

Making
Life Better
For Animals,
Makes
Life Better.

Elanco

2022 ESG REPORT

ANIMALS. PEOPLE. PLANET.



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About this report

This report describes initiatives, goals and performance related to Elanco's Healthy Purpose™ – our global approach to sustainability and managing our most important environmental, social and governance (ESG) issues. Unless otherwise stated, data and other information in this report corresponds to the fiscal reporting period ending December 31, 2022.

This year, we worked to enhance our alignment with leading ESG reporting standards, frameworks and principles by sharing additional performance metrics and goals. We've pivoted our annual ESG Report to focus on programmatic and performance highlights and have introduced a collection of supporting issue briefs

containing important oversight and procedural disclosures for our leading ESG issues.

We've also introduced standalone reference documents facilitating simplified access to ESG-related key performance indicators (KPIs), policies and reports.

In addition to this ESG Report, our comprehensive ESG disclosure suite includes:

- [ESG Issue Briefs](#)
- [Sustainability Accounting Standards Board \(SASB\) Index](#)
- [Task Force on Climate-related Financial Disclosures \(TCFD\) Report](#)
- [United Nations Sustainable Development Goals \(U.N. SDGs\) Index](#)
- [ESG-related Policies and Statements](#)
- [ESG Key Performance Indicators \(KPIs\)](#)
- [Elanco ESG and Sustainability website](#)
- [Corporate Annual Reports](#)

FORWARD-LOOKING STATEMENTS

This ESG Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about our ESG, operational and financial goals, targets and commitments. These forward-looking statements are based on Elanco's current expectations and assumptions regarding, among other things, its operations, performance, and financial condition, and are subject to change. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the risk that Elanco is unable to execute its strategy because of market or competition conditions; economic, industrial or governmental developments that may impact our operations and other risks and uncertainties, including those described in Elanco's Form10-K and Form 10-Qs filed with the Securities and Exchange Commission.

You are cautioned not to place undue reliance on these forward-looking statements, which are subject to risks, uncertainties, and assumptions that are difficult to predict. Elanco undertakes no duty to update forward-looking statements.

Elanco uses non-GAAP financial measures, such as adjusted EBITDA and adjusted EPS to assess and analyze our operational results and trends. We believe these non-GAAP financial measures are useful to investors because they provide greater transparency regarding our operating performance. The non-GAAP financial measures included herein should not be considered substitutes for U.S. GAAP reported measures. Non-GAAP financial measures may not be comparable to similarly titled measures used by other companies, including those in our industry.



CEO Letter

Making the World Better through Elanco's Healthy Purpose

Commitment, capacity and outcomes.

Elanco colleagues around the world are committed to the unifying belief that making life better for animals makes life better. Our work is grounded in Elanco's Healthy Purpose – our framework for operational sustainability, supporting global sustainable development objectives and ensuring we consider environmental, social and governance (ESG) outcomes in every business decision.

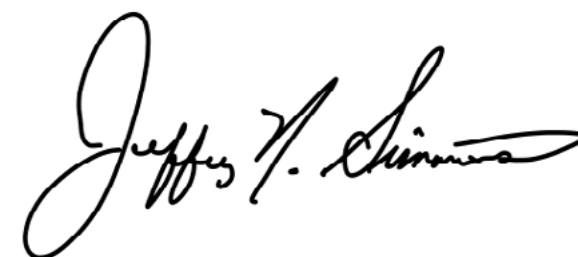
We're enhancing capacity around our sustainability strategy and have optimized our governance structure to ensure we effectively manage ESG-related risks and opportunities across the company. In 2022, we established a global ESG leadership team to further advance our Healthy Purpose ambitions and meet the increasing expectations of stakeholders worldwide. We revised charters for several Board committees and expanded internal steering committee engagement to ensure comprehensive oversight of our leading ESG issues and disclosures. And we're proactively engaging and listening to our shareholders, employees, customers, suppliers and others – to enhance our programs and focus in key areas.

These efforts support the ambition and numerous achievements of Elanco employees and business partners across our four Healthy Purpose pillars. For example:

- **Healthier Animals** are fundamental to our business. In 2022 and early 2023, our pet health teams delivered targeted innovations making it easier for pet parents and veterinarians to care for beloved companions. We received U.S. approval for solutions that help cats experiencing pain from surgery, those previously untreated for feline diabetes and dogs greater than 8 weeks old suffering from canine parvovirus.
- We're supporting **Healthier People** by enabling stronger connections between humans and animals, and by helping ensure a safer and more reliable food system. In 2022, we continued advocating for the responsible use of antimicrobials and for nutritional and preventative alternatives, such as our salmonella vaccines. We're expanding our efforts in sub-Saharan Africa through a new initiative that seeks to enhance the productivity and livelihood of small-scale farmers in Nigeria and Uganda – while helping provide people in these countries with greater access to nutrient-rich animal protein.

