



Changing The World One Animal at a Time

2021 Environmental, Social and Governance Report

August 2022

CEO Letter



Introduction

Company Metrics	07
We Are Elanco – Our Values and Behaviors	08
Elanco's Healthy Purpose	09
Sustainability Governance	13



Healthier Enterprise

Summary of Progress 2021	18
Human Capital Management	19
Diversity, Equity and Inclusion	20
Recruiting Top Talent	23
Employee Development	24
Employee Compensation and Benefit	26
Employee Health and Safety	29
Driven by Our Purpose	31
Corporate Governance	34
Continued Action in 2022	38



Healthier Animals

Summary of Progress 2021	41
Animal Welfare	42
Advancing the Welfare of Pets	44
Promoting Better Care for Pets through Innovation	45
Advancing Farm Animal Welfare	47
Helping Farm Animals Live Better – Around the World	48
Antibiotic Stewardship	49
Continued Action in 2022	54

03

05

16

39



Healthier People

Summary of Progress 2021	57
Advancing Livelihoods of Small-Scale Farmers	58
Creating More Resilient Food Systems	59
Helping the World Understand and Experience the Benefits of Pets on Well-Being	60
Continued Action in 2022	64



Healthier Planet

Summary of Progress 2021	67
Environmental Stewardship	68
2021 Metrics	70
Accelerating Toward Sustainable Packaging	71
Striving to Be Our Customers' Lead Partner on Their Journey Toward Climate Neutrality	72
Supporting Efforts that Drive Lasting Positive Change	74
Continued Action in 2022	75
About This Report	76



Appendix

55

65

77

A letter from our CEO

Driven by Our Purpose

At Elanco, we believe healthy animals are an important part of the solution to many of the most pressing issues facing our global society.

We take our role in delivering this solution seriously. We continuously build on our capability to reach the world's animals – with access to 19 species in more than 90 countries.

In 2021, we leveraged our global reach and strong business position to tangibly deliver progress toward our 2030 Healthy Purpose commitments, promoting the health and well-being of our employees, animals, people and the planet. We align with the [UN Sustainable Development Goals](#) to ensure our impact contributes to the world's most pressing needs.

While comprehensive details about our Environmental, Social and Governance (ESG) programs and results are provided in the full report, below are a few highlights from 2021.

| HEALTHIER ENTERPRISE

Our progress in each Healthy Purpose pillar is only possible through the health and well-being of our business and our diverse, talented Elanco team around the globe.

This year, we elevated the support of our workforce through advancing our **comprehensive Diversity, Equity and Inclusion (DEI) strategy and establishing our first near-term targets** for women in leadership globally and People of Color leadership representation in the U.S. We have expanded programs and training to empower and develop diverse talent at all levels of the organization to

support our objectives. Since we issued our last report in mid-2021, we have continued to expand our shareholder engagement program, which included gathering and evaluating shareholder feedback. In the second half of 2021, we conducted a virtual ESG roadshow, through which members of our Board and executive leadership engaged with shareholders on a variety of topics related to executive compensation and sustainability.

| HEALTHIER ANIMALS

At Elanco, the health of animals is central to everything we do. Our 2030 Healthy Purpose commitments include improving the health and well-being of farm animals and helping pets receive better care.

In 2021, we acted on these commitments by **enhancing our comprehensive Animal Welfare Policy**, describing our approach, practices and guidelines for supporting those who care for animals. Grounded in the Five Domains Model, a science-based structure of assessing animal welfare, our approach includes empowering those on the farm and in the veterinary office through information and training as well as advancing our antibiotic stewardship efforts.

| HEALTHIER PEOPLE

Food security and the human-animal bond – the two main focuses of our Healthier People pillar – have never been more important. Today, our society is facing intense threats to food security, in part due to the COVID-19 pandemic and the current war in Ukraine. According to the World Health Organization, the global pandemic also led to a



A letter from our CEO

25% increase in anxiety and depression worldwide.^[1] We recognize the power of the human-animal bond to contribute to mental and emotional well-being solutions.

Since 2017, **we continued building on the success of our first shared value initiative the East Africa Growth Accelerator (EAGA)**, which has empowered close to 280,000 small-scale dairy and poultry producers so far to better protect their livestock from disease and directly impacted the health and welfare of more than 20 million animals over the past four years. The EAGA initiative earned Elanco the **19th spot on FORTUNE's 2021 Change the World list**, which recognizes companies that creatively use the tools of their global business to address unmet needs in the global community. We also expanded our commitment to creating shared value and launched a second initiative directed at small-scale farmers in Nigeria and Uganda in partnership with GALVMed in early 2022. The MAHABA (Managing Animal Health and Acaricides for a Better Africa) initiative aims to help local producers to effectively manage tick infestations in cattle.

HEALTHIER PLANET

As an animal health leader, we see livestock sustainability as the next frontier of animal agriculture innovation. Calories and climate are inextricably linked; as a result, we see the need to both reduce our environmental impact while also nourishing and nurturing a growing, global population.

Elanco's commitment to animals being part of the environmental solution is long-standing. We continue to focus on providing customers with products and tools as their lead partner on their journey to produce climate neutral animal protein products. In 2021, we launched Exporior® for beef cattle, the first U.S. FDA-approved product to reduce ammonia gas emissions from an animal or its waste. Additionally, in March of 2022, we announced a strategic

alliance with Royal DSM for Bovear®, a first-in-class methane-reducing product for beef and dairy cattle. Elanco is well-positioned to lead and provide value to drive farm animal sustainability forward.

Finally, the past year brought the start of progress toward our climate goals as we started transitioning to using 100% renewable energy across our global manufacturing network. Our next step involves a detailed evaluation of the Elanco footprint across Scope 1, Scope 2 and Scope 3 emissions to properly inform our opportunities, targets and overall climate transition plan and strategy.

MOVING FORWARD

The activities and efforts creating the current progress toward our 2030 Healthy Purpose goals are driven by the global reach and diversity of our employee base, which allows us to realize global impact and local influence. Both are made possible by the united, purpose-driven focus of our Elanco team at all levels, including our senior leaders.

While this report recognizes the progress to-date, more importantly, it's our call to action to continue innovating and partnering with others to show even more progress in 2022 and beyond. We will continue driving to be a force for good in the world, improving the health of people, animals and the planet.



Jeff Simmons

President and CEO, Elanco Animal Health



^[1] Source: <https://www.who.int/news/item/02-03-2022-covid-19-pandemic-triggers-25-increase-in-prevalence-of-anxiety-and-depression-worldwide>

Introduction

This document provides our 2021 report covering the Environmental, Social and Governance (ESG) factors we have deemed relevant to our business. The report seeks to align with the Sustainability Accounting Standards Board (SASB) Healthcare – Biotechnology & Pharmaceuticals industry standard, the UN Sustainable Development Goals (UN SDGs) and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. It also considers additional topics relevant to Elanco's sustainability efforts valuable for our stakeholders.

Elanco is a global leader in animal health dedicated to innovating and delivering products and services to prevent and treat disease in farm animals and pets, creating value for farmers, pet owners, veterinarians, employees, shareholders and society as a whole.

With nearly 70 years of animal health heritage, we are committed to helping our customers improve the health of animals in their care, while also making a meaningful impact on our local and global communities.

At Elanco, we believe that healthier animals are part of the solution to some of the world's most significant challenges. We are focused on making a difference in critical areas, including malnutrition, obesity, social isolation, mental health and climate change. We believe "making life better for animals, makes life better." Our business model is built on the belief that healthier animals – pets and farm animals – are the key to addressing food security and nutrition, human health and well-being, and environmental sustainability.



HEALTHIER ANIMALS ARE PART OF THE SOLUTION TO SIGNIFICANT GLOBAL CHALLENGES¹

¹ Sources:

Farm Animal Health

1. The State of Food Security and Nutrition In the World. UN Food and Agriculture Organization. 2022.
2. Obesity and overweight. World Health Organization. 2022.
3. Earth Overshoot Day 2021 Is July 29. WWF. 2021
4. A New Era for Animal Health Data. World Organization for Animal Health (WOAH; founded as OIE). 2021.

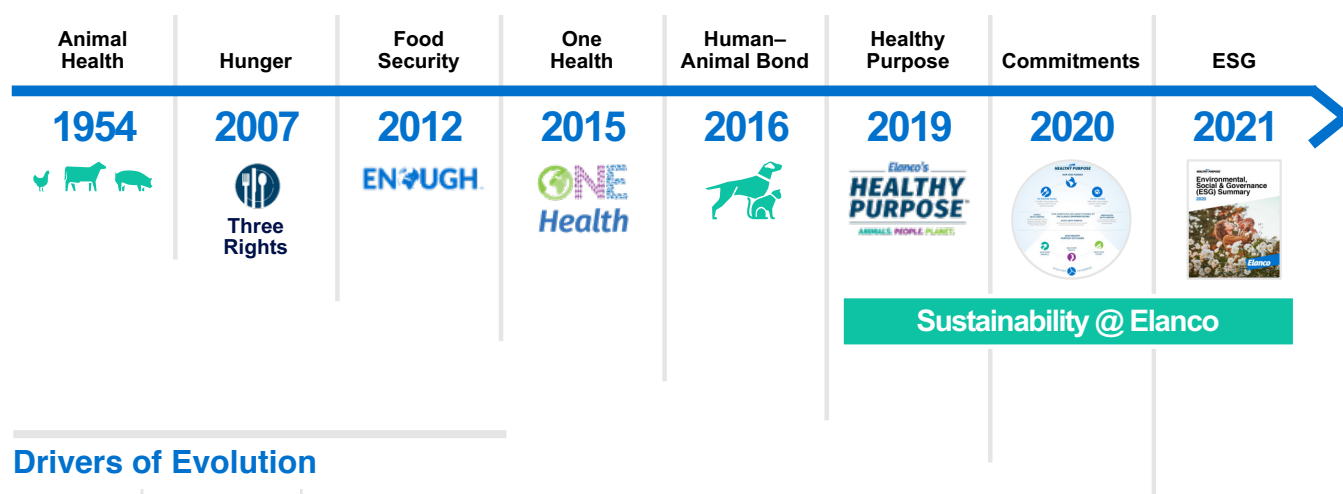
Pet Health

1. Global Trends in Pet Health. HealthForAnimals. 2022.
2. Elanco. Data on File.

In 2021, Elanco marked our third year as a public company. We completed our full separation from Eli Lilly and Company and our independent company standup while making significant progress integrating Bayer Animal Health, the industry's largest acquisition to date. Today, we are a more diverse, more global company with greater reach and scale and an effective balance between our pet health and farm animal businesses.

Elanco's corporate purpose and corporate social responsibility efforts have been central to our company for many years. The timeline below details our ability to learn, grow, evolve and think differently about our unique contributions to a healthier world. As our business has evolved, shifted to include more pet health products and expanded geographically, we increased our efforts to integrate sustainability across the company and maintain alignment with increasing stakeholder expectations.

ELANCO'S HEALTHY PURPOSE



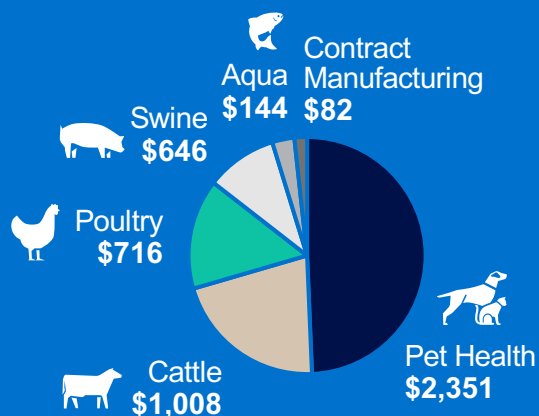
Drivers of Evolution

Purpose-Driven Culture	Business Mix Shift	Landscape & Stakeholder Expectations
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2021 Company Metrics



\$4.765 B
revenue



International
55%



US
45%



200 Brands

sold for pets & farm animals

Our R&D pipeline consists of over 170 active projects across species and platforms.



7 Core Species

pet health & farm animals

dogs, cats, cattle, swine, poultry, sheep and aqua



90+

countries served



9,800

global employees



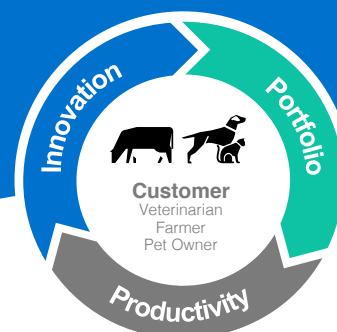
20

global manufacturing sites



\$369 M

R&D expenses





We Are Elanco

Our Values & Behaviors

Food And Companionship Enriching Life

Our Promise

We will rigorously innovate to benefit our customers and improve the health of animals.

For Our Customers

We will be your advocate and continually earn your trust, improving the health of animals and creating value through innovative products, expertise and service.

For Our Employees

Together, we will foster an inclusive culture where you can make a difference, encouraging ownership, growth and well-being, while focusing on customers and the animals in their care.

Our Culture

Values that Guide Decisions

INTEGRITY: Do the right thing in the right way.

RESPECT: Respect for people, our customers and the animals in their care.

EXCELLENCE: Be accountable. Continuously improve. Deliver with discipline.

Behavioral Pillars that Guide Our Actions



INVOLVE: Seek participation and input to gain commitment, passionate performance and create an engaged community. Act with humility as One Elanco, collaborating for the best outcomes for the entire company.



DELIVER: Focus on the essential, build mastery and diligently deliver on our commitments to our colleagues, customers and shareholders. Disciplined execution, thought and people.



INNOVATE: Bring an innovative mindset that drives continuous improvement of our process, products and services.



OWN: Be accountable and empowered. Ask questions and raise concerns. Be fully invested in Elanco's success.

Elanco's Healthy Purpose

SUSTAINABLE DEVELOPMENT GOALS

Elanco's Healthy Purpose, our approach to sustainability and ESG, guides how our company incorporates actions and commitments

to advance the well-being of animals, people and the planet, and enables us to realize our vision of "Food and Companionship Enriching Life." We use this framework to address ESG areas of importance relevant to our business operations and the values of customers and employees. This works in alignment with Elanco's role in contributing to the [United Nations Sustainable Development Goals](#).

We established Elanco's Healthy Purpose to embody the belief that healthier animals are key to solving some of the world's most pressing issues and build that belief into our business through programs and initiatives that advance the well-being of animals, people and the planet. We engage our employees, communities and industry leaders across 90+ countries to provide global, sustainable solutions to make a positive impact on society.

"Through Elanco's Healthy Purpose, we put into action our commitment to play a role in the creation of a sustainable future. Our senior leaders are actively engaged to align our business priorities with social impact allowing us to make a positive difference not just for the health and well-being of animals, but for our customers, employees, shareholders and society as a whole."

*MARCELA KIRBERGER,
executive vice president, general
counsel and corporate secretary*






ALIGNING OUR SUSTAINABILITY APPROACH WITH THE UNITED NATIONS 2030 SUSTAINABLE DEVELOPMENT GOALS



Elanco's Healthy Purpose is built on four inter-connected pillars: Healthier Enterprise, Healthier Animals, Healthier People and Healthier Planet. All four pillars contribute to the success and sustainability of our business allowing us to positively impact our shared ecosystem today and, we expect, in the years to come. Embedded in each of our pillars are the commitments we announced to our stakeholders in 2020. Our reporting metrics have evolved to be more reflective of the work of each pillar.

 Healthier Enterprise	Commitments	UN SDGs Alignment	Goals
Growing our business with integrity and excellence with respect to all stakeholders, where all employees feel safe, engaged and accountable as owners	Cultivate an inclusive culture, focused on talent development and well-being to empower our global team	  	<ul style="list-style-type: none"> • Increase representation of women in leadership globally to 42% by 2023 • Increase representation of People of Color in leadership in the U.S. to 20% by 2023 • Improve employee engagement annually
	Support the communities where we live and work		<ul style="list-style-type: none"> • Support employees in contributing 10,000 volunteer hours in disaster relief and community service annually by 2023
	Effectively govern our business		<ul style="list-style-type: none"> • Regular self-assessments of the Board and Committees • Maintain active dialogue with shareholders and other stakeholders




Elanco's Healthy Purpose



 Healthier Animals	Commitments	UN SDGs Alignment	Goals
Helping pets and farm animals live healthy, quality lives by continuously expanding our existing portfolio, while also identifying new and innovative animal care products, practices, and services	Be a leading advocate for the responsible use of antimicrobials in animal health		<ul style="list-style-type: none"> • Promote responsible use of antibiotics across our product portfolio and customers • Expand the availability of vaccines, nutritional health products and diagnostics in underserved markets that currently rely on shared-class antibiotics • Innovate to pursue the discovery and development of products that improve the health and care of animals, including products that reduce the need for shared-class antibiotics • Educate veterinarians and stakeholders about alternative treatments to reduce the need for shared-class antibiotics
	Be a center of excellence for customers and partners on evidence-based animal welfare outcomes		<ul style="list-style-type: none"> • Provide our customers with products, services and tools that enable improved animal welfare

 Healthier People	Commitments	UN SDGs Alignment	Goals
Improving people's lives and livelihoods by promoting animal companionship and enabling sustainable production of meat, milk, fish and eggs	Create more resilient food systems and improve farmer livelihoods	 	<ul style="list-style-type: none"> • Support and enhance the agricultural productivity and income of 250,000 dairy and poultry small-scale farmers by 2030
	Help the world understand and experience the value of pets on human well-being		<ul style="list-style-type: none"> • Deliver products, research and training to facilitate and enhance a broader understanding of the benefits of the human-animal bond



 Healthier Planet	Commitments	UN SDGs Alignment	Goals
Minimizing our own environmental footprint, while leveraging product and service innovations to help our stakeholders advance their sustainability efforts	Minimize our environmental footprint		<ul style="list-style-type: none">• Source 100% renewable energy by 2030• Track and implement programs to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions• Develop a comprehensive approach to addressing Scope 3 emissions• Accelerate toward sustainable packaging
	Be the lead partner on our customers' journey to Climate Neutrality		<ul style="list-style-type: none">• Through our products, innovation, services and tools help our customers remove 21 million tons of GHG emissions from their farms by 2030





Sustainability Governance

Our Board and executive management team are actively engaged in our Healthy Purpose initiatives. At the Board level, the Nominating and Corporate Governance Committee provides oversight and guidance for our overall sustainability program.

