- FirstEnergy's trial over \$60 million of dark-money payments led a prosecutor to note that a social welfare group is "a perfect entity to receive a secret bribe."¹²
- The dark money scandal at FirstEnergy illustrates why investors need disclosure of SWG spending to prevent reputational, regulatory and financial damage. FirstEnergy agreed to pay \$230 million for funneling \$60 million through a dark money SWG group called Generation Now that was used for bribery in Ohio.¹³
- Lilly is a member of the Alliance for Patient Access (AfPA),¹⁴ a 501(c)(4) SWG that engages in lobbying. AfPA has been described a nonprofit with a "consumer-friendly vibe that pushes drugmakers' message."¹⁵ Its money

¹¹ Alliance to Modernize Prescribing Information, <https://modernizeprescribinginfo.com/about-us/>; the Healthcare Distribution Alliance, <https://www.hda.org/join-hda/manufacturer-membership/#members>; Healthcare Institute of New Jersey, <https://hinj.org/member-companies/>; Illinois Biotechnology Innovation Organization, <https://ibio.org/member-resources/member-benefits/>; Life Sciences Pennsylvania, <https://members.lifesciencespa.org/directory/FindStartsWith?term=L>; Personalized Medicine Coalition, https://www.personalizedmedicinecoalition.org/Members/Current_Members; and Texas Healthcare & Bioscience Institute, <https://www.thbi.com/membership>.

¹² "Ohio Republicans accused of taking \$60m in bribes as corruption trial opens," *The Guardian*, Jan. 24, 2023, at: <https://www.theguardian.com/us-news/2023/jan/23/ohio-republican-larry-householder-corruption-trial>.

¹³ FirstEnergy to pay \$230M in agreement in Ohio bribery case, AP, July 23, 2021, at: <https://apnews.com/article/business-government-and-politics-ohio-a4dd75020561d8b533fdabcb98a0a350>.

¹⁴ "Alliance for Patient Access Associate Members and Financial Supporters, September 2024," at: <https://admin.allianceforpatientaccess.org/wp-content/uploads/2020/02/AfPADonorsJanuary2020-1.pdf>.

¹⁵ "Group with consumer-friendly vibe pushes drugmakers' message," *AP News*, March 18, 2019, at: <https://apnews.com/article/7c8d0728c38345cd8dfc0fe1abd456ae>.

comes from more than three dozen associate members and financial supporters, which include several of the largest pharmaceutical companies.

- AfPA has drawn scrutiny for running ads in West Virginia pressuring Senator Manchin to oppose drug pricing reforms.¹⁶
- Lilly is a member of the Alliance for a Stronger FDA,¹⁷ which spent \$320,000 on federal lobbying in 2025.
- And Lilly is also a member of the Alliance for Competitive Taxation, which has put out a study claiming higher corporate taxes would harm workers in every state.¹⁸
 - We do not know which other social welfare memberships Lilly is failing to disclose.
- Lilly's incomplete social welfare disclosure lags peers Biogen and Pfizer, which disclose their social welfare group payments used for lobbying.

Lilly's Opposition Statement is Inadequate

- Lilly claims its "dedication to transparency is reflected in its ranking as a top performer (Tier 1) in the CPA-Zicklin Index (which benchmarks S&P 500 companies' transparency and governance over their political spending) for the past two consecutive years."
 - However, this argument is misleading since the Company's CPA-Zicklin ranking has nothing to do with lobbying spending disclosure.
 - The fact that Lilly touts being ranked as a trendsetter on the CPA-Zicklin Index, a measurement of transparency in political contributions but not lobbying, suggests that Lilly could, in fact, become a leader in lobbying disclosure as well, simply by disclosing information it already is tracking and keeps internally.
- Lilly claims it "lists ... the portion of Lilly's payments to [trade associations] that is used for lobbying."
 - However, this argument is misleading since Lilly is not disclosing the amount of its payments to trade associations that are being used for lobbying, as requested, but instead provides a percentage of a number a reader only knows is \$50,000 or more.
- Finally, Lilly states it does "not believe that publishing the standalone report requested by the proposal would provide meaningful additional information to shareholders to merit the resources required to provide the requested report."
 - We disagree. As noted, Lilly lags many of its peers which are disclosing their trade associations payments and the amounts used for lobbying.

¹⁶ "Big Pharma Is Pressuring Joe Manchin to Oppose Drug Pricing Reforms," [Jacobin](https://jacobin.com/2022/05/big-pharma-joe-manchin-drug-pricing-reforms/), May 24, 2022, at: <https://jacobin.com/2022/05/big-pharma-joe-manchin-drug-pricing-reforms/>.

¹⁷ <https://www.strengthenfda.org/members>.

¹⁸ Average people would pay for higher corporate tax rate, Washington Examiner, Oct. 6, 2024, at: <https://www.washingtonexaminer.com/opinion/3177293/average-people-would-pay-higher-corporate-tax-rate/>.

- o Lilly is required to report its federal and state lobbying, including all indirect lobbying through its trade associations and social welfare groups, and has all of this information, so it could be readily provided to shareholders in a single report at minimal expense on Lilly's Public Policy Website.

Conclusion

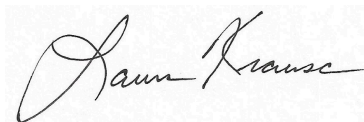
Lilly's inadequate lobbying disclosure policies highlight the critical need for the Company to improve its lobbying disclosures and increase transparency around its lobbying policies, procedures and spending details.

Lobbying Transparency: What Gets Disclosed Gets Managed.

- If Lilly has nothing to hide, transparent disclosure would simply show that its lobbying is being done for the company and shareholders' best interests.
- Knowing our company's lobbying will be disclosed will ensure board and management oversight to safeguard that lobbying is being done in shareholder and Lilly's best interests, which can be protective of our investment now and in the future.

For all of the above reasons, we urge shareholders to vote FOR Item 7, the shareholder proposal requesting a report on the Company's lobbying expenditures.

Sincerely,



Laura Krausa

System Director Advocacy Programs

CommonSpirit Health

laura.krausa@commonspirit.org