- Our commitment to a **Healthier Planet** includes numerous operational, sustainable packaging and logistics initiatives designed to minimize Elanco's natural resource use, emissions and waste. For customers pursuing similar goals, Elanco is bringing to market products, tools and partnerships that enable livestock emissions reductions and help producers track progress and capture value from their efforts.
- Our focus on a **Healthier Enterprise** begins with our employees and diversity, equity and inclusion initiatives such as diverse mentoring and our new Women Leadership program. We've also enhanced our focus on workplace well-being, by establishing a well-being committee and well-being champions to support the physical and emotional safety of colleagues worldwide.

I'm forever inspired by the dedication and drive of our purpose-driven Elanco employees. Across the globe, we're united in our commitment to positively impact the lives of animals and people – and to running our business in a responsible way. That's what Elanco's Healthy Purpose is all about.



Jeff Simmons

President and Chief Executive Officer, Elanco



Our business

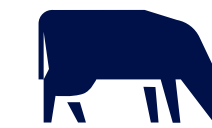
Elanco is the second largest independent global animal health company, with a presence spanning more than 90 countries. We are united in our effort to transform animal care.

Our corporate vision, "Food and Companionship Enriching Life," connects the animal health outcomes we support to the positive environmental, social and economic impact we create. Our products and services help prevent and treat disease in farm animals and pets, while supporting the productivity and sustainability of animal-based protein. Elanco's innovations improve the health of animals under human care – creating value for farmers, pet owners, veterinarians, community stakeholders and our shareholders.



Pet Health

Our pet health portfolio is focused on parasiticides, vaccines and therapeutics. Our products help veterinarians and owners better care for pets by preventing and treating disease, while extending and improving quality of life. We also work closely with veterinarians to provide technical support and case management for our products. That's been our mission for seven decades.



Farm Animals

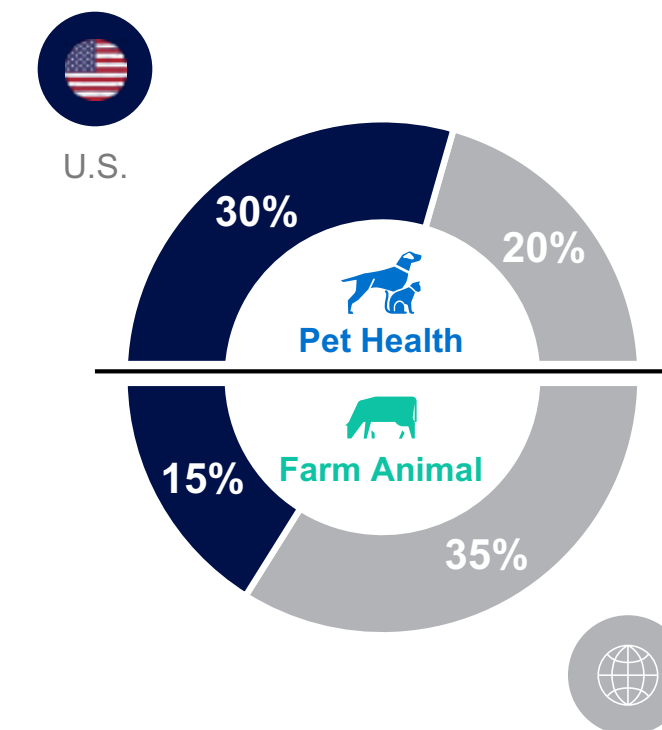
Our farm animal portfolio consists of products designed to prevent, control and treat health challenges – primarily focused on cattle (beef and dairy), swine, poultry and aquaculture (cold and warm water fish). Our products include medicated feed additives, injectable antibiotics, vaccines, insecticides, enzymes and other solutions that enhance animal welfare and productivity, reduce the spread of disease to humans and help increase the safety of our food supply.

We offer a wide range of farm animal data analytics and expertise to help our customers with operation-wide solutions that improve animal care, production efficiency and business performance.