On a quarterly basis, the Nominating and Corporate Governance Committee reviews our activities and practices regarding ESG matters significant to Elanco. This includes our related initiatives and policies and the progress of Elanco's Healthy Purpose sustainability and ESG commitments. The Audit Committee periodically reviews practices related to environmental protection and the health and safety of our employees, and the Compensation Committee also periodically evaluates our policies and strategies related to diversity in our workforce and human capital management.

In addition, our full Board has responsibility for oversight of our management's planning for material risks, including ESG risks, which are identified and prioritized by management through both top-down and bottom-up processes. Our enterprise risk management program is reviewed annually at a full Board meeting, and enterprise risks are also addressed in periodic business function reviews. A full description of the Board's responsibilities, director biographies, compensation practices and oversight of risk management are available in our [2022 Proxy Statement](#).

Elanco's Healthy Purpose framework and related sustainability and ESG goals are embedded in our everyday work. In early 2021, we enhanced our sustainability governance structure to strengthen integration of ESG and sustainability into our business and coordinate efforts across our organization.

Our sustainability program is led by our Global Head of ESG & Sustainability, with oversight from the Elanco Healthy Purpose Steering Committee (Committee). This cross-functional Committee, comprised of senior representation from across our business including Communications, Finance, Investor Relations, Regulatory, Human Resources, and Supply Chain functions, is chaired by Marcela A. Kirberger, executive vice president, general counsel and corporate secretary. The Committee meets regularly and, among other obligations, is charged with reviewing our sustainability program, monitoring our managerial approach and progress toward leading ESG issues, goals and commitments and overseeing disclosures to communicate our progress.

To further support our Elanco Healthy Purpose pillars, we utilize workgroups to foster cross-functional collaboration and tracking of key performance indicators toward the achievement of our long-term goals.

2021 ELANCO HEALTHY PURPOSE GOVERNANCE

Governance Structure Overview



MATERIALITY ASSESSMENT

To assess the sustainability issues, responsibilities, risks and opportunities that are most important to our business, Elanco is committed to proactive engagement with customers, nongovernmental organizations (NGOs), suppliers, academia, investors, industry organizations, community groups, employees and other stakeholders. Our interactions with these groups directly influence our internal policies and practices and inform our goals for a sustainable, positive impact.

We conducted our first formal materiality assessment in 2020, which was led by a cross-functional internal team with guidance from a leading third-party sustainability firm. Through this process, we identified topics and issues that are material to our company, engaged our above-mentioned stakeholders to evaluate and validate the topics identified and prioritized those to define our materiality matrix.



Step 1: IDENTIFICATION

After a thorough benchmarking exercise across animal health and beyond, we evaluated relevant industry bodies, leading NGOs, and sector and academic research on pertinent areas of sustainability. Additionally, we reviewed the broader ESG landscape of rating and frameworks, while also completing an indepth internal review. This research and analysis informed our initial list of industry-specific topics for discussion with stakeholders.



Step 2: ENGAGEMENT

After our initial desk-based research, we held interview-style engagements with over 20 external stakeholders and dozens of internal participants. All stakeholder groups were asked to assess topics with respect to "Importance to Elanco" and "Importance to Stakeholders".



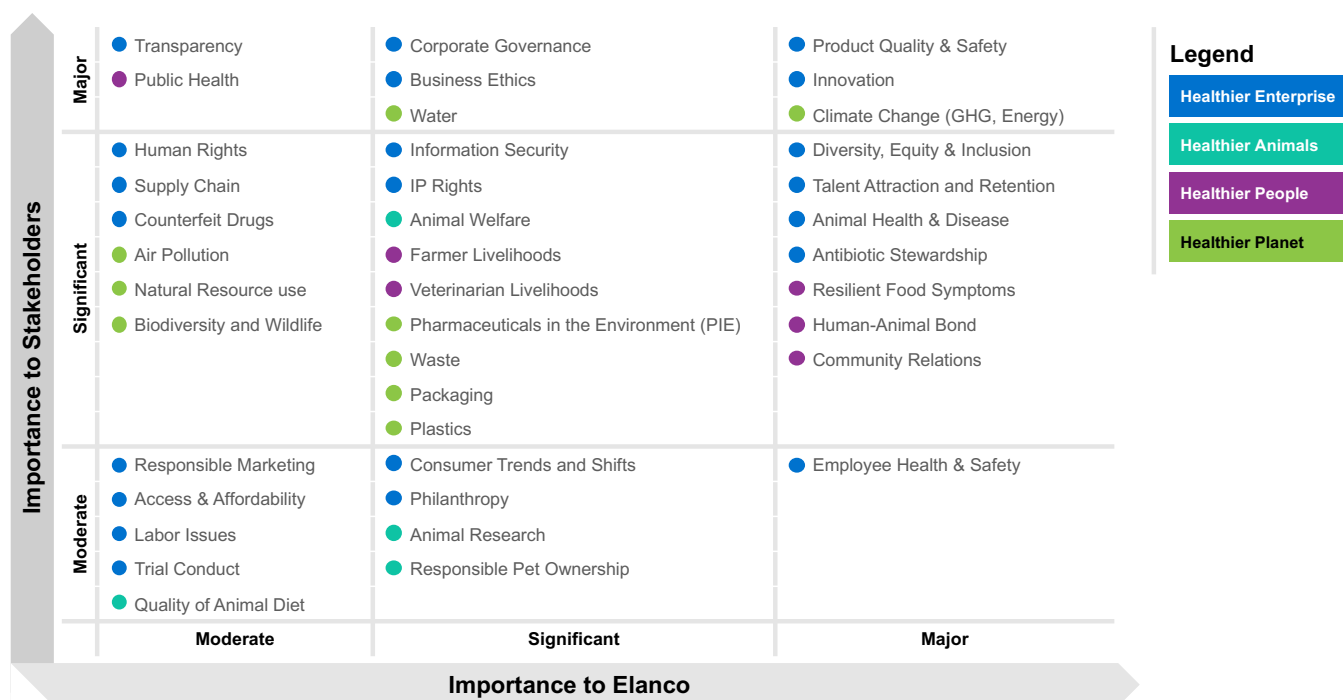
Step 3: VALIDATION

After analyzing stakeholder input, we narrowed the initial list to topics specific to our business and prioritized them on our matrix of importance to stakeholders and importance to Elanco. We validated the results of our prioritization within the Steering Committee and our working groups. Finally, we shared the results with the Elanco Executive Committee (EEC) and the Nominating and Corporate Governance Committee of the Board of Directors.

Sustainability Governance

The materiality assessment provided the company with valuable insights into the expectations of all stakeholders, informed our overall sustainability strategy and provided foundational input into the development of our Healthy Purpose program.

MATERIALITY MATRIX



A complete list of material topics identified and their definitions as part of our materiality assessment is included in the Appendix to this document.

Our initial assessment was robust and continued to apply in 2021. We are committed to reviewing and updating our materiality assessment over time as our business, the environment and our stakeholders' expectations evolve.

Our materiality assessment will continue to influence resource allocation, business focus and reporting to reflect our efforts towards what matters most to Elanco and our stakeholders.



Healthier Enterprise

We are growing our business with integrity and excellence with respect to all stakeholders, where all employees feel safe, engaged and accountable as owners.

Healthier Enterprise

At Elanco, we believe a sustainable enterprise empowers our ability to contribute to improving the world. Sound business decisions and generating shareholder value allow us the opportunity to advance our purpose-driven culture.

Through our “Healthier Enterprise” pillar, we contribute to the UN Sustainable Development Goals:



Gender Equality

as we promote gender equality at all levels in our organization.



Decent Work and Economic Growth

as we aim to create an environment where all employees feel safe while taking a stand against modern slavery and upholding human rights.



Reduced Inequalities

as we reduce inequalities through employee development and our Diversity, Equity and Inclusion program efforts.



Peace, Justice and Strong Institutions

as we govern our business responsibly and with the highest ethical standards.






“Our people are the heart of Elanco. We share a love for animals and a strong sense of community. To ensure we remain strong and healthy as a community, we strive to support the lives and careers of our employees. Our focus on diversity, equity and inclusion is central to our Employee Promise and ultimately employee engagement.”

*DAVE KINARD,
executive vice president,
human resources,
corporate communications
& administration*



Healthier Enterprise

Summary of Progress in 2021

Commitments	UN SDGs Alignment	Goals	2021 Progress
Cultivate an inclusive culture, focused on talent development and well-being to empower our global team		<ul style="list-style-type: none"> • Increase representation of women in leadership globally to 42% by 2023 	<ul style="list-style-type: none"> • Achieved 33% female representation in leadership globally in 2021
		<ul style="list-style-type: none"> • Increase representation of People of Color in leadership in U.S. to 20% by 2023 	<ul style="list-style-type: none"> • Achieved 16.9% People of Color in leadership in U.S.
		<ul style="list-style-type: none"> • Improve employee engagement annually 	<ul style="list-style-type: none"> • Employee Engagement 69%, a slight decrease from 2020
Support the communities where we live and work		<ul style="list-style-type: none"> • Support employees in contributing 10,000 volunteer hours in disaster relief and community service annually by 2023 	<ul style="list-style-type: none"> • COVID-19 impacts led to a decrease in 2021 total volunteer hours to 8,690 hours, or approximately 10% fewer hours in 2020
Effectively govern our business		<ul style="list-style-type: none"> • Regular self-assessments of the Board and Committees 	<ul style="list-style-type: none"> • Annual Board self-assessment completed
		<ul style="list-style-type: none"> • Maintain active dialogue with shareholders and other stakeholders 	<ul style="list-style-type: none"> • Engaged in over 700 meetings with investors, including an ESG roadshow covering 45% of ownership as of June 2021

Healthier Enterprise

Human Capital Management

At Elanco, we strive to create a positive experience for all employees globally, fostering an environment for learning and career growth.

Elanco's global talent management strategy includes efforts to recruit and retain top talent through targeted programs focused on the employee experience and well-being, advancing diversity, equity and inclusion, continuous learning and development, and competitive compensation and benefits. We use data analytics and employee feedback across these areas to inform our strategy and program efforts.

A Diverse Team Focused on Equity and Inclusion

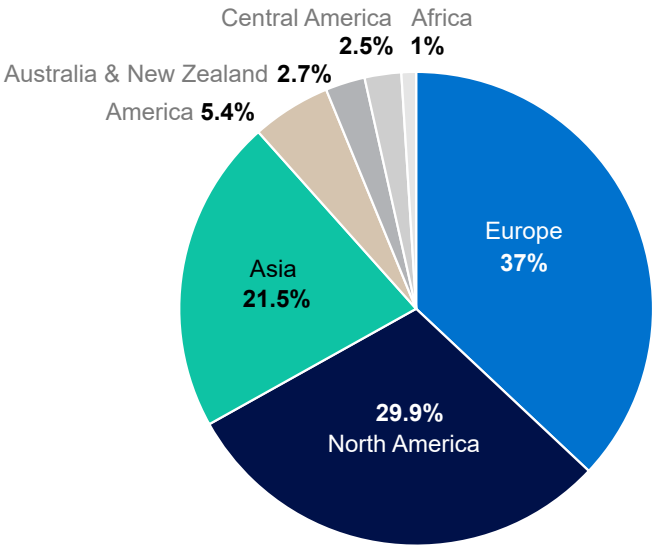
Our employees at Elanco locations across the world are truly diverse, with female members represented at every level. Additionally, in the U.S., our largest national employee group, People of Color are represented across all levels.

2021 Targets

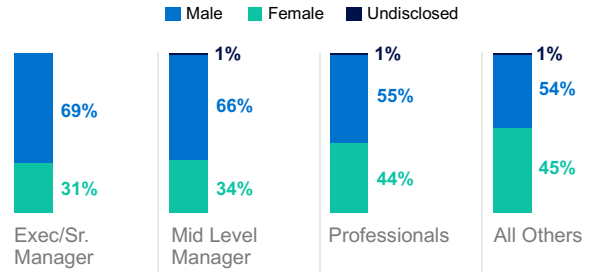
We seek to increase the representation of women in leadership globally to 42% and increase the representation of People of Color in leadership to 20% in the U.S. by 2023.

To achieve these goals, we are implementing targeted leadership development initiatives for women globally and intentionally including People of Color in all of our development opportunities. Elanco continues to improve our recruitment efforts and well-being programs by embedding our diversity, equity and inclusion efforts across all of the programs and initiatives.

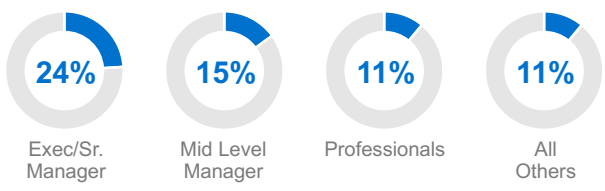
Elanco's Global Employee Base by Geographic Location



Gender by Job Category 2021



People of Color by Job Category 2021



*Includes cumulative representation of American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and two or more races. Note: numbers may not add up as decimals have been rounded.



Healthier Enterprise

Diversity, Equity and Inclusion

Our comprehensive Diversity, Equity and Inclusion (DEI) strategy includes targeted recruitment efforts, equity and inclusion learning opportunities for all employees, dedicated mentorship programs and development opportunities for individuals from underrepresented groups. We also acknowledge the needs of our diverse workforce through the continued evolution of our paid time-off policy, including adding additional commemorative holidays and parental leave. Supporting our colleagues with tools for their own personalized DEI journeys, an overview of DEI at Elanco, and various tools are made available to all employees in our **Diversity Equity and Inclusion Toolkit**.

Our DEI strategy is reviewed annually by the Nominating and Corporate Governance Committee. Additionally, the Compensation Committee is responsible for evaluating the effectiveness of our policies and strategies relating to human capital management and diversity in our workforce. Our management Executive Committee, which consists of our president and chief executive officer and other members of senior leadership, reviews progress on our initiatives quarterly, including our workforce gender metrics and race and ethnicity representation, as well as the impact of DEI events and activities throughout the organization.

We have a broad view on diversity, including gender, race, ethnicity, sexual orientation, religion, nationality, skill set, educational background and disability/ability, among other aspects. Our employees' unique experiences and backgrounds allow us to meet challenges effectively and perform efficiently at a global level.

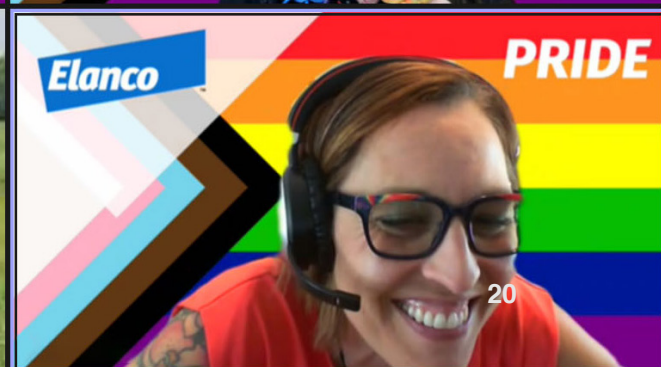
Our DEI strategy is led by our executive director of global talent management, who reports to our executive vice president of human resources, corporate communications and administration. Within this team, we have established a position solely focused on advancing our [DEI efforts across the company](#).

In partnership with our employees globally, the Elanco Global DEI Council promotes a healthier enterprise by helping to make our Employee Promise of an inclusive culture come to life at Elanco. This employee-led and leadership-supported group influences the strategic direction of diversity, equity, and inclusion efforts at Elanco. By serving as a key partner and advocate for all employees, the Council serves as an internal business consultant and DEI Champion, builds DEI partnerships across Elanco, furthers community building through the **annual**

Multicultural Summit and other events, and acts as a recruiting and retention resource



for diverse talent. **Additionally, nine Elanco Employee Resource Groups (ERGs) serve as communities to celebrate dimensions of difference, resources for groups' unique needs, and change catalysts to drive our promise of an inclusive culture.**



What DEI means to Elanco employees

“

Opportunity for professional and organizational growth. An opportunity to sit at the table and be **welcomed, respected and valued**.

*ROBYN KEITER,
quality assurance associate and
PRIDE¹ chairperson*



“

DEI is empowering people by respecting and **appreciating what makes them different**.

*AMY SPRINGMAN,
Sr. advisor business support IT
and EDAN chairperson*



“

At Elanco, DEI is about creating space; space for people to bring their entire selves to work, to connect with others, and to grow in their careers. By **creating space**, we recognize the various **dimensions of diversity** and focus on ways to ensure our organization continues to become one in which each of our colleagues believe they can thrive.

*MALCOLM BROWN,
analyst R&D support and
co-chair of EYP*



“

DEI means we **see the world in multiple lenses** and realize that difference is a strength!