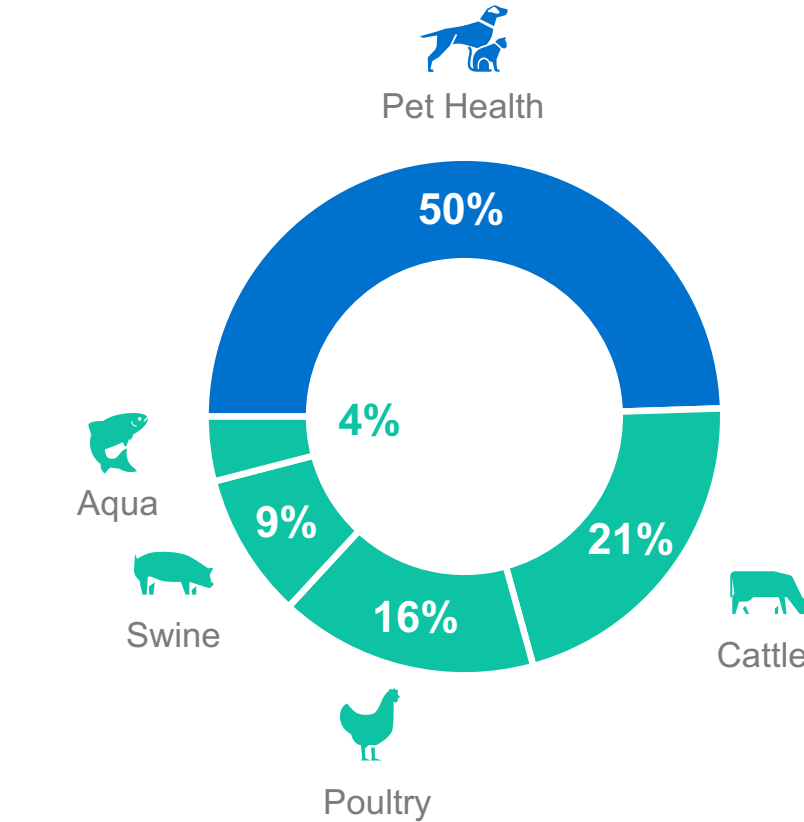
We also offer solutions that enable producers to deliver more food while using fewer resources, ultimately helping make food more affordable and accessible to consumers across the globe. Our next era of innovation is focused on livestock sustainability – helping reduce livestock emissions while helping facilitate additional economic value for farmers and ranchers.

PORTFOLIO DIVERSITY ACROSS GEOGRAPHY AND SPECIES

Revenue category by geography



Revenue by species



Data as of Dec. 31, 2022

Revenue breakdown excludes contract manufacturing, which represented 1% of total 2022 revenue.

Percentages may not add due to rounding.

2022 Performance summary

We continue to execute our three-pronged corporate strategy: Innovation, Portfolio and Productivity. In 2022, we launched eight new products and expanded the geographic reach of many existing solutions across our pet health and farm animal businesses.

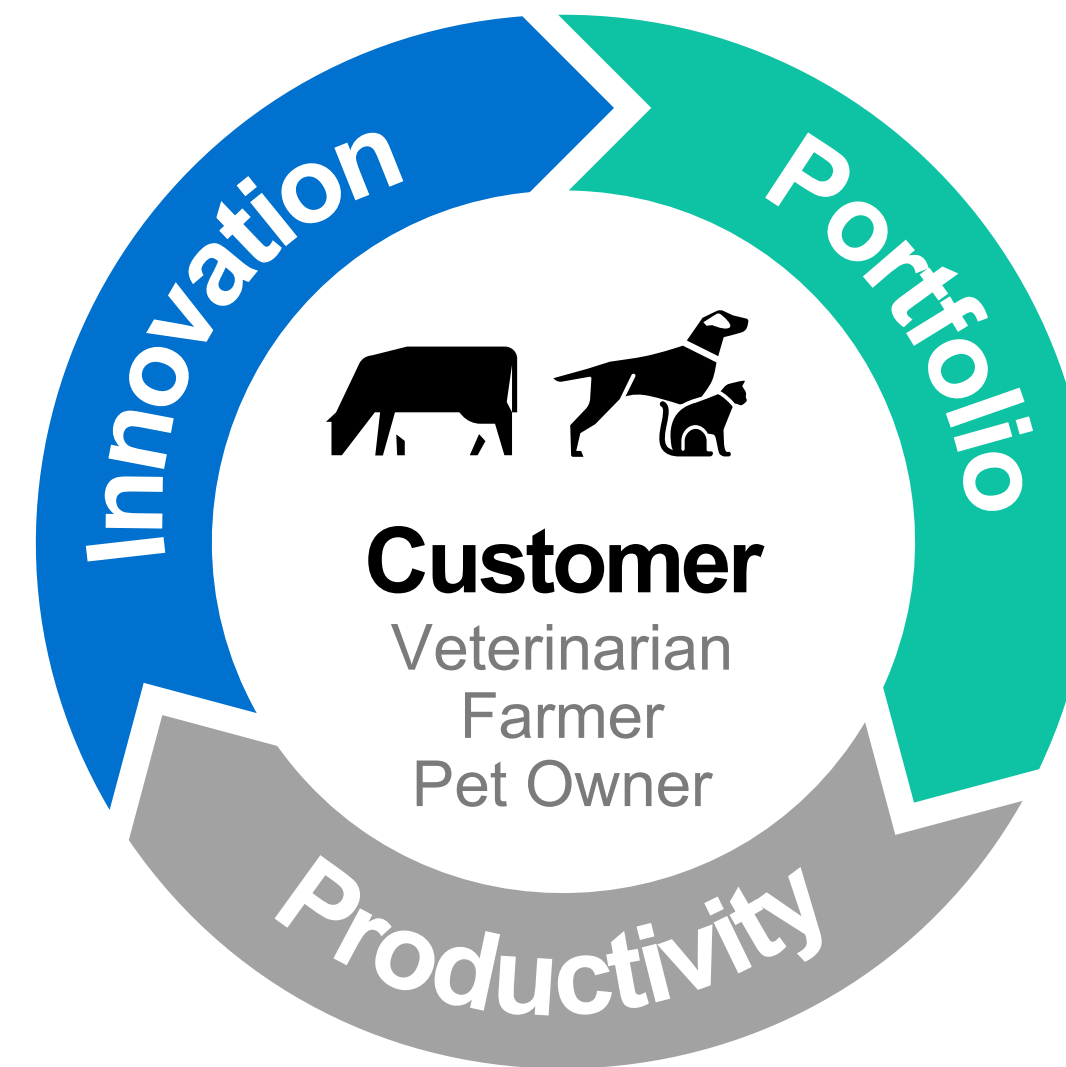
We also progressed several late-stage innovations, laying the foundation for our expected next significant era of innovation and growth. These include receiving U.S. approval for life-enhancing and life-saving feline solutions, including the 2022 approval of Bexacat™ (bexagliflozin tablets) – the first orally administered prescription medication to improve glycemic control in insulin-naïve cats with diabetes mellitus – and Zorbium®, for pain following feline surgical procedures. In addition, we initiated U.S. submissions for differentiated canine parasiticide and dermatology solutions, including a broad-spectrum parasiticide and a JAK inhibitor for canine dermatology.

In the first half of 2023, we received a conditional U.S. Department of Agriculture (USDA) license for our canine parvovirus monoclonal antibody therapy. Additionally, we received conditional U.S. Food and Drug Administration (FDA) approval for Varenzin-CA1 (molidustat oral suspension),¹ to treat nonregenerative anemia in cats with chronic kidney disease. We have also made great strides meeting requirements to commercialize Bovaer® (3-NOP), a product to reduce bovine enteric methane emissions. We anticipate authorization for Bovaer in the first half of 2024.

In total, we have a path to approval for six potential blockbuster products by the first half of 2024 and we expect our innovation portfolio to contribute \$600-700 million in gross revenue by 2025.

Our excitement for our new innovations is matched by efforts to maximize the value of our existing products – such as Seresto®, Rumensin™ and the Advantage® family of products. We continue to expand the availability and awareness of these products, while always fulfilling our customer promise.

2022 HIGHLIGHTS



REVENUE:

\$4.41B

ADJUSTED EBITDA:²

\$1.02B

ADJUSTED EARNINGS PER SHARE:²

\$1.11

RESEARCH AND DEVELOPMENT (R&D) INVESTMENT IN THE LAST THREE YEARS (2020-2022)

~\$1.02B

ACTIVE PROJECTS IN INNOVATION PIPELINE

170+

INNOVATION

- 8 product approvals in major markets in 2022; including feline innovations Zorbium, Advantage XD for cats and Bexacat
- Delivered \$133M (+\$61M yoy) in sales from new products in 2022
- Initiated U.S. submission of a broad spectrum parasiticide and a JAK inhibitor

PRODUCTIVITY

- Productivity enabled flat gross margin despite significant inflation and mix pressure
- Delivered cumulative Adj. EBITDA synergies of \$363M (+\$137M incremental in 2022)²
- Reduced gross debt \$501M; Year-end leverage ratio of 5.5x

PORTFOLIO

- Full year price +2%; Pet and Farm +2% each
- Pet health: U.S. para retail OTC leader;³ Pain portfolio grew double digit %; Expanding feline portfolio
- Farm Animal: #2 in Farm Animal in U.S.; Global market leader in medicated feed additives³
- Advanced digital sales capabilities – a key enabler of commercial excellence

2022 ESG and sustainability highlights

In 2022, Elanco made progress advancing sustainability across many areas of the business – including support for our employees, customers and communities, and improvements toward our environmental impact. We also made changes to our management and oversight to ensure ESG considerations are integrated throughout Elanco.