*BUVEENA VIJAYANDREN,
launch leader APAC and
DEI Council member,
APAC champion*



“

DEI efforts empower each of us to live our lives in and out of work as our **authentic selves**. We celebrate our differences and a culture that not only supports us as individuals but **values the unique thoughts we bring**. Elanco doesn't just talk about DEI, our employees live and drive it forward, and that is why I am proud to be part of our Global DEI council and represent our EMEA champions.

*CHRISTOPHER
PENNELEGION,
UK technical advisor
manager & special projects
coordinator and DEI Council
member, EMEA champion*



¹ PRIDE stands for Professionalism, Respect, Integrity, Diversity and Excellence. The word 'pride' is an integral cultural concept within the Lesbian, Gay, Bisexual, Transgender, Queer, Intersex (LGBTQI) community, representing solidarity, collectivity, and identity as well as resistance to discrimination and violence. Source: University of California LGBT Resource Center. 2022.

IN 2021, WE ADDED TWO NEW ERGS TO OUR DEI PROGRAM:

Elanco Veterans Network and the Elanco Disability Awareness Network. Elanco's ERGs and their areas of focus are as follows:

- **Elanco African American Network (EAAN):** Empower and serve Elanco's African American and Black community globally while driving diversity and inclusion throughout the organization through employee engagement, talent recruitment and business partnership.
- **Elanco Chinese Network (ECN):** Promote employee engagement and better business decisions through diversity and unity. Advocate for Chinese and East Asian communities in Elanco.
- **Elanco Disability Awareness Network (EDAN):** Raise awareness and increase understanding of seen and unseen disabilities across Elanco, within our local communities and globally. Strive to advocate for and advise on issues of importance to our members and serve as a conduit between Elanco and the disability community across the globe.
- **Elanco India Network (EIN):** Create value for the company and our members by forming strategic internal and external partnerships that support diversity initiatives and business objectives.
- **Elanco PRIDE:** Help inspire, create, nurture and celebrate an open and safe inclusive community where every employee (LGBTQ+, allies, colleagues, leaders and all others) can bring their whole self to work by providing an avenue for connectivity, advocacy, mentorship and resources.

- **Elanco Veterans Network (EVN):** Create a sense of community, make connections and build awareness for topics important to military veterans and those wishing to show support for those who have served.
- **Elanco Women's Network (EWN):** Strengthen Elanco's future by accelerating gender parity through understanding, leveraging and developing the capabilities of engaged women to better harness their diverse talents and create a competitive edge for Elanco.
- **Elanco Young Professionals (EYP):** Guide new employees and early career professionals to be more grounded in themselves, their relationships with their colleagues, and their purpose within the organization, helping ensure the future of Elanco remains bright.
- **Organization of Latinos/Hispanics at Elanco (OLHE):** Contribute to Elanco's business outcomes by leveraging the Hispanic and Latinx strengths, cultural awareness and business perspectives.

Annually, Elanco employees come together to celebrate the company's DEI journey through participation in our Multicultural Summit. In 2021, the event was hosted by the Elanco India Network and provided opportunities for sharing stories, an inspirational keynote from recognized DEI pioneer [Rohini Anand](#), and workshops about unconscious bias, allyship and guidance on how to put these practices into daily use.



Recruiting Top Talent

Elanco places diversity, equity and inclusion at the center of its engagement with future employees, including our recruitment and internship programs.

Our active internship program operates globally but is managed locally. Our internships allow undergraduate and graduate students the opportunity to work with business

leaders on real-world projects and programs. In the U.S., we focus on making connections with talented individuals interested in the animal health industry involved with affinity groups like Minorities in Agriculture, Natural Resources and Related Sciences (MANRRS), Society of Hispanic Professional Engineers (SHPE), Agriculture Future of America (AFA) and the National Sales Network.

Healthier Enterprise

Employee Development

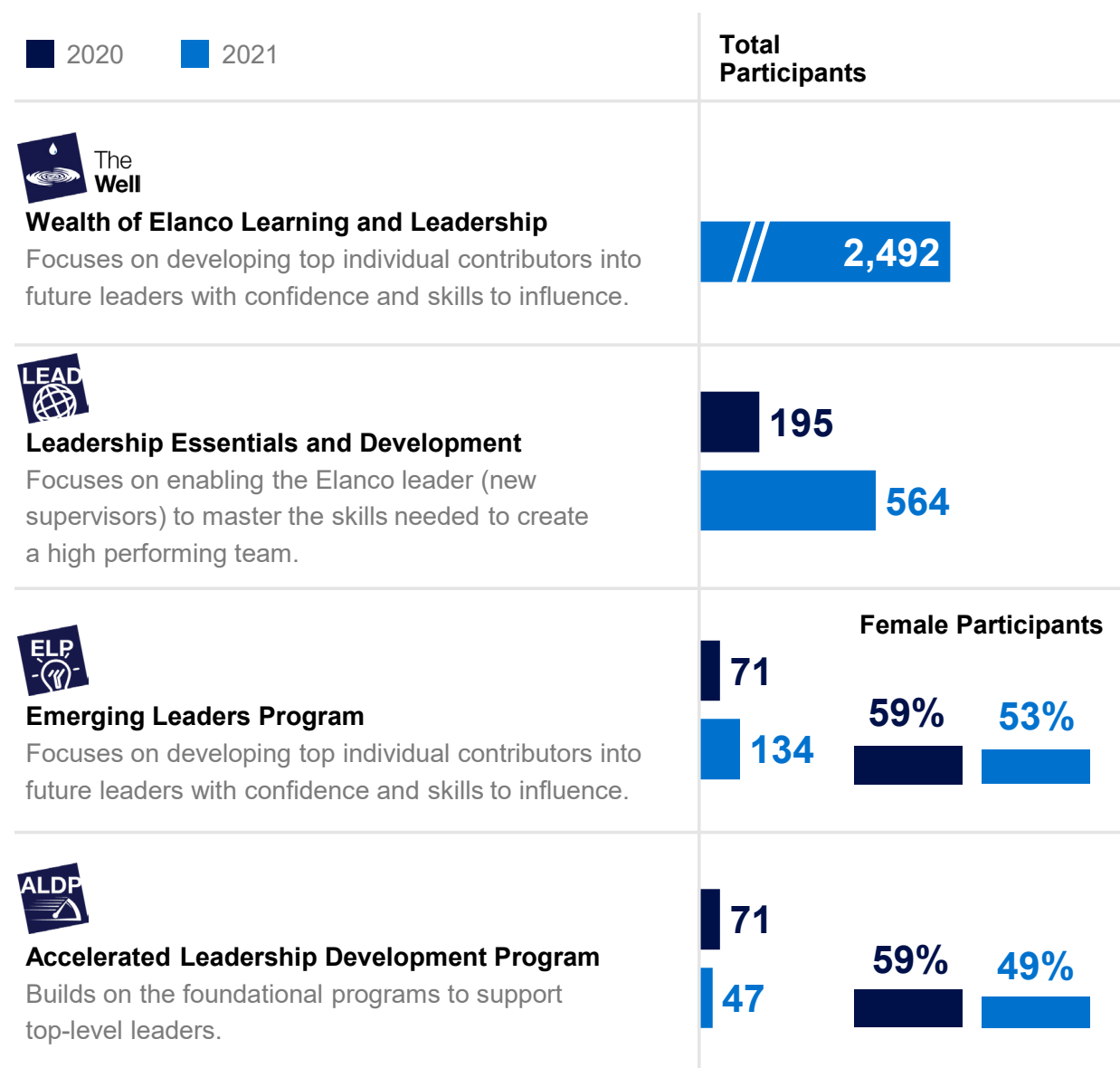
We support individualized development journeys for all employees, which start with the relationship between an employee and their supervisor. This relationship is fostered through our employee performance review process which includes consistent time for employees and supervisors to work together and identify an individual's essential wins, check in on progress mid-year and review achievements at the end of the year. In addition to direct feedback through this process, Elanco offers formal development programs, including:

- Each of our business areas, functions, and affiliates provide **role- and location-specific training**, which complements company-wide formal development programs.
- Our **Diverse Mentorship Program** formally matches mentors and mentees from diverse backgrounds, experiences, and/or geographic locations to build mentoring relationships that offer a mutual shared benefit for both the Mentee and Mentor. In 2021, we had an inaugural class of participants in the Diverse Mentoring program with representation from 11 countries. Expansion is expected in 2022.
- Elanco welcomes new employees with a one of a kind, comprehensive and dynamic onboarding process. In 2021, we transitioned from a fully virtual model – necessary during the height of the COVID-19 pandemic – to a hybrid on-boarding process designed to meet the health and well-being needs of employees.
- We support a variety of **development options** for employees including specific on-the-job areas of focus, special project assignments and external learning and training opportunities that align with specific situations or needs. For example, managers who joined Elanco through the Bayer Animal Health acquisition were supported through the Leadership Essentials and Development Program (LEAD) manager training series, ensuring all managers have the basic skill sets and resources to succeed.



Leadership and Development Programs

As a part of our overarching Talent Management Strategy, we strive to be inclusive and achieve gender parity in training sessions, where possible. Colleagues formerly a part of Bayer Animal Health participated in our leadership programs, leading to an increase in the number of colleagues participating overall. We expect to add a leadership program designed specifically for women in 2022 to support our emerging female leaders directly.



Healthier Enterprise

Employee Compensation and Benefits

COMPENSATION

We are committed to maintaining equitable compensation for all employees across the business. Pay harmonization has been a key component of the post-Bayer Animal Health integration process to bring together colleagues across both companies. We are conducting an internal review of pay practices to evaluate gender pay equity and ensure processes for establishing salaries when hiring, promoting and awarding merit increases consider factors such as experience, qualifications, performance and applicable market data.

Our compensation is built on a pay-for-performance culture. Conversations about performance against objectives take place at least three times a year between employees and their supervisors.

Employee Benefits Supporting Our Employee Promise

We provide competitive benefits for employees and their dependents that support every component of employee well-being, including physical health, mental health, financial wellness and family and lifestyle resources.

We are committed to supporting our colleagues through life-changing events. For example, U.S. employees are provided eight weeks of paid leave for birthing mothers.

U.S. PARENTAL LEAVE PARTICIPATION

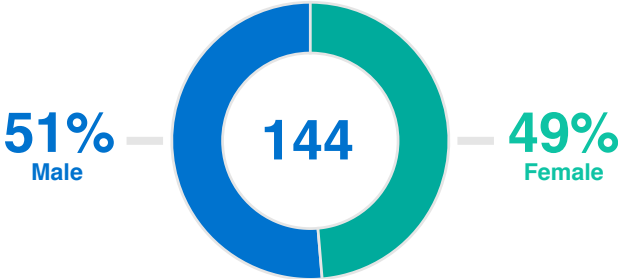


8 weeks
paid leave for
birthing mothers



+ 10 weeks
paid parental leave
for both parents

+ 10 weeks of unpaid leave optional



Healthier Enterprise

Supporting Work Flexibility

As of August 2022, most Elanco offices are open and available to employees. We acknowledge the importance of offering a work environment that supports convenience, functionality and employee well-being.

A 2021 internal survey indicated 73% of Elanco employees would prefer to work remotely two to three times per week. In response to this, in April 2021, we launched our Global Flexible Worker Standard and U.S. Teleworker Program as part of our commitment to provide a work environment that offers flexibility, an enhanced employee experience and opens a wider talent pool for our employee base.

The Global Flexible Worker Standard encourages local perspectives, regulations, individual preference and interpersonal relationships to build work environments that support the needs of each employee. To support our flexible workforce and their personal needs, we supported the purchase of at-home ergonomic equipment, updated our workplace accommodations and implemented a simplified process to support any accommodations required for medical conditions. We also conducted virtual ergonomic training and self-assessments globally for our remote workers to help ensure a safe work set-up at their homes.

Employee Well-being

The physical, mental and emotional health of our people is the foundation for the long-term success of our business. We know that well-being is connected to more productive outcomes, better collaboration, more fulfilled people and a more connected culture. To ensure awareness and access to our well-being initiatives, the opportunities for engagement are managed cross-functionally through our teams focused on Health, Safety and Environment (HSE), global learning and development and engagement teams embedded across our business functions. A multi-faceted approach to well-being allows employees to engage how, when and where they want, supporting their individual preferences.

In 2021, we launched a more equitable Global Employee Assistance Program through a third-party provider, which offers free, confidential and impartial guidance and support for all global Elanco employees and their families. This benefit was added to over 35 countries with a total coverage of 50 countries worldwide.

Our well-being program continues to improve with feedback from employees and is currently being evaluated by our current cohort of colleagues participating in the Accelerated Leadership Development Program (ALDP).



Key Drivers of Engagement

 **Job**

 **Supervisor**

 **Confidence**

 **Execution**

 **Reward and Recognition**

 **Inclusion**

 **Well-Being**

 **Cause**

 **Growth**

 **Ways of Working**

EMPLOYEE ENGAGEMENT

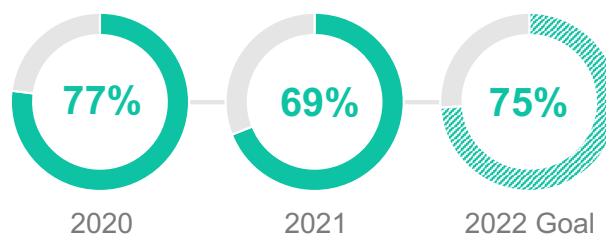
At Elanco, employee engagement is a key indicator to understanding employee well-being, confidence and satisfaction. Colleagues around the globe provide feedback through regular surveys, including our Voice of the Employee survey as well as through supervisor interactions. All of these engagement opportunities support our values and speak-up culture. Elanco's formal Voice of the Employee survey measures the 10 key drivers that are components of employee engagement at Elanco: Job, Supervisor, Confidence, Execution, Reward and Recognition, Inclusion, Well-Being, Community Charitable Support, Growth and Ways of Working.

In 2021, we partnered with a new engagement survey provider to enhance our survey through the inclusion of artificial intelligence (AI) technology insights and provide the ability to benchmark with other companies. Our efforts to continually improve our employee feedback process and system align with our behavioral pillar of Involve and advances our work to create a safe space where employees are comfortable speaking up.

Employee engagement scores in the last two years have seen fluctuations during the global pandemic and significant company changes, including the acquisition of Bayer Animal Health. Responding to this feedback is important for upholding our employee promise. We do this through efforts to support our employees during these significant changes in our external and internal environments.

After analyzing the root causes of our 2021 survey, our team has added new opportunities for learning, development, and evolving our work-from-home policies. Through implementation of these programs, as well as deeper efforts across senior management, our goal is to increase our engagement score by five percentage points to 75% in 2022. We will further evolve the engagement index in 2022.

Employee Engagement Scores





Healthier Enterprise

Employee Health and Safety

Enforcing Our Health, Safety and Environment (HSE) Beliefs

We manage the health and safety of our people and the environments in which we operate in alignment with our corporate values. Our global HSE policy describes our commitment to safeguarding the health of our people and our planet and includes the following commitments:

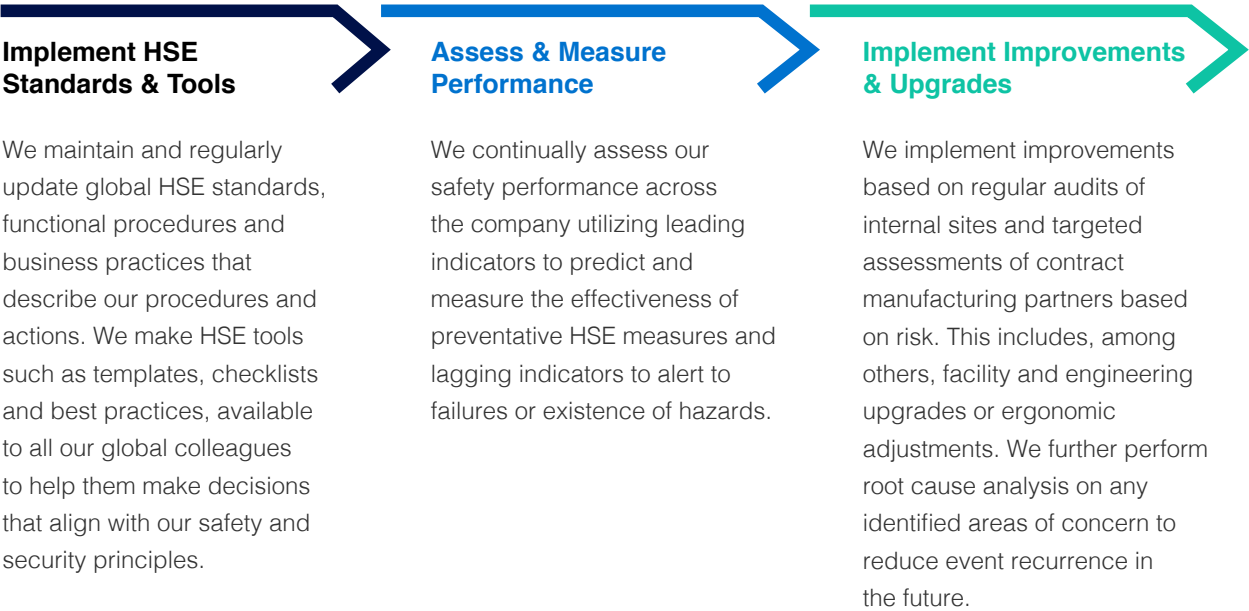
- We maintain **a workplace that promotes the safety and security of our people, assets and the communities in which we operate and serve**. We are focused on the well-being of our people by continuously improving our health and safety practices.
- We are committed to **conducting business in an environmentally responsible manner**.