New centralized ESG and sustainability team driving progress and enhanced disclosures

First-time disclosure of Scope 3 emissions

~10%

YOY reduction in upstream transportation & distribution emissions

Estimated

7.2M

metric tons of livestock customer emissions (CO₂e) avoided with Rumensin (2020-2022)

Our Benchmark® database for beef producers includes measures for

~40%

of the U.S. beef industry

>12%

of electricity purchased from renewable sources

~20%

of employees belong to at least one Employee Resource Group

>12,800

employee volunteer hours valued at ~\$400K

>\$4M

in corporate, Foundation and employee charitable and community giving



Our approach to ESG and sustainability

Our global approach to ESG and sustainability – Elanco’s Healthy Purpose – is a framework of commitments and actions built on four interconnected pillars: Healthier Animals, Healthier People, Healthier Planet and Healthier Enterprise – which represent the areas we believe are most important to our customers, employees, investors and other stakeholders. We’re driving a Healthier Enterprise by managing our environmental footprint and integrating the management and oversight of ESG issues throughout our operations.



Our Vision:
Food and Companionship
Enriching Life



> page 10

Healthier Animals

We’re helping pets and farm animals live healthy, high-quality lives by continuously expanding our portfolio and identifying new and innovative animal care products, practices and services to support animal health and well-being.

- Companion animal welfare
- Farm animal welfare
- Research animal welfare



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Healthier Planet

We’re committed to minimizing our own environmental footprint, while leveraging product and service innovations to help our customers advance their own environmental efforts.

- Energy and emissions
- Operational waste
- Biodiversity and water
- Sustainable packaging
- Supporting customer emissions reductions



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Healthier People

We help improve people’s lives and livelihoods by promoting animal companionship and enabling healthier and more sustainable production of meat, milk, fish and eggs.

- Farmers/Producers and Food Systems
- Antimicrobial stewardship
- Human-animal bond



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Healthier Enterprise

We’re committed to growing our business with integrity and excellence with respect to all stakeholders, fostering an inclusive culture where employees can make a difference – encouraging ownership, growth and well-being.

- Employee engagement
- Employee development
- Employee volunteering
- Employee DEI
- Employee health, safety and well-being
- Sustainability governance

Contributing to sustainable development

Elanco's efforts to support animal health and productivity positively impact a number of global concerns, such as food security and nutrition, human health and well-being, and environmental sustainability. We use the United Nations (U.N.) [Sustainable Development Goals](#) (SDGs) to better frame how Elanco's initiatives and commitments contribute to global sustainable development objectives.



Aligning with the SDGs

The 17 SDGs seek to align global public and private efforts to eliminate poverty and improve health, education and well-being – while addressing issues such as climate change and bioconservation. We have evaluated Elanco's business activities, initiatives and goals for alignment with the SDGs and supporting targets. The graphic at left reflects issues for which we've identified slight, moderate or significant impact.

Our most significant contributions are related to:

2 ZERO HUNGER
Zero Hunger⁴
 As an animal health company, our core business aligns with SDG 2 by supporting livestock producers of all sizes seeking to improve the productivity, efficiency and sustainability of their operations.

SDG 2 Target 2.3⁵
Double agricultural productivity of small-scale food producers.

We make a meaningful contribution to Target 2.3 through our East Africa Growth Accelerator (EAGA) and Managing Animal Health and Acaricides for a Better Africa (MAHABA) initiatives in Africa, as we aim to educate and improve the productivity of small-scale producers through informational resources and access to animal health products ([page 22](#)).

SDG 2 Target 2.4⁶
Ensure sustainable and resilient agriculture and food production systems.

Numerous Elanco products and services align with Target 2.4 by improving the sustainability of animal agriculture ([page 36](#)).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Responsible Consumption and Production⁷
 We align with SDG 12, through continuous improvement in resource efficiency within our operations and in interactions with customers and suppliers.

SDG 