- We are committed to a **robust security culture** to protect our people and brand from harm, and our assets from loss, theft or damage. We are all responsible for applying these principles in our daily activities.

Part of our HSE program includes our process for work-related injury reporting and safety tracking. All employees experiencing a work-related injury or occupational illness immediately inform their supervisor and report to Employee Health Services. Each report initiates appropriate follow-up actions to determine future preventative measures.

In addition, we actively track safety engagement, employee safety observations and feedback on safety efforts. Emergency response and business continuity plans are in place for all facilities and people in the event of a crisis, and we have established a global digital tracking tool for reporting general health and safety concerns.

To Uphold These Commitments





Upholding Enhanced Safety Expectations During the COVID-19 Pandemic

In 2020 and 2021, the COVID-19 pandemic created uncharted challenges to our safety commitments. Elanco carefully considered safety risks and took actions such as substantially restricting travel, requiring physical distancing whenever possible, encouraging the wearing of face masks in our facilities when distancing was not possible and maintaining compliance with local government regulations. We also strongly encouraged employees get vaccinated against COVID-19. Our essential site workers continued to be physically present in our manufacturing and research facilities and were provided additional personal protective equipment as required by their roles.

In 2021, we maintained all operations at our internal manufacturing sites, assessing and adjusting as needed to enable a work environment that both protected our staff and ensured continuity of supply for our customers. Additionally, we worked closely with our contract manufacturers, sharing best practices related to adjusting to new working practices and hygiene restrictions.

Our employees have demonstrated resiliency, agility and engagement in support of business continuity despite the challenges that have arisen during the COVID-19 pandemic. Employees who are not required to be physically on-site to perform their roles were enabled to work remotely.

Healthier Enterprise

Driven by Our Purpose

Serving the Communities in Which We Live & Work

Empowering our employees to support their communities with their time and talents is central to our purpose-driven culture. One way we do this is by granting all employees **24 hours of annual paid time off to volunteer.**

Giving back provides physical and mental benefits to those served and those serving. How our colleagues choose to give back to their communities varies, but they always deliver a positive impact.

We facilitate the employee volunteer program through a globally accessible digital social impact platform called the **Elanco Healthy Purpose Portal**. The portal helps employees find opportunities to engage directly with charitable organizations that fit their preferences and areas of interest and even during the pandemic. In 2021, our employees worldwide **volunteered over 8,690 hours in community service** and disaster relief projects, and collectively **donated over \$118,000 to charitable organizations.**

Elanco also empowers our affiliates across the globe with opportunities to contribute to charitable activities supporting local communities. This enables us to act swiftly and appropriately to both immediate and long-term needs in the communities where we live, work and engage.

In July 2021, we established employee-led Local Community Investment Committees in each location, guided by a centralized procedure that enhanced contribution due diligence, remittances and cause relationship development. From July to December 2021, our colleagues have made contributions to more than 70 local non-profit organizations, strengthening our relationships with charitable causes in our communities.

Throughout this report, we highlight stories where corporate contributions are making an impact on communities in need around the world.

Celebrating Our Global Day of Purpose

Every year, [Elanco's Global Day of Purpose](#) provides an opportunity for Elanco employees around the world to make a difference in their neighborhoods.

In 2021, the Global Day of Purpose took place on October 14. Colleagues found creative ways to contribute to healthier animals, healthier people and a healthier planet while respecting COVID-19 protective measures. **More than 1,000 Elanco colleagues joined over 140 community service projects, as large or small groups, virtually and in-person.**



2021 Global Day of Purpose Activities

Healthier Animals: *Supporting Rescue Animals Around the World*



Poland

Our team at the Elanco Solutions Center in Warsaw organized a variety of volunteer

activities, including a charity run to raise funds for a local guide dog foundation and joining a local horse shelter to support their outdoor paddock renovation work.



Mexico

A team in Mexico partnered with the local animal welfare organization Huellas de Amor and spent a day

giving care to abandoned, abused or sick dogs.

Healthier People: *Furthering Food Security and the Human-Animal Bond*



Portugal & Spain

Employees in Spain and Portugal collectively walked 959 kilometers for charity, accumulating one Euro for

each kilometer traveled and donating the funds to different local charities, including FESBAL, the Food Bank Association in Spain and CASA (Centro de Apoio ao Sem Abrigo) in Lisbon, which provides warm meals to the homeless in Portugal. Elanco's contribution across Iberia allowed the charities to purchase 15,000 protein-based meals. Volunteers who walked in Lisbon and Barcelona began their walk near local beaches where they picked up trash for recycling, combining their charity walk with beach cleanups.



U.S.

CEO Jeff Simmons and a group of colleagues at our global headquarters

helped Gleaners Food Bank in Indianapolis – part of the “Feeding America” network – pack food boxes for families in need during the COVID-19 pandemic. Together, the volunteers packed 950 meal boxes that helped feed over 3,200 families.

Healthier Planet: *Creating a Cleaner, More Sustainable Planet*



Germany

Colleagues at our largest manufacturing facility in Kiel, Germany,

spent more than 150 hours combined collecting trash in the vicinity of the site and at a popular local beach. The volunteers picked up more than 2,500 liters of trash from the local city and beach sites.



South Africa


Colleagues from South Africa gathered at an outdoor venue for a “Healthy

Planet Exposition.” Throughout the day, participants discovered new ways to make small, eco-friendly contributions to the world. Team members educated each other on how to purify and conserve water, compost with leftover food and correctly recycle various items.



CORPORATE CITIZENSHIP

The Elanco Foundation works alongside Elanco's Healthy Purpose, amplifying our impact through strategic philanthropy investments and partnerships with non-profit organizations. It further encourages Elanco employees to contribute to causes aligned with our values and behaviors, doubling the impact of employee donations by matching their gifts up to \$250 per year.

 Foundation Established in 2019, the Elanco Foundation is the first private corporate foundation in the animal health industry, focused on improving the well-being of animals, people and the planet.

"Through the Elanco Foundation, we strive to make a positive, measurable impact in the communities in which we operate. Together with our partners, we help deliver near-term results and sustainable solutions for a better tomorrow."

*KRISTIN BLOINK,
Chairperson, Elanco Foundation*



Healthier Enterprise

Corporate Governance

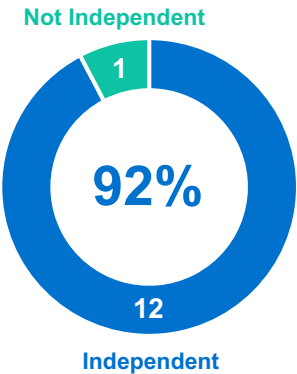
We are committed to the values of effective corporate governance and high ethical standards. We believe these values are conducive to long-term performance, helping us manage our business in accordance with the highest standards of business practice and in the best interests of our shareholders.

Our Corporate Governance Guidelines and committee charters help govern the operation of our Board and its committees. These are reviewed at least annually by the full Board and the Nominating and Corporate Governance Committee. The guidelines are updated periodically in response to changing regulatory requirements, evolving practices, issues raised by our shareholders and other stakeholders and otherwise as circumstances warrant. In addition to our overall ESG program, Elanco Board committees maintain oversight for financial disclosures,

enterprise risk management and strategy, cybersecurity and human capital management including succession planning and DEI.

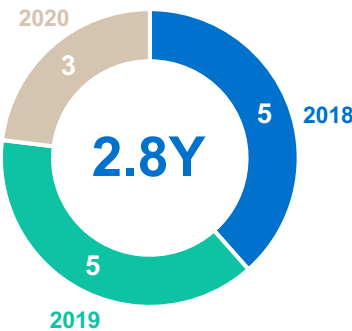
Elanco's Board is composed of highly qualified, experienced and diverse directors with relevant expertise. All directors are independent, except for our CEO. The Board is diverse with female and racial/ethnic representation. The Board will select director candidates who represent a mix of backgrounds and experiences that will enhance the quality of our Board's deliberations and decisions. Charter of the Nominating and Corporate Governance Committee states that the committee will actively consider diversity in experience, ideas, gender, race and ethnicity in candidates.

Independence



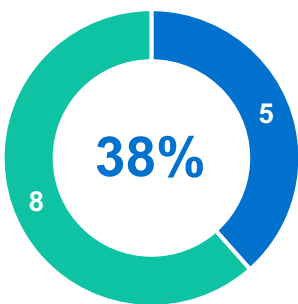
12 out of 13
Directors are
Independent

Board Tenure



Average
Tenure

Board Diversity



Female and/or
Racially/Ethnically
Diverse

Further information about our Board of Directors can be found in the [Governance section](#) of our website and in our [2022 Proxy Statement](#).

Recent Corporate Governance Enhancements

In the spirit of our values of excellence and continuous improvement, our Board is committed to regular assessments of itself and its committees. This helps ensure that our Board's governance and oversight responsibilities are well executed and updated to reflect best practices.

Our Board continuously evaluates our governance-related practices, considering evolving best practices, the needs of our business and feedback we receive from our shareholders and other stakeholders. Since December 1, 2020, due in part to this feedback, we have made the following enhancements which may be found in our [2022 Proxy Statement](#):

- We established a new Board committee, the Innovation, Science and Technology Committee, to focus on advancing and augmenting our product pipeline innovation and driving research and development optimization. This committee is chaired by Deborah T. Kochevar, Ph.D., dean emerita of Cummings School of Veterinary Medicine at Tufts University, one of the world's leading veterinary schools.
- We expanded the responsibilities of the Finance and Oversight Committee of our Board to focus on mergers and acquisition integration, financial matters and margin expansion, operational initiatives, and related areas of oversight.

- We conducted an ESG roadshow, resulting in a proposal to remove the super majority voting requirements in our governing documents and the adoption of proxy access based on shareholder feedback.

We believe these enhancements demonstrate our responsiveness to shareholder feedback and commitment to good governance. We and our Board are committed to continuing to drive progress regarding our governance and look forward to continuing our dialogue with our shareholders and other stakeholders on these topics.

For further information about our corporate governance approach and our Board of Directors, please see the [Governance section](#) of our website.

Shareholder Outreach

Our relationship with our shareholders is an important part of our success. We are engaged in active discussions with our shareholders to facilitate investor understanding around a broad range of subjects, such as strategic initiatives, business performance, corporate governance, risk and compensation practices and ESG metrics. We believe this approach to engagement drives increased corporate accountability, improves our decision-making and ultimately helps to create long-term value.





Healthier Enterprise

In addition to our regular outreach efforts, in the fourth quarter of 2021, we held a series of meetings with many of our institutional shareholders specifically focused on ESG performance and disclosure. As part of this, we initiated outreach to investors representing an aggregate of approximately 63% of our outstanding shares and subsequently met with investors representing an aggregate of approximately 45% of our outstanding shares. Several of our directors, including the Chairman of our Board, engaged with investors as part of these discussions. Through these discussions, we received input and addressed questions on our corporate strategy, executive compensation program and governance practices. These engagement efforts allowed us to better understand our shareholders' priorities and perspectives and provided us with useful input concerning these topics.

Shareholder and other stakeholder feedback is regularly communicated to the Nominating and Corporate Governance Committee and the Compensation Committee. It is integrated into Board and committee discussions and decisions. This feedback is used, in part, to determine whether enhancements to our policies and practices are desirable to meet shareholder expectations to address new issues or emerging trends, such as those described in “—Recent Corporate Governance Enhancements” above.

Below is a summary of certain feedback we received through our 2021 shareholder engagement program and how we responded.

What We Heard From Investors	Our Perspective/How We Responded
<p>Board Composition:</p> <p>Would like to see continued focus on our priorities for future director recruitment and better understand our efforts to increase director gender and ethnic diversity.</p>	<ul style="list-style-type: none">• We discussed our recent Board refreshment, which included eight new independent directors since 2019.• We shared investor feedback with the Nominating and Corporate Governance Committee.• We provided substantial disclosure in the proxy statement regarding the composition of our current Board and the skills and characteristics we consider important for our directors to have, as well as our process for identifying and evaluating director candidates.
<p>Corporate Governance:</p> <p>Would like to see us continue to evolve our Board structure and governance practices to enhance accountability to shareholders.</p>	<ul style="list-style-type: none">• We adopted a “proxy access” bylaw whereby, beginning with the 2023 Annual Meeting, a shareholder, or group of up to 20 shareholders, owning 3% or more of our outstanding common stock continuously for at least three years, can submit director nominees for up to two individuals or 20% of our Board (whichever is greater) for inclusion in our proxy statement subject to certain customary limitations.• In our 2022 Annual Meeting, we submitted and passed two management proposals to eliminate the super majority provisions in our Articles of Incorporation and certain other legacy provisions (Proposal No. 5 and Proposal No. 6).• We will continue to evaluate whether further enhancements to our policies and practices are desirable to meet shareholder expectations to address new issues or emerging trends.

Healthier Enterprise



What We Heard From Investors

Our Perspective/How We Responded

ESG Metrics:

Appreciated the publication of our 2020 ESG Summary Report as strong progress but would like to see continued focus on setting targets, tracking ESG and human capital metrics and showing progress.

- We have worked, and are continuing to work, to improve our data collection practices and enhance our public disclosures on our ESG efforts. We expect to continue aligning our disclosures with widely-adopted external frameworks, such as SASB and TCFD.

ESG Governance:

Would like to see more disclosure around how our Board oversees ESG, including with respect to human capital management and culture.

- We added more information to our proxy statement about our Board processes for overseeing ESG and other risk-related activities.



Healthier Enterprise

Continued Action in 2022

In 2022, we are continuing our journey toward a better tomorrow and progressing our Healthy Purpose™ commitments.

Further Promoting Employee Mental Health & Well-Being

Advancing our efforts to support the well-being of our Elanco colleagues, a group of volunteers in the U.S. received certification as Mental Health First Aiders (MHFA). This pilot program was launched at the 2022 National Business Meeting in April. The Mental Health First Aiders will be a resource for those within Elanco who are struggling with mental health challenges, giving support and encouraging help and self-care.

Gender equity is an important part of Elanco's diversity efforts. We are introducing a female leadership program in 2022, supporting our emerging female leaders across the business with specific skills to support their advancement.

In September 2022, we also expect to bring our Multicultural Summit back in-person with renewed energy, hosted by the Elanco PRIDE Employee Resource Group (ERG).

 [Link to Appendix \(Healthier Enterprise chapter\)](#)



Healthier Animals

Making life better for animals, makes life better. That's why we are helping pets and farm animals live healthy, quality lives by continuously expanding our existing portfolio, while also identifying new and innovative animal care products, practices and services.



Healthier Animals

It all starts with healthier animals. Food and Companionship Enriching Life is our vision. At Elanco, we believe that healthier animals can be a solution to some of the world's most pressing challenges.

One Health⁶ recognizes that animal health, human health and our environment are part of a deeply interconnected system. For example, researchers estimate that three out of four new human emerging diseases are zoonotic⁷. Ensuring prevention and treatment of pet and farm animal disease is key to protecting the health of both animals and humans. At the same time, companion animals can be a force to reverse the growing epidemic of social isolation, improving people's mental, physical and social health.



Enhancing the health and well-being of the world's animals directly impacts the health of people and the planet, aligned with UN Sustainable Development Goal 3 – Good Health and Well-Being.

One Health is an approach calling for “the collaborative efforts of multiple disciplines working locally, nationally, and globally, to attain optimal health for people, animals and our environment,” as defined by the One Health Initiative Task Force.

“Continuously striving for the highest level of treatment and care of animals is a core part of our vision at Elanco. That’s why our scientists rigorously drive innovation, advocating for animals and stewarding the highest standards of animal welfare. Enabling access to innovative animal health products leads to better quality of life for the world’s animals.”

*ELLEN DE BRABANDER,
executive vice president,
innovation and regulatory affairs*





⁶Source: American Veterinary Medical Association (AVMA). 2008. “One Health: A New Professional Imperative”. Accessed 5/13/2022. https://www.avma.org/sites/default/files/resources/onehealth_final.pdf.

⁷ Source: Jones, K., Patel, N. et al. 2008. “Global trends in emerging infectious diseases”. Nature. Accessed 29/4/2022. <<https://www.nature.com/articles/nature06536>>.



Healthier Animals

Summary of Progress in 2021

Commitments	UN SDGs Alignment	Goals	2021 Progress
Be a center of excellence for customers and partners on evidence-based animal welfare outcomes		<ul style="list-style-type: none"> Provide our customers with products, services and tools that enable improved animal welfare 	<ul style="list-style-type: none"> Adopted enhanced Animal Welfare Policy <p>Farm Animals</p> <ul style="list-style-type: none"> Provided a range of digital tools, tracking systems and applications to support data-driven decisions on animal treatments, e.g. over 100 training sessions on responsible livestock handling provided by Elanco in the U.S. <p>Pets</p> <ul style="list-style-type: none"> Launched three new pet health products in major markets Acquired Kindred Biosciences, adding three potential blockbusters to our dermatology portfolio, as well as additional R&D programs for other chronic disorders and unmet needs
Be a leading advocate for the responsible use of antimicrobials in animal health		<ul style="list-style-type: none"> Promote responsible use of antibiotics across our product portfolio and customers Expand the availability of vaccines, nutritional health products and diagnostics in underserved markets that currently rely on medically important antibiotics Innovate to pursue the discovery and development of products that improve the health and care of animals, including products that reduce the need for shared-class antibiotics Educate veterinarians and stakeholders about alternative treatments to reduce the need for shared-class antibiotics 	<ul style="list-style-type: none"> Transitioned antibiotic product labels to align with responsible use practices Introduced and expanded use of vaccines and nutritional health products across the world Conducted professional education seminars on responsible use of antibiotics

Healthier Animals

Animal Welfare

At Elanco, we believe animal welfare is integral to the sustainability of global communities. In 2021, we reinforced our commitment by adopting an enhanced Animal Welfare Policy.

Animal welfare is a concept used to characterize the physical and mental state of animals and how they experience all phases of their life. ([The World Organization for Animal Health WOA, founded as OIE, 2021](#))

Our approach to animal welfare takes a holistic view of animal care that extends beyond the role of our products and services. We base our animal welfare approach and our business practices on sound science and our ethical obligation to ensure the quality, efficacy and safety of all the medical innovations we develop and deliver for animals.

Elanco supports WOA Global Animal Welfare Strategy's objective of achieving *"a world where the welfare of animals is respected, promoted and advanced, in ways that complement the pursuit of animal health, human well-being, socio-economic development and environmental sustainability."* Our science-based approach supports and aligns with the WOA principles of animal welfare.

Enabling Animal Welfare

[Elanco's Animal Welfare Policy](#) is guided by the "Five Domains," a scientifically based framework that is highly regarded by welfare experts as the most comprehensive

means of evaluating the welfare of animals. This model expands on the "Five Freedoms" model, enabling greater opportunities to improve animals' quality of life, including their mental state and positive experiences. We recognize, support and apply the "Five Domains" of animal welfare:

- 1 Nutrition** — access to sufficient, balanced, varied and clean food and water
- 2 Environment** — provide comfort through temperature, substrate, space, air, odor, noise and predictability
- 3 Health** — enable good health through the absence of disease, injury and impairment with a good fitness level
- 4 Behavior** — provide varied, novel, and engaging environmental challenges through sensory inputs, exploration, foraging, bonding, playing, retreating and others
- 5 Mental state** — the mental state of the animal should benefit from predominantly positive states, such as pleasure, comfort, or vitality while reducing negative states such as fear, frustration, hunger, pain or boredom



Healthier Animals



We Are Dedicated to Safeguarding the Welfare of our Research Animals

In today's state of scientific discovery, the development and approval of animal health solutions require the humane use of research animals to sustain and improve good animal welfare outcomes for all animals. Upholding our ethical and scientific obligations in discovering innovative animal health products, Elanco diligently implements our animal welfare programs for research animals, as developed by our Institutional Animal Care and Use Committee (IACUC), global animal welfare officers and regional animal welfare experts. These animal welfare experts provide oversight and approval of all global research protocols and inspections of research sites.

We perform regular animal welfare audits of our animal facilities and contract research organizations to ensure all Elanco animal studies are performed to the highest welfare standards. We only work with research partners that meet our high standards of animal welfare and ensure all animal studies are subjected to ethical oversight.

We remain committed to embracing the globally recognized '3Rs' of animal research and apply these principles to maximize animal welfare in all animal studies.

- **Replacement:** We permit animal studies only when necessary. We look to replace animal studies with other approaches, where possible and practical.
- **Reduction:** We use the fewest number of animals possible in studies.
- **Refinement:** We eliminate or reduce pain and distress where possible.

Elanco has a dedicated 3R's committee to assist our scientists in implementation, training and study design refinements that incorporate these principles.

Respect for animals is an individual responsibility of everyone at Elanco. Our trained and dedicated employees passionately care for our research animals, including socialization training and provide enriched environments.

Healthier Animals

Advancing the Welfare of Pets

The well-being of pets inspires our research and development teams to work towards creating innovative and easy-to-administer medicines for cats and dogs. Additionally, we advocate for the responsible use of our products to help enrich the lives of pets and their owners, enhancing the human-animal bond.

Reaching Those Who Care for Pets

Across the globe, our teams collaborate with veterinarians, animal trainers and educators to promote responsible pet ownership for people of all ages. We also serve as a **resource to pet owners by providing free educational materials** on relevant and topical pet care and health issues through print and digital channels, including our websites, social media channels, radio and TV.

In total, we have **5.1 million followers on our various pet health-related social media channels** that allow us to interact with pet owners in their respective local languages. We maintain pet owner portals in 19 countries, addressing cat and dog caregivers around the globe with easy-to-understand insights and tips on keeping pets

healthy and happy. In 2021, users spent more than **272,000 hours consuming multi-media content on our websites.**

Helping Veterinary Practitioners Expand Knowledge

Our teams around the world offer or sponsor a variety of online and offline seminars, lectures, symposiums, conferences and other educational events for veterinarians in partnership with key thought leaders and veterinary experts. We are committed to offering accessible, free opportunities to further professional and technical knowledge.



Healthier Animals

Promoting Better Care for Pets Through Innovation



Healthier animals help advance the health and well-being of people, contributing to achieving SDG 3 - Good Health.



Healthier Pets: Pets are constant companions. Healthier pets help people live better lives. That is why Elanco commits to bringing innovation⁸ that helps owners keep their pets healthy.

2021

May

Additionally, we introduced the **first oral flea and tick product for cats, Credelio® Cat (lotilaner)** to veterinarians in the U.S. The small, chewable product starts killing fleas on cats within six hours and maintains fast-acting, sustained flea efficacy throughout the month in cats 8-weeks-old and older. Credelio Cat also protects against black-legged ticks, the most prevalent tick species affecting cats in the U.S.

July

The U.S. FDA granted full approval of **TANOVEA® (rabacfosadine for injection)** for the treatment of lymphoma in dogs. Working in collaboration with VetDC, Inc., we used innovation originally intended for humans to demonstrate efficacy in dogs and ultimately gain full approval, making this novel veterinary treatment available to the veterinary oncology community. This is the **first conditionally approved new animal drug for dogs that has ever advanced from conditional to full FDA approval under the FDA's Minor Use and Minor Species (MUMS) program.**

April

We delivered the first FDA-approved ghrelin receptor agonist for cats to U.S. veterinarians. **Elura™ (capmorelin oral solution)** provides a novel solution to **manage weight loss in cats with chronic kidney disease**, which helps improve the quality of life for the cat and prevent other health concerns. The oral solution can be used as a long-term treatment to help pet owners support their cats throughout the course of this disease.

June

We launched **Credelio Plus, a broad-spectrum oral parasiticide for dogs to control certain internal and external parasites.** Credelio Plus is a palatable, chewy, monthly tablet that contains milbemycin oxime for the control of the gastrointestinal nematodes and lotilaner for the immediate and persistent treatment of ticks and flea infestations in dogs, while providing heartworm disease prevention.

August

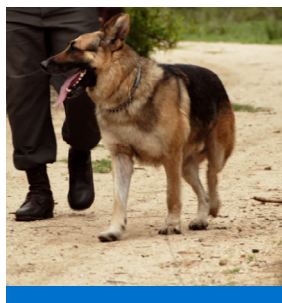
Elanco **closed the acquisition of Kindred Biosciences**, which advances our access to **dermatology treatments and complements our existing pipeline and research and development (R&D) capability in biologics and monoclonal antibodies.** The acquisition also opens doors to other potential R&D programs for acute and chronic disorders directed towards unmet medical needs.

⁸ We define "Innovation" as new products, altered products. New claims with consumer or customer benefit that require Elanco R&D or regulatory resources.

Healthier Animals

IMPROVING PET LIVELIHOOD GLOBALLY

Supporting the K9 Anti-Poaching Unit in South African National Parks



Since 2011, working dogs support South African rangers in their efforts to protect the wildlife in local national parks. The [K9 Anti-Poaching Unit](#) is directly responsible for 90% of poacher arrests in Kruger National Park, South Africa's largest national park.

These remarkable dogs are trained to track poachers and detect firearms, ammunition or wildlife products that enter or exit through the parks' gates. Thanks to their work, the number of rhinos killed in the nature reserve is steadily declining.

But these dogs can only perform at their peak when they're feeling their best. That's why [Elanco partners with South African National Parks to donate 100 Seresto™ collars each year](#) for the K9 anti-poaching unit. The collars, along with additional parasite protection products from Elanco, protect the dogs from fleas and ticks, which allows them and their handlers to focus on their mission: protecting the rhinos.

Finding Homes for Stray Pets in Australia



Elanco's Executive Director Australia and New Zealand (ANZ), Hendrik Van der Walt, joined the RSPCA team to help on the phone lines during the campaign.

The [Royal Society for the Prevention of Cruelty to Animals \(RSPCA\)](#) is Australia's oldest, largest and most respected animal welfare charity and pet shelter network. Every year, the RSPCA cares for more than 124,000 animals in need through its shelters alone. The support of the animal-loving community and its national partners helps keep the shelter doors open and RSPCA inspectors on the road.

Elanco Australasia contributed more than AU\$500,000 (\$375,000) in product donations to RSPCA in 2021, as well as AU\$100,000 (\$75,000) to RSPCA's Give to Get Them Home campaign.

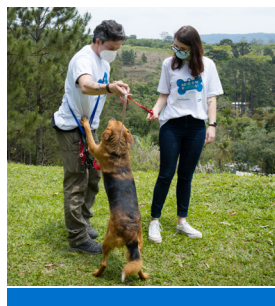
Advancing the Health and Well-being of Animals in U.S. Shelters Through Paws4Purpose



Through the Paws4Purpose program, Elanco partners with more than 600 non-profit organizations that focus on pet adoption to provide pet health tools, resources and expertise. Specifically, Elanco supports shelters with resources to discuss vaccination strategies, infectious disease control and parasite prevention in shelter facilities. The program also provides product discounts to help make important veterinary care more accessible for rescue animals waiting to be adopted, fostered or rehomed.

In addition, Elanco partners with Fear Free® and the Fear Free® Shelter Program, helping to improve the experiences of pets in shelters by educating employees and volunteers about animals' physical and emotional needs.

Promoting Responsible Pet Adoption in Brazil



Through the "Adoção de Resposta" (Responsible Adoption) campaign, Elanco Brazil works with [dog behavior specialist Renato Zanetti](#) and a local animal shelter to help reduce the rate of abandonment of rescue dogs after they are adopted into new homes.

The specialist studies dogs' behaviors and creates a unique profile to match the dog to the most suitable home, based on defined character traits and preferences of both the dog and future owner.

Elanco collaborates with a local sustainable dog collar producer to design and distribute a special collar that raises funds for the project while promoting the cause. The next step in the collaboration will bring forward a match profile tool to expand the effort on a greater scale.

Healthier Animals

Advancing Farm Animal Welfare



“At Elanco, we believe a culture centered on people and animals is core to upholding optimal farm animal care, as well as the long-term success and sustainability of animal agriculture. For farm animals, advancing animal welfare and best management practices go hand in hand.”

*MICHELLE CALVO-LORENZO, PH.D.,
chief animal welfare officer*

Experts estimate that 20% of the world’s livestock productivity is lost due to animal diseases⁹. Hence, we engage to continue reducing the percentage of farm animals suffering from illnesses worldwide, improving animal welfare and food security.

At Elanco, we support the stewards of animal care and work to drive practical innovation that advances animal welfare. We focus our expertise and innovative capabilities on making a difference in the lives of farm animals and their caretakers, which we believe is core to the long-term success and sustainability of animal agriculture.

Supporting the Stewards of Animal Care

Our animal welfare specialists offer consultations and analytics to support producers and processors on responsible animal handling. This includes a range of digital tools, tracking systems and applications to support data-driven decisions on animal treatments.

We further collaborate with industry stakeholders and associations to exchange ideas, share best practices and improve standards to advance animal welfare.



Empowering Farmworkers Through Customized and Role-Specific Training

Animal welfare and best on-farm management practices are interconnected. Our services providing on-farm animal welfare evaluations and consultations enable customers to refine protocols, enhance employee training and evolve the way they care for animals. In addition, these services help many customers receive third-party verification for their animal welfare programs and practices.

For example, the team has conducted more than 100 training sessions on responsible livestock handling, such as the “*Low Energy Animal Handling (LEAH)*” training to U.S. dairy and beef customers in 2021.

Additionally, our field teams work with customers to embed surveillance and benchmarking services in their operations. These include our fed cattle mobility assessment program, our swine transport loss program and our Health Tracking System (HTSi) program in poultry, which use data tracking to capture and monitor specific health and welfare indicators in herds or flocks. The information gathered from these programs has empowered producers and packers to make timely, data-based decisions that improve the health, performance and welfare status of the animals in their care.

⁹ Source: OIE (World Organization for Animal Health). 2021. “OIE-WAHIS: A new era for animal health data”. Accessed 29/4/22. <<https://www.oie.int/en/oie-wahis-a-new-era-for-animal-health-data/>>.

Healthier Animals

Helping Farm Animals Live Better – Around the World

Digital Innovation Advances Worm Control in U.K. Sheep Flocks

A ruminant technical consultant from Elanco in the U.K. contributed to the Smart Sheep feasibility project, funded by the national innovation agency Innovate UK and led by the [Moredun Research Institute](#) in collaboration with numerous partners. The project used existing precision livestock farming technology – like EID tags and readers, electronic scales and automated handling equipment – and integrated the technology with an algorithm to achieve selective worm treatment of individual animals based on predicted daily live weight gain.

Previously, farmers relied on whole group treatments for worm control. Now, they can use anthelmintic products in a targeted way, benefiting only individual animals and ensuring the correct timing of treatment. As a result, worm control and growth rates are improved while reducing the selection pressure for anthelmintic resistance.

The group built a feasible platform prototype. Fully implementing the solution in the field is work in progress in 2022 and beyond.

Helping China Swine Producers Rebuild Confidence

In China, Elanco created an innovative digital platform for pig breeders, farmers and veterinarians to teach swine health and solutions. In 2021, many swine farms in China entered a new era in their operations as swine farmers and veterinarians were confronted with post-African Swine Fever (ASF) challenges. When the COVID-19 pandemic made it impossible to reach customers in-person, the Elanco team went virtual hosting, “*Jin Mei Sad Stress*,” the first talk show in the industry. The show featured veterinarian Jinmei Wang, senior sales representative at Elanco in China. The educational show won great popularity among customers and key opinion leaders, helping local producers rebuild and grow China’s swine herds after ASF decimated the industry.

Sharing academic and technical knowledge as well as practical experiences helped young veterinarians raise happy and healthy pigs. Swine professionals across China now have a better understanding of the impact of stress on animals and know effective ways to prevent and control disease in their herds.



2021 ESG Report

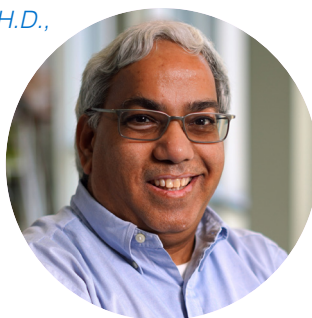


Healthier Animals

Antibiotic Stewardship

“Antibiotic Stewardship requires both greater focus on responsible use of antibiotics and on finding new solutions and alternatives to solve our most pressing healthcare concerns around antibiotic resistance.”

*DR. SHABBIR SIMJEE, M.D. PH.D.,
chief medical officer at
Elanco Animal Health*



Elanco is committed to being a leading advocate for the responsible use of antibiotics through our antibiotic stewardship efforts, taking a multi-faceted approach to protect the long-term viability of antibiotics and address the emergence of antibiotic resistance.

Antibiotic resistance (AMR) is a One Health issue and we take seriously our role in preserving the effectiveness of antibiotics. As part of this, we aim to reduce the need for shared-class antibiotics* in farm animals.

Antibiotic stewardship has been an Elanco priority for many years. In June 2015, Elanco announced its 8-point Antibiotic Stewardship Plan to improve responsible use, reduce the need for shared-class antibiotics and replace them with alternatives. The specific goals of the plan have since been accomplished, advancing our contribution to help protect the long-term viability of antibiotics. We have advanced our research and development efforts to identify and develop antibiotic alternatives and invested significantly in advancing our advocacy for responsible use as well as veterinary training and oversight efforts.

Going forward, the [Antibiotic Stewardship Guiding Principles](#) govern our actions.

Antibiotic Stewardship Guiding Principles

Reducing the need for antibiotics to treat animal illness, Elanco is increasingly focused on disease prevention and early disease detection. We help prevention and detection by linking diagnostics and production outcomes with caretaker education and integrated analytics to predict disease risk and design sustainable solutions.

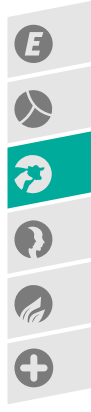
With increased knowledge and expanded access to data, a growing product portfolio, and precision application, antibiotic alternatives such as vaccines, enzymes and probiotics will become more reliable and more effective. Our vision is to move from treatment to prevention, while also proactively developing awareness and technologies that promote health and survivability even before an animal's life begins.

Collectively, this can reduce the need for antibiotics while maintaining animal welfare and protecting sustainable animal production and pet health well into the future.

By 2030, Elanco will seek to:

- **Invest more than \$3.5B in innovation** to pursue the discovery and development of products that improve the health and care of animals, including products that would reduce the need for shared-class antibiotics.
- **Expand the availability of vaccines, nutritional health products and diagnostics in underserved markets** that currently rely on shared-class antibiotics.
- **Increase access to innovation, knowledge and partnerships for small-holder farmers** by adapting the value chain to ensure the responsible use of antibiotics.

*Shared-class antibiotics are approved for use in both animals and people.



Healthier Animals

- **Communicate with veterinarians and stakeholders** about pharmaceuticals, vaccines and nutritional health products that potentially reduce the need for shared-class antibiotics in animals.
- **Expand engagement with stakeholders**, solicit concerns and expectations of responsible antibiotic use and the responsible care of antibiotics.

With these commitments, Elanco continues to build on international guidelines laid out by the OIE and Codex Alimentarius.

Tangible Results Demonstrating Progress

Since 2015, we have already progressed our plan to keep antibiotics working. We have intentionally shifted away from shared-class antibiotics, and are focusing on animal-only antimicrobials, as well as antibiotic-free solutions. Through our policies and efforts in this area, we seek to protect the benefits of antibiotics in human medicine, while responsibly protecting the health of farm animals and the safety of our food supply.

Refer to the Antibiotics section of the [2021 Annual Report 10-K on page 12](#) for further information.

ELANCO'S ANTIBIOTIC STEWARDSHIP MILESTONES

8-Point antibiotic stewardship plan announced	Removed growth promotion claims from nearly 100 product labels from our shared-class antibiotic molecules globally Removed over-the-counter use from 67 product labels to require the oversight of a veterinarian in the countries where over-the-counter uses remained and veterinary infrastructure exists Invested substantially in developing alternatives to antibiotics, entering nearly 25 new antibiotic alternatives into our development pipeline to help producers replace antibiotics when possible	Elanco expands R&D commitment , collaborating with AgBiome to develop swine nutritional health products, and acquiring Prevtex Microbia, which specializes in the development of vaccines that help prevent bacterial and viral diseases in food animals.	Elanco achieved approval of poultry vaccines in Latin America , helping control salmonellosis and further preventing potential need for antibiotic treatment in poultry raised in this region.
2015	2017	2019	2021

2016 Elanco convenes OneHealth Summit on Antibiotic Stewardship	2018 Elanco joins CDC & HHS Antimicrobial Challenge Partners with Novozymes for Nutritional Health Innovation	2020 Through the acquisition of the Bayer Animal Health business , Elanco expanded the portfolio of preventative products and disease treatments for pets, furthering the company's contribution to OneHealth outcomes. Also published Antibiotic Stewardship Guiding Principles.
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Healthier Animals

Promoting Responsible Use

We support the various layers of protection in place to help ensure the use of antibiotics in animals poses minimal risk to human health, while still protecting the health of animals. We work closely with regulators and veterinarians to ensure, where infrastructure and regulations allow, antibiotics are used under strict professional supervision to minimize the risk of antibiotic resistance development.

Elanco works diligently with the Food and Drug Administration (FDA), the United Nations, the Centers for Disease Control, American Veterinary Medical Association (AVMA), the Pew Institute and governments around the world.

We work closely with our stakeholders to ensure antibiotics continue to be used responsibly in veterinary medicine. In recent years, Elanco has demonstrated leadership in this area, aligning our product labels with responsible use practices, often ahead of evolving government regulations.

In 2021, Elanco further demonstrated this leadership by:

- Transitioning the 'prevention' label claim to 'treatment/control' for two macrolide products in Vietnam; and
- Transitioning three shared-class antibiotic products from over-the-counter to prescription only in the U.S.

Developing Alternative Treatment Approaches

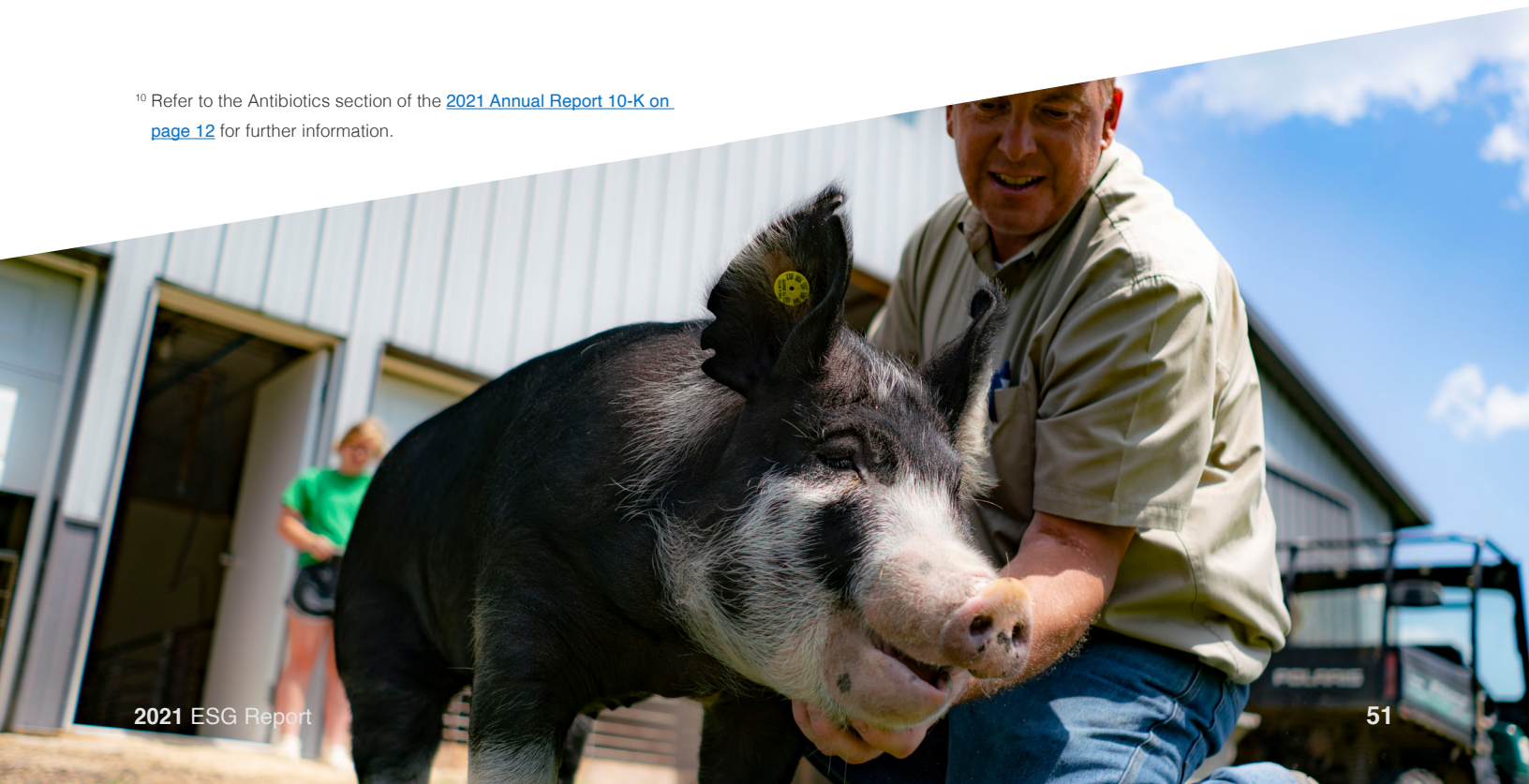
The European Medicines Agency (EMA), in its “Reflection paper on promoting the authorization of alternatives to antimicrobial veterinary medicinal products in the EU - EMA/CVMP/143258/2021,” defined alternatives to antimicrobials as “a veterinary medicinal product the use of which provides an alternative treatment approach to the use of antimicrobials in animals or that reduces the need for the use of antimicrobials by preventing or controlling infectious disease.”

We strive to provide innovative solutions to reduce the reliance on shared-class antibiotics through our animal-only antibiotic/antimicrobial portfolio, vaccines and nutritional health products.¹⁰

This includes the development, registration and distribution of vaccines and nutritional health products that prevent or control infectious diseases.

Our preventative products for livestock help improve intestinal integrity and health and assist in controlling important viral and parasitic diseases that predispose animals to secondary bacterial infections.

¹⁰ Refer to the Antibiotics section of the [2021 Annual Report 10-K on page 12](#) for further information.



In 2021, Elanco received approval for the following vaccines and nutritional health products for poultry:

- Vaccines in six countries across Latin America;
- Nutritional health products in three countries across Latin America; and
- Nutritional health products in nine countries across Asia-Pacific

Participating in Global Efforts

Together with 200 other companies and 700,000 veterinarians worldwide, we undersigned Health for Animals' 2017 publication on "Commitments and Actions on Antibiotic Use," which outlines the five key principles for responsible antibiotic use in the animal medicines industry.

Elanco is also a founding and active member of the Clinical and Laboratory Standards Institute (CLSI) Veterinary Antimicrobial Susceptibility Subcommittee. The CLSI is responsible for establishing methods for testing antibiotic susceptibility as well as setting interpretive criteria which allow veterinarians to select the most appropriate antibiotics for treating sick animals. Our chief medical officer serves as a voting member of this committee.

In 2021, we specifically offered educational seminars on the responsible use of antibiotics at international industry meetings as well as provided an educational seminar series for our customers on the new EU Veterinary Medicinal Product (VMP) regulations 2019/4 and 2019/6, which went into effect in January 2022.

Participating in Antibiotic Resistance Monitoring

Antibiotic resistance monitoring is an essential component of responsible use of antibiotics and forms the cornerstone of risk assessments on the safety of antibiotics, a process that is supported both by regulatory agencies as well as international organizations. Resistance monitoring acts as an early indicator of emerging resistance and allows for usage practices to be modified accordingly.

Elanco has been part of the Centre Européen d'Etudes pour la Santé Animale (CEESA) antibiotic resistance monitoring program in the EU since its inception in 1999 and continues to take an active role in CEESA programs, which are recognized internationally. Elanco's chief medical officer has been an active member of the CEESA program since 2004 and chaired the VetPath program for 5 years.

Healthier Animals

The CEESA AMR programs continue to monitor the emergence of antibiotic resistance in foodborne pathogens as well as in pathogens that cause infections in farm and pet animals. Data from the programs is used for risk assessments across the EU as well as in other geographies around the world. The programs also provide continued data on the efficacy of Elanco antibiotics, which can be used as an early indicator of emerging resistance profiles so usage patterns can be modified.

Finally, Elanco has actively worked with other international institutions in conducting seminars and laboratory training on conducting antibiotic resistance monitoring to current international standards. To date, Elanco has been involved in training in over 20 countries and actively trained over 500 laboratory staff across the globe.

Impacting National Action Plans to Contain Antibiotic Resistance

Following the World Health Organization's (WHO) Global Action Plan on Antimicrobial Resistance from 2015, countries around the world are requested to develop National Action Plans (NAPs) for reducing antimicrobial resistance. Elanco has played an active role in providing comments on draft NAPs as and when they have been made available for public consultation across all geographies.

Antibiotic Resistance (AMR) Monitoring vs Antibiotic Usage (AMU) Monitoring Antibiotic usage (AMU) monitoring is unlike antibiotic resistance (AMR) monitoring. Although AMU monitoring is part of national action plans on AMR and gaining attention globally, there is evidence that this practice, and reporting metrics used, is of limited value when looking at AMR development, as it does not always translate into AMR. Hence, Elanco remains committed to AMR monitoring under the CEESA programs.



Driving Global Thought Leadership

We provide information and education through our chief medical officer Dr. Shabbir Simjee with his participation in international congresses and events. Dr. Simjee also contributes to publications on scientific findings around antibiotic resistance.

In 2021, Dr. Simjee participated in seven lectures at international congresses and contributed to six peer-reviewed publications to further scientific research on antimicrobial use in livestock and antibiotic resistance.

For additional information on our antibiotic stewardship principles, [see our Antibiotic Stewardship page.](#)

Healthier Animals

Continued Action in 2022

In 2022, we continue our journey toward a better tomorrow and progress our Healthy Purpose commitments.

New Products and Development Approaches Meet Unmet Animal Health Needs

In 2022, we have continued to advance our commitment to bring innovation that addresses pressing animal health needs through new products and solutions.



We expanded our pain management offerings, with the U.S. Food and Drug Administration (FDA) approval of **ZORBIUM™**, a

new long-acting medication to control postoperative pain associated with surgical procedures in cats. ZORBIUM provides up to four days of pain control from a single transdermal dose. The innovative, transdermal formulation of a commonly used opioid (buprenorphine) in cats, enables veterinarians to provide consistent, reliable pain relief to their post-op feline patients for four days without relying upon owners to administer an opioid after discharge and without the need for repeat injections.

BIOMEDIT

Elanco and Ginkgo Bioworks, the leading horizontal platform for cell programming, [announced the launch of BiomEdit](#), a microbiome innovation company that is expected to discover, develop and introduce novel probiotics, bioactive molecules, engineered microbial medicines and microbial monitoring services for animal health. The new company is a result of Elanco's 2021 intention to carve out its microbiome platform and pipeline and focus more resources on its high-value late-stage pet health pipeline.



Link to Appendix (Healthier Animals chapter)





Healthier People

We strive to improve people's lives and livelihoods by promoting animal companionship and enabling sustainable production of meat, milk, fish and eggs.

Healthier People

Through our “Healthier People” pillar, we contribute to the UN Sustainable Development Goals:



No Poverty

as we work with small-scale farmers across Africa to help them better care for their livestock, improve efficiency of their farming operations and advance their livelihoods.



Zero Hunger

as we contribute to creating more resilient food systems and support food security efforts around the globe.



Good Health and Well-being

as we help people better understand and experience the value of pet ownership on human well-being.




“At Elanco, it’s our fundamental belief that healthy animals are the foundation for a healthy life on our planet. We’re improving people’s health, lives and livelihoods by supporting animal companionship and enabling sustainable production of meat, milk, fish and eggs.”

*RAMIRO CABRAL,
executive vice president,
president, Elanco International*



Healthier People

Summary of Progress in 2021

Commitments	UN SDGs Alignment	Goals	2021 Progress
<p>Create more resilient food systems and improve farmer livelihoods</p> <p>Help the world understand and experience the value of pets on human well-being</p>	 	<ul style="list-style-type: none"> Support and enhance the agricultural productivity and income of 250,000 dairy and poultry small-scale farmers by 2030 	<ul style="list-style-type: none"> Since 2017, our East Africa Growth Accelerator initiative reached 280,000 dairy and poultry farmers across Kenya, Tanzania and Uganda and helped treat over 20 million animals
		<ul style="list-style-type: none"> Deliver products, research and training to facilitate and enhance a broader understanding of the benefits of the human-animal bond 	<ul style="list-style-type: none"> In partnership with Purdue University's Organization for Human-Animal Interaction Research and Education, funded three studies demonstrating the value of facility dogs on the staff of U.S. children's hospitals Increased access to therapy dogs for people with special needs; for example, sponsoring 30 therapy dogs for people with disabilities in Spain



Healthier People

Advancing Livelihoods of Small-Scale Farmers

Livestock diseases are a significant threat to achieving global food security, impacting the welfare of animals and weighing heavily on farmers' productivity and potential income. In some developing regions of the world, like Sub-Saharan Africa, **up to 25% of livestock is lost due to animal disease¹¹, putting at risk the livelihoods of those who depend on livestock.**

Through the [East Africa Growth Accelerator \(EAGA\)](#), our first shared value initiative, we empowered small-scale chicken and dairy farmers in East Africa to sustainably care for healthy, productive animals.

In the East Africa region, small-scale farmers produce an estimated 70% of poultry and 80% of dairy products. Elanco helped them realize the full potential of their livestock. Between 2017 and the first quarter of 2022, we have registered and distributed affordable, high-quality veterinary products in small pack sizes in Tanzania, Kenya and Uganda. Additionally, we offered extensive farmer training initiatives on preventative care, treatment and the correct use of animal health products, which are otherwise difficult to receive in rural areas.

Broadcasting Expert Advice on Animal Husbandry

As part of EAGA's educational efforts, Elanco partnered with [Farm Radio International](#) in 2018 and 2019 to air a 13-week radio series on animal health and husbandry in Tanzania, a country where only 20% of livestock farmers utilize extension services¹². The series reached more than 4 million local livestock farmers. It was intentionally aired at times more likely to reach female farmers, furthering the education of women who are often the primary caregivers of animals.

A survey of farmers that consumed the radio program showed that 60% of local livestock keepers indicated they changed behaviors when using products, leading to better production results on their farms.

Creating Socio-Economic Value in Underserved Markets

EAGA achieved ground-breaking results with systemic benefits. Improving livestock health and raising animals' productivity may contribute to poverty reduction, increase animal-sourced food and nutrient supply, enhance farmer income and generate employment.

Since 2017, EAGA:

- **Reached 280,000 dairy & poultry farmers across Kenya, Tanzania and Uganda**, who are now using Elanco products
- **Treated 20 million animals**
- Conducted **1,400+ distributor and farm trainings** with approximately **50,000 attendees**



In acknowledgment of our EAGA efforts, Elanco was named to the [Top 20 of FORTUNE's 2021 Change the World list](#), which recognizes companies that creatively use the tools of their global business to address unmet needs in the global community.

EAGA was originally supported by a grant from the Bill & Melinda Gates Foundation. Since 2020, Elanco's East-African business is independently sustainable and fully integrated into our commercial operations in Sub-Saharan Africa.

¹¹ "Vaccines for the Control of Neglected Animal Diseases in Africa". 2011. African Union Interafrican Bureau for Animal Resources (AU-IBAR). Accessed on 5/13/2022. <<https://www.au-ibar.org/au-ibar-projects/vacnada>>

¹² United Republic of Tanzania Ministry of Livestock and Fisheries Development. 2015. "Tanzania Livestock Modernization Initiative".



Healthier People

Creating More Resilient Food Systems



The UN World Food Programme projected that between 720 and 811 million people in the world faced hunger in 2020. The estimated increase during the first year of the COVID-19 pandemic was equal to that of the previous five years combined. Nearly one in three people in the world did not have access to adequate food.¹³

At Elanco, we believe we have an opportunity to help respond to the global food insecurity crisis. In 2021, Elanco affiliates and the Elanco Foundation engaged in various on-the-ground initiatives and activities to provide food assistance for people worldwide and address recent setbacks in the pursuit to end world hunger and malnutrition in all its forms by 2030.



Supporting Pandemic Food Relief Efforts in India

In early 2021, the COVID-19 pandemic peaked across India, leaving many families scrambling to provide for themselves. As a result of government-mandated lockdowns and forced school closures, millions of students no longer had access to midday meal programs.

In May 2021, the Elanco Foundation committed \$100,000 to the [Akshaya Patra Foundation](#) to support charitable food distribution efforts to Indian families and made available special funds to match employee donations to select non-profit organizations across India.

The Elanco Foundation contribution helped provide nearly 212,000 packaged meals, including kitchen supplies and hygiene kits, to vulnerable individuals and communities affected by the pandemic across India.



Packing Meals for Families in Need Across Malaysia

Elanco colleagues in Malaysia supported The Assembly Soup Kitchen (T.A.S.K.), a local food bank, and furthered its vision of providing free wholesome meals to local communities in need. The affiliate donated \$1,000 (MYR 4,000) to purchase rice, eggs, chicken and vegetables.

Elanco volunteers also joined the organization for a meal packing event and helped bundle 2,000 food boxes for distribution through the soup kitchen. The volunteers also designed message cards with uplifting messages that were tagged onto the meal packs.



Donating Eggs to Foodbanks in France

Elanco's commercial team in France partnered with our manufacturing site in Huningue to collect donations for the Food Bank Banque Alimentaire de Rennes. Employees supplemented the fundraiser and made additional contributions using the Elanco Foundation's Matching Gift offer. The partnership enabled the organization to buy 100,000 eggs to help distribute nutritious protein products to food bank customers. Eggs are easy to store, provide proteins of high nutritional quality and help satisfy a large portion of an adult's daily protein needs.

¹³ "The State of Food Security and Nutrition in the World 2021". 2021. Food and Agriculture Organization of the United Nations (UN FAO). Accessed 5/13/2022. <<https://www.fao.org/publications/sofi/2021/en/>>



Healthier People

Helping the World Understand and Experience the Benefits of Pets on Well-Being

Understanding the Power of the Human-Animal Bond

Pets enhance the lives of people in multiple ways. They help their owners cope with stress and loneliness, improve moods and deliver health benefits. They also provide essential services for people with disabilities. Elanco is committed to further understanding the many ways pets make life better.

In December 2021, Elanco fielded an online survey of 1,000 adult U.S. pet owners to understand the emotional connectivity between pet owners and their animals. Findings illustrated the many changes pet owners have made in interactions with their pets since the onset of the COVID-19 pandemic.

The insights from this study show pets continue to progress from being “owned” to being “family.” As a result, pet owners seek improvements in the standards of care and pet health for their cats and dogs.

Applying Insights to Help Elanco Employees

37% of survey respondents put a premium on pet-friendly workplaces and more than a third would like to work from home more often to be with their pet.

In addition to developing products and tools to meet new standards of pet care, Elanco also supports its employees with developing and maintaining strong, loving bonds with their pets.

As our colleagues start returning to working in offices more regularly in a post-pandemic era, those who spend more time with their animals as they worked from home seek to stay connected with their pets. At Elanco, teams are working to create pet-friendly workplaces whenever possible and updating our policies for select office locations to allow dogs to accompany their owners to work.

Learn more about our evolving relationship with pets [here](#).



61% of pet owners say pets make them feel loved and boost their mood



51% said their pets helped them cope with stress and loneliness



30% said that going for walks with their pet(s) helped them meet and connect with more people during the pandemics

SPONSORING RESEARCH ON THE IMPACT OF FACILITY DOGS ON CHILDREN'S HOSPITAL WORKERS

In 2016, Elanco provided a grant for a six-year partnership with Purdue University's College of Veterinary Medicine focused on long-term research about the impact of the human-animal bond on mental health and well-being. Researchers scientifically demonstrated the positive benefits of service dogs, not only on their owners but also on their owner's caregivers, and examined the impact of dogs in healthcare facilities on pediatric healthcare professionals, in partnership with Canine Assistants.

Caring for sick children and distressed families, pediatric healthcare professionals often experience depression and burnout. Previous research demonstrated that facility dogs in children's hospitals may provide significant benefits to pediatric patients, but their potential effects on healthcare professionals' work-related burnout, job perceptions and mental health had not been fully explored.

“Our research partnership with Elanco has allowed us to conduct three national studies on the impact of the human-animal bond. Our findings demonstrate quantifiable benefits of canine companionship for mental health and wellness.”



MAGGIE O'HAIRE, PH.D.,
Associate Professor - Center
for the Human-Animal Bond,
Purdue University (now at
University of Arizona)

For the 2021 study, healthcare professionals working with a facility dog were compared to control participants across 17 children's hospitals in the U.S. Findings suggest that pediatric hospital professionals paired with a facility dog report decreased job-related stress and improved morale and social relationships with coworkers. The dogs also help build rapport with patients. **Working alongside a facility dog was associated with more positive emotions, better perceived mental health, less depression and a lower intention to quit. The presence of facility dogs also was associated with higher perceived personal accomplishment.**

Read more in the manuscript: [“The effects of facility dogs on burnout, job-related well-being, and mental health in pediatric hospital professionals”](#), published on 8 Feb 2021.

The research results help inform pediatric hospitals with existing facility dog programs on the scope of their effects and may shape expectations of clinics considering working with facility dogs in the future. A final publication on the handler-reported experience is expected in 2022.

Previous studies and publications resulting from Elanco's partnership with the Organization for Human-Animal Interaction Research and Education (OHAIRE) have examined the impacts of service dogs on the health and well-being of service dog recipients and caregivers. Findings published generated over 8 million media views. All publications as sponsored by the Elanco/Purdue/Canine Assistants research partnership are linked [here](#).



Healthier People

SUPPORTING ANIMAL-ASSISTED THERAPY CAUSES AROUND THE GLOBE

Service animals are trained to perform specific tasks for their owners, often assisting people with disabilities or special needs to develop independence and participate fully in public life. Often, these animals change the lives of their handlers for the better. Elanco affiliates and our purpose-driven employees seek to help increase access to animal-assisted therapy offers for people around the world.

Leaving pawprints in Spain and Portugal

For more than 20 years, Elanco Iberia has been running the "Dejemos huella" (Let's Leave a Footprint) program to promote responsible pet ownership and adoption as well as support for animal-assisted therapy initiatives. The team partners with various non-profit organizations across Spain and Portugal to make this commitment a reality.

As part of a partnership between Elanco and CTAC ("Centro de Terapias Asistidas con Canes"), a center for animal-assisted therapies with dogs, employees at Elanco Iberia volunteer to host future therapy dogs in their homes. Colleagues support the house training of puppies in a rotational fashion and help prepare them for their future tasks, which may include supporting children with special needs, helping the elderly or assisting people with mental or physical health issues.

By 2025, we expect that 30 dogs will have graduated from Elanco Iberia's therapy animal education program. Together, the dogs will improve the quality of life of people in need, engaging in an estimated 25,000 therapy interactions throughout their lifetimes.

"I have one of the best jobs in the world! Together with our team, I can help animals that help people."

ALEJANDRA GONZÁLEZ SÁNCHEZ,
head of digital marketing
Spain & Portugal



Partnering to Increase Access to Guide Dogs in Germany

Elanco in Germany entered into a long-term collaboration agreement with the Frankfurt-based non-profit VITA Assistenzhunde e.V. to support their mission of training assistance dogs for people, mostly children, with disabilities. Employees from Germany, Austria and Switzerland volunteered to host future therapy puppies in their homes and start basic training and socialization.

In addition, our colleagues joined VITA at their education center for the annual Global Day of Purpose and organized a fundraiser for the charity. For example, for each pack of Galliprant™ sold in Germany during the 2021 campaign period, Elanco donated €1 to VITA.

Sponsoring Preventative Health Products for U.S. Southeastern Guide Dogs

Elanco U.S. is the official sponsor of preventative health products for Southeastern Guide Dogs (SEGDs). Elanco provides innovative, therapeutic solutions for these extraordinary dogs that transform the lives of people with vision loss and veterans with disabilities. Through the Southeastern Guide Dogs Alumni Support Program, Elanco helps SEGDs and their clients protect their dogs from parasites by offering Trifexis, Interceptor Plus and Credelio for more than 600 service dogs at no cost. The non-profit organization redeems the donations using veterinary vouchers.

Advancing the partnership, Elanco employees in Florida regularly volunteer at the SEGDs facilities and participate in walkathons, the organization's largest annual fundraising activity, to collect funds for the charity.

Empowering U.S. Customers to Make an Impact

Elanco's pet owner rebate program in the U.S. amplifies our efforts to further the human-animal bond. Customers buying rebate-eligible Elanco pet health products through their veterinary clinic can choose to donate a portion or all of their rebate to charity. In 2021, U.S. customers collectively donated more than \$70,000 to K9 For Warriors, a non-profit organization that provides service dogs for veterans. In 2022, we extended the rebate donation program to include Southeastern Guide Dogs and IndyHumane, two organizations also aligned with our efforts to build a better world for pets and their people.

Healthier People

SUPPORTING VETERINARIANS IN EMOTIONAL CRISES

Across the globe, Elanco and its affiliates support veterinarians and veterinary technicians who experience high emotions and stress at work. We sponsor virtual mental health conferences, partner with counselors to offer free counseling hours, deliver well-being insights through podcasts and offer face-to-face mental health and well-being workshops with our staff.

Helping U.S. Veterinarians Enhance their Resilience

According to a mental health survey of U.S. veterinarians by the American Veterinary Medical Association (AVMA), veterinary professionals are more likely to suffer from psychiatric disorders compared with U.S. adults. Data suggest that nearly one in 10 U.S. veterinarians might experience serious psychological distress and one in six might have had suicidal thoughts.¹⁴ Elanco in the U.S. seeks to support our veterinary partners who are struggling with the “cost of caring” for those in need. Our ‘Betterinary’ series delivers beyond-product-value training to the veterinary profession across the country. The mission of this curriculum is to make the profession healthier through elevating, energizing and equipping the veterinary team by teaching them the thoughts, behaviors and actions that lead to resiliency, well-being and compassion satisfaction. Consulting veterinarians certified in compassion fatigue offer trainings on this topic to our customers.

In 2021, Elanco employees delivered more than 120 talks to almost 3,000 veterinary customers. At least 1,000 veterinary hospitals participated in at least one presentation.

“My goal is to assist my veterinary colleagues to become healthier and happier in their personal and professional lives.”

*DR. HEIDI HULON,
Well-Being Consulting
Veterinarian, Certified
Compassion Fatigue
Professional, Mental Health
First Aid Trainer, Insights
Discovery Practitioner*



Crossing Boundaries from Veterinary Science to Human Health

Since 2019, Elanco has been providing promising research candidates from our anthelmintic drug discovery to an EU-funded research collaboration for the development of medicines against Neglected Tropical Diseases (NTDs) in humans. This 5-year research consortium “HELP” (Helminth ELimination Platform) leverages veterinary science to develop novel human medicines, an important opportunity to develop more effective, safe and affordable treatments and help reach the UN’s 2030 Sustainable Development Goal on “Good Health & Well-Being.”

Together with private and public partners, our scientists have been contributing to a proposal to develop new medications to prevent and treat the most common forms of human nematode infections, including river blindness. As of today, there is no drug available that can reliably cure such roundworm infections with a single treatment, representing a great opportunity for progress.

¹⁴ Source: AVMA, Mental health study explores U.S. veterinary professionals’ well-being, published March 2015. <<https://www.avma.org/javma-news/2015-04-01/study-1-6-veterinarians-have-considered-suicide>>



Healthier People

Continued Action in 2022

In 2022, we continue our journey toward a better tomorrow and progress our Healthy Purpose commitments.

Expanding Commitment to Supporting Small-Scale Livestock Producers

In March 2022, Elanco launched its second shared value initiative to help improve the productivity and sustainability of small-scale livestock operations in Sub-Saharan Africa. Through MAHABA (Managing Animal Health and Acaricides for a Better Africa), Elanco works with small-scale farmers in Nigeria and Uganda on defining and implementing strategies to effectively manage tick infestations in cattle.

MAHABA is a partnership with GALVmed, Global Alliance for Livestock Veterinary Medicines. The 5-year initiative receives support from the Bill & Melinda Gates Foundation.

Supporting Food Security for the Ukrainian people

Responding to the war in Ukraine, the Elanco Foundation donated \$100,000 to the European Food Bank Federation (FEBA) in support of food security efforts of Ukrainian food banks, also making available a \$50,000 special match budget to match 100% of employee contributions to the charity organization.

We also made meaningful in-kind contributions that provide help on the ground, such as delivering free microchips for pets who cross the Hungarian border with their owners or providing disinfectant products to help areas affected by the war with hygiene efforts.

Elanco further allocated an additional five days of paid volunteering leave in 2022 for employees based in Europe who wish to support regional humanitarian aid or disaster relief initiatives for those directly and indirectly impacted by the war.

 [Link to Appendix \(Healthier People chapter\)](#)



Healthier Planet

We understand that our business operations have an impact on the environment. We are committed to minimizing our own environmental footprint while leveraging product and service innovations to help our stakeholders advance their sustainability efforts.

Healthier Planet

In October 2020, Elanco became the first global animal health company to announce a comprehensive set of commitments to work with our customers to address climate change and reduce our company's impact on the planet.

Through our “Healthier Planet” pillar, we contribute to the UN Sustainable Development Goals:



Responsible Consumption and Production

as we transition to using renewable sources of energy across our manufacturing operations and accelerate towards sustainable packaging.



Climate Action

as we aspire to become our customers' lead partner on their journey to climate neutrality and lead the conversation around sustainable animal agriculture.



“We commit to being responsible stewards of planet Earth. At each of our manufacturing sites, all employees think and act with the environment in mind, making sure we conserve resources whenever possible and continuously reduce our footprint on the planet.”

DAVID URBANEK,
executive vice president,
manufacturing and quality



Healthier Planet

Summary of Progress in 2021

Commitments	UN SDGs Alignment	Goals	2021 Progress
Minimize our environmental footprint		<ul style="list-style-type: none"> Source 100% renewable energy by 2030 Track and implement programs to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions Develop a comprehensive approach to addressing Scope 3 emissions Accelerate toward sustainable packaging 	<ul style="list-style-type: none"> Our manufacturing facility in Kiel, Germany, the largest manufacturing site in our network, initiated the switch to renewable energy throughout 2021 and completed the transition to using 100% wind energy as of January of 2022 We are in process of engaging with a qualified external consultant to conduct an assessment of Elanco's Scope 3 emissions and define appropriate GHG emission targets Established a global, cross-functional Sustainable Packaging Team to provide governance, strategy and oversight for our sustainable packaging efforts
Be the lead partner on our customers' journey to Climate Neutrality		<ul style="list-style-type: none"> Through our products, innovation, services and tools help our customers remove 21 million tons of emissions from their farms by 2030 (vs. 2020 baseline) 	<ul style="list-style-type: none"> Introduced Exporior™ (lubabegron Type A medicated article), the first U.S. Food and Drug Administration (FDA) approved product labeled to reduce ammonia gas emissions from an animal or its waste Elanco's products, partnerships, robust industry data and expertise help position us as our customers' lead partner to reduce environmental impacts of livestock farming, already today



Healthier Planet

Environmental Stewardship

Elanco follows the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures.

GOVERNANCE

Board Maintains Oversight on Elanco's Response to Climate Issues

Our Board and Executive Management Team are actively engaged in our Healthy Purpose initiatives, among others covering Elanco's activities and approach to addressing climate-related risks and opportunities. At the Board level, the Nominating and Corporate Governance Committee provides oversight and guidance for our overall sustainability program. On a quarterly basis, the Nominating and Corporate Governance Committee reviews our activities and practices regarding ESG matters, including our initiatives and policies as well as progress toward our Healthy Purpose commitments, including those related to the Healthier Planet pillar.

Additionally, the Audit Committee of the Board reviews policies and practices related to environmental protection and the health and safety of employees. The Audit Committee monitors compliance of these areas and reports or makes recommendations to the Board, as appropriate. For additional information about how the committees oversee ESG and environmental matters, see our [2022 Proxy Statement](#) and the [Committee charters](#).

Refer to the [Introduction](#) to this report for more Sustainability Governance details.

Management Owns and Drives Elanco's HSE Efforts

Specifically, HSE matters are integrated through a formal, company-wide structure, including functional and executive leadership. The global HSE Steering Committee, comprised of executive leadership, has cross-functional oversight and accountability for our overall strategy, compliance and performance. In addition, each business area has a governance team of senior leaders who provide oversight for HSE performance within their area.

HSE Governance Documents

Our global HSE policy contains core principles and expectations that our employees apply in their daily activities.

This policy is implemented through our global standards and procedures, articulating our commitments and setting basic requirements for both regulatory requirements and established best practices.

Our core governing documents include the following:

- Environmental Standard
- Global HSE Policy – Protecting People, the Environment, and our Assets
- Health and Safety Standard
- HSE at Global Affiliate Offices and Shared Service Centers Standard
- HSE Management System Standard
- Process Safety Management and Combustible Dust Standard
- Product Stewardship Standard

STRATEGY

Potential Impacts of Climate-Related Risks and Opportunities to Our Business Strategy

We understand our business operations have an impact on the environment, and we are committed to conducting business in an environmentally responsible manner. We take active measures to reduce energy use, minimize emissions, including greenhouse gases, and management of waste, including minimizing the presence of pharmaceuticals in the environment.

At the same time, we recognize extreme weather events or climate-related natural disasters may impact our ability to operate and serve our customers. That is why we install and regularly update business continuity plans and risk mitigation measures that strengthen our operational resilience and protect our ability to navigate uncertainties.

Climate change-related factors may also negatively impact the health and well-being of farm animals as well as our customers' ability to raise healthy livestock. As climate change impacts may create economic downturns, these developments could potentially negatively affect pet owners' ability to provide veterinary care for their pets. These, in turn, could lead to reduced demand for Elanco's products and services.

At the same time, parasitic disease patterns shift in response to changing climate conditions and customers around the world may require more innovative disease treatments and preventative products. This offers an opportunity for us to continue to bring novel treatments to the market, particularly to enhance our product range for parasite protection across species.

Finally, Elanco and its affiliates are subject to the various environmental, health and safety laws and regulations that apply in the different jurisdictions in which we operate and ensure compliance as national laws and regulations are updated or modified.

More information on environmental and business risk assessments is found in our [Form 10-K](#).

Our Commitment to Address Climate Challenges

Through our Healthy Purpose framework, as described in the introduction to this report, we monitor and address potential impacts of climate-related risks on our business strategy and operations, aligned with the UN 2030 Sustainable Development Goals.

RISK MANAGEMENT

We maintain an enterprise risk management program to identify, assess, manage, monitor and report any risks that may have an impact on our business, including those potential risks related to the health and safety of our people and the planet.

We believe promoting a healthy environment, maintaining a safe workplace and operating responsibly and in an environmentally sustainable manner are linked to our business and supported by our Purpose and Values. As a result, we manage HSE under a unified management system across the company.

Climate-related risks, issues and opportunities are assessed and managed by the global HSE Steering Committee and escalated to the Healthy Purpose Committee, and further to the Executive Committee, as appropriate.

All business areas, including Manufacturing, Research and Development, affiliate locations and general administrative offices are required to operate with an HSE management system that adheres to the requirements of the Elanco HSE Policy and associated standards. The basic elements of the HSE Management System Standard align with internationally recognized management systems such as ISO45001 (Occupational Health and Safety Management Systems), ISO14001 (Environmental Management Systems), American Chemistry Council's Responsible Care Management System, and the Occupational Safety and Health Administration Voluntary Protection Program.

2021 Metrics

Highlights across our global footprint compared to 2020:



Scope 1 Emissions: no change vs 2020

Scope 2 Emissions: decreased by 12.8%



Pivoting toward renewable energy:

Our manufacturing sites in Germany and France already transitioned to **using 100% renewable energy**, further transitions are under evaluation.



Energy consumption:

Energy consumption **decreased by 4.6%**



Water use:

Decreased water use by 10.7%, while reducing wastewater **discharge by 16.2%**



Waste:

Waste generated **decreased by 1%**, while hazardous waste **decreased by 7.1%**

Elanco's environment metrics for 2019-2021, as well as the 2015 baseline, are available in the Appendix of this report.



Transitioned to Renewable Sources of Electricity in Kiel, Germany

At our largest manufacturing site in Kiel, Germany, a cross-functional team has evaluated the site's energy supply contracts and defined a road map to transition to using renewable energy sources well in advance of our 2030 goal.

The site started switching the first electricity supply contract to sourcing wind energy directly produced in the windy region of Northern Germany in 2021. The site fully transitioned to 100% renewable electricity used on-site by January 2022. This change will help reduce total site emissions by about 3,200 tons of CO2 per year, the equivalent of taking 690 gasoline-powered passenger cars off the road annually.¹⁵

Advanced Energy Efficiency in Chengdu, China

Our team at Elanco's manufacturing plant in Chengdu, China, developed a comprehensive plan to optimize the site's energy consumption. They replaced fluorescent lamps with LED lamps to generate approximately 50% electricity savings from the facility's lighting while extending the lifetime of each light bulb in the system. In addition, the team replaced boilers with energy-saving models to drive down natural gas consumption, ensure compliance with the latest emission regulations in China, optimize the boiler capacity utilization and safeguard the continuity of supply.

¹⁵ Used Greenhouse Gas Equivalencies Calculator by United States Environmental Protection Agency (US EPA), <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results>, accessed in April, 2022.



Healthier Planet

Accelerating Toward Sustainable Packaging

In October 2020, we committed to accelerating our journey to a sustainable product packaging strategy, aiming to reduce the environmental impact of Elanco's product packaging. In 2021, we established a global, cross-functional Sustainable Packaging Team to:

- Identify and evaluate our customers' sustainable packaging guidelines and related regulatory requirements.
- Assess our current product portfolio's compliance with sustainable packaging guidelines and requirements, and develop strategies to meet regulatory and customer demands.
- Infuse sustainable packaging concepts in our new product development process.

Our initiatives are aligned with the "7Rs" of sustainable packaging (Reduce, Reuse, Recycle, Replace, Recover, Refuse & Reject, Rethink). In 2021, activities focused on reducing the overall volume of packaging materials used and replacing packaging materials with more sustainable options. We prioritized efforts targeted at areas of our portfolio that drive the highest impact on environmental efficiencies, for example:

Replace:

Switching to using recycled cardboard materials on folding boxes for pet health products whenever possible.

Reduce:

- Reducing material thickness for Seresto™ tin cans to significantly reduce the consumption of steel plate and lacquer used to manufacture our largest pet health brand.
- Reducing the amount of material used for secondary and tertiary packaging of other pet health products used in retail channels, leading to a decrease in cardboard consumption in our manufacturing sites and avoiding waste at our customers' facilities.

We are committed to continuing to work with our suppliers, manufacturing sites and packaging experts to make our packaging processes even more sustainable in the future. In 2022, we will define an action plan, set project timelines and define resources.



Reduce



Reuse



Recycle



Replace



Recover



**Refuse
& Reject**



Rethink



Healthier Planet

Striving to Be Our Customers' Lead Partner on Their Journey Toward Climate Neutrality



Leading the Conversation on Sustainable Animal Agriculture.

Following the event, more than 20 global leaders from animal agriculture announced their intention to address the interconnected and urgent challenges of climate change and hunger. Signatories to the joint statement represent global meat, milk, fish and egg production.

Animal-sourced protein is a critical part of an affordable and healthy diet. Elanco seeks to be a leading voice in the discussion on the global animal agriculture sector's role in sustainably feeding a growing population.



In support of more resilient food systems, in partnership

with Agri-Pulse, Elanco presented the ["Sustainable Solutions for Zero Hunger by 2030: A Vision For Animal Agriculture"](#) forum. The event brought together key animal protein food chain leaders, policymakers and thought leaders from around the world to discuss the next steps in transforming global food production. The event took place virtually on September 14, 2021, helping industry leaders and livestock producers reimagine the way we produce animal-source foods while reducing the environmental impact of livestock production.

The timing for this forum, directly in advance of the United Nations Food Systems Summit, was critical to highlight animals' role as a constructive solution to combating climate change.

Supporting the Greener Cattle Initiative

Most greenhouse gas (GHG) emissions from cattle production are non-carbon dioxide gases, including methane which stays in the atmosphere for approximately 12 years. Reducing short-lived methane emissions, therefore, has an immediate impact on reducing climate warming.

To advance innovation in this area, Elanco co-founded the [Greener Cattle Initiative](#), a research consortium to support research into tangible, actionable solutions for potentially reducing enteric methane emissions from cattle. Led by the Foundation for Food & Agriculture Research (FFAR), each member of the consortium will review applications, commit funding to promising research ideas and hold the option to further fund and develop individual projects.





Introducing New Products with Environmental Benefits



Our newest beef innovation, [Exporior™](#) (lubabegron Type A medicated article), is the first U.S. Food and Drug Administration (FDA) approved product labeled to reduce ammonia gas emissions from an animal or its waste.

Product is approved for the reduction of ammonia gas emissions per pound of live weight and hot carcass weight in beef steers and heifers fed in confinement for slaughter during the last 14 to 91 days on feed.

Exporior™ offers a tool to help farmers remove air pollutants from the atmosphere, marking an important step in transforming the sustainable production of animal-sourced foods.

Creating Positive Environmental Impact Through Our Livestock Portfolio

Through our animal feed solutions, we can help animals improve their productivity and increase the efficiency and sustainability of livestock production. The formula is simple: better animal health leads to more efficiency on farms, helping to reduce and minimize environmental impacts from producing animal-sourced foods.

Supporting Eco-Friendly Feed Strategies for Pigs and Poultry

A publication from Hickmann et al., 2020, proposed the supplementary use of Hemicell™ (β-mannanase), an energy-sparing feed enzyme from Elanco, as an

eco-friendly feed strategy for pig and poultry feeding programs. The study concluded that Hemicell™ supplementation reduces the amount of soybean oil needed in feed formulas, which is associated with particularly high environmental impacts today. This collaborative study found that, for example, the GHG emission impact (CO₂-eq) of producing feeds with Hemicell™ for broilers can be reduced by up to 5.6% and eutrophication impacts (PO₄-eq) can be mitigated by up to 1.1%.

As animal feed production accounts for most of the environmental impacts associated with monogastric production, strategies such as enzyme supplementation can play a great part in improving the way livestock feeds are produced on the land, including mitigating negative impacts on waters or other ecosystems and advancing toward more sustainable animal systems.

Helping Dairy Farmers Produce More with Less



Elanco's Rumensin™ is the first U.S. FDA-approved feed ingredient for lactating and dry cows that increases milk production efficiency in lactating dairy cows. Rumensin also helps cows get more energy from every pound of feed. It frees up energy to increase cows' milk production efficiency. The product can help reduce the carbon footprint of dairy operations by up to 3.5% because farmers need 420 pounds less feed per cow per year but yield 307 pounds more milk per cow per year. Producing more milk with fewer resources has a positive impact on the planet.

Healthier Planet

Supporting Efforts that Drive Lasting Positive Change

Around the world, Elanco engages with partners and organizations that enable a healthy future for the planet.

Helping Restore Kansas Grasslands

Alongside the launch of Exporior™ (lubabegron Type A medicated article), Elanco announced a \$50,000 annual donation to Ducks Unlimited (DU), from 2021 through 2023, [further emphasizing our commitment to beef sustainability](#). Elanco's investment helps purchase grass seeds for reseeding efforts on working lands in western Kansas in support of the USDA Farm Service Agency's State Acres for Wildlife Enhancement (SAFE) program.

A primary source of recharge for the Ogallala Aquifer, playa wetlands in western Kansas provide water for both people and animals, as well as year-round habitat for birds and other wildlife. As part of a broader playa restoration effort, Elanco's contribution helps restore grasslands around playas in the area. In 2021, these efforts:

"Partnerships like the Ducks Unlimited and Elanco partnership are essential in moving these programs forward because, financially, landowners can't make that commitment upfront to get that process started. Farmers at their heart are stewards of the ground but it has to make economic sense."

LOGAN CAMPBELL, Kansas landowner

Helping Protect the Amazon Biome from Deforestation

In June 2021, the Elanco Foundation announced a partnership with the JBS Fund for the Amazon* to support the RestaurAmazônia Project, promoting sustainable farming and environmental conservation in the Amazon. The Elanco Foundation was the first external organization to contribute to the project.

Over the next three years, the Elanco Foundation expects to provide \$450,000 to Solidaridad Network, the international civil society organization managing the project. Funds will support an initiative that combines cocoa cultivation with cattle raising in the State of Pará in Brazil to increase the income of rural farm families, preserve forest areas and reduce greenhouse gas emissions.

"The project aligns well with our efforts to promote sustainable farming and environmental conservation. We are committed to supporting the health and well-being of one of the most important biomes on the planet and its inhabitants."

*KRISTIN BLOINK,
Chairperson of the Elanco
Foundation.*



*The JBS Fund for the Amazon was created by JBS, the second-largest food company in the world¹⁸, and is committed to the preservation of the forest and sustainable development in the region. The fund also helps improve the quality of life for the local communities.

¹⁷ Grass restoration acres were multiplied by the per acre net CO₂-equiv emissions reductions (sum of CH₄, N₂O and CO₂ converted to CO₂ equivalents) based on DayCent/COMET Farm model estimates for each county. Calculations were pro-rated based on the fraction of days the project was completed during 2021.

¹⁸ Source: JBS, 2020. Accessed June 1, 2022. <Source: <https://ri.jbs.com.br/en/jbs/corporate-profile/#:~:text=With%20six%20decades%20of%20history,convenience%20foods%20and%20value%20added>>



Supported the sustainability efforts of 20 Kansas landowners and more than 30 fields



Restored 1,525 acres¹⁷ of grassland



Created 472.2 mtCO₂e/year of increased carbon sequestration and reduced emissions



Healthier Planet

Continued Action in 2022

In 2022, we have continued our journey toward a better tomorrow and progress our Healthy Purpose™ commitments.



Future-Focused Design Defining Elanco New Headquarters

In 2022, Elanco continues to demonstrate its sustainability commitment through plans for its new headquarters.

On April 12, 2022, Elanco broke ground on a new campus in downtown Indianapolis, marking another milestone toward building a global animal health leader. The future-focused design considers the needs of the environment and community. For example, the headquarters site redevelops 40 acres of the former General Motors Stamping Plant site, using an idle space versus building on existing grassland or greenspace. The building design also plans to use renewable and low-carbon materials, such as the timber roof structure designed to avoid nearly 100 tons of emissions. It further includes enhanced stormwater management capacity and native plantings to help manage on-site water use.

Adding New Tools to Advance U.S. Livestock Sustainability Efforts

Elanco announced new resources aimed at helping the cattle industry make a positive impact.



Driving Analytics by Creating UpLook™ Platform

Elanco piloted UpLook™, an insights engine designed to predict GHG emissions and identify key drivers of a cattle operation's carbon footprint. The tool provides producers with a baseline of their current stewardship efforts and helps cattle feeders better understand their baseline while determining actionable steps to help move their operation toward improved sustainability and stewardship.



Creating Athian to Certify, Aggregate and Monetize Environmental Reductions

In partnership with start-up incubator High Alpha Innovation, Elanco created a new company with the key mission to help the cattle industry capture and claim carbon credits earned through sustainability efforts. Athian is expected to primarily validate and certify GHG reductions and carbon capture from services like UpLook.



Launching Leave it Better™

Elanco further launched the Leave it Better™ initiative, inspired by the universal desire of farmers and ranchers to leave their land, their livestock and their business better than when they started. The initiative will serve as an overarching program for Elanco's cattle sustainability outreach, including producer education, innovation and partnerships and serving as a real-world illustration of action toward Elanco's Healthy Purpose.

Elanco and Royal DSM Announced Strategic Alliance in the U.S. for Bovaer®

With this strategic alliance, Elanco joins forces with Royal DSM, a health, nutrition and biosciences company, to accelerate tangible solutions supporting the Global Methane Pledge goal of cutting emissions 30% by 2030. Elanco plans to seek regulatory approval for Bovaer and gains exclusive licensing rights to develop, manufacture, and commercialize Bovaer, a methane-reducing feed product for cattle in the U.S. This alliance will nearly double the announced global supply potential of Bovaer, allowing more farmers to reduce methane emissions and contribute to better health for the planet.



[Link to Appendix \(Healthier Planet chapter\)](#)

About This Report

This document provides our 2021 report covering the Environmental, Social and Governance (ESG) factors we have deemed relevant to our business. The report seeks to align with the Sustainability Accounting Standards Board (SASB) Healthcare – Biotechnology & Pharmaceuticals industry standard, the UN Sustainable Development Goals (UN SDGs) and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. It also considers additional topics relevant to Elanco's sustainability efforts valuable for our stakeholders.

This report focuses on Elanco's operations from January 1, 2021, through December 31, 2021, unless otherwise indicated. The report uses qualitative descriptions and quantitative metrics to describe our policies, programs, practices and performance. Note that many of the standards and metrics used in preparing this report continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. In addition, historical, current and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. The information and opinions contained in this report are provided as of the date of this report and are subject to change without notice. Elanco does not undertake to update or revise any such statements. In this report, we are not using the terms "material" and "materiality" as defined for the purposes of financial and SEC reporting in the United States. Instead, the terms refer to environmental, social and economic issues that are of significant importance to our stakeholders and to the company. These "material" issues inform our corporate responsibility strategy, priorities and goals and reporting.

This report covers our owned and operated businesses and does not address the performance or operations of our suppliers or contractors, unless otherwise noted. All financial information is presented in U.S. dollars, unless otherwise noted.

This report contains forward-looking statements relating to Elanco's operations that are based on management's current expectations, estimates and projections. See the "Cautionary Note Regarding Forward-Looking Statements".

Therefore, the actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed or forecasted in this report may differ materially in the future. As with any projections or estimates, actual results or numbers may vary.

Cautionary Note Regarding Forward-Looking Statements

This report includes forward-looking statements, including statements relating to ESG, sustainability, DEI and other related policies, programs, products, initiatives, targets or goals within the meaning of the federal securities laws. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results (including, for the avoidance of doubt, our performance with respect to any ESG, sustainability, DEI and other related policies, programs, products, initiatives, targets or goals) may differ materially from those contemplated by the forward-looking statements. Forward-looking statements involve a number of risks, uncertainties, developments, conditions, circumstances or other factors, including factors that are fully or partially beyond our control. Important risk factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market, and regulatory conditions, and actions and developments of third parties, including our stakeholders and other factors set forth in the "Risk Factors" section of our Annual Report or Form 10-K for the year ended December 31, 2021 filed with the SEC and are subject to update by our future filings and submissions with the SEC. Any forward-looking statement made by us in this report speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.



Appendix

Start of Appendix section here...



For additional information about how Elanco's Healthy Purpose contributes to creating a more sustainable future for all our stakeholders, visit elanco.com/en-us/sustainability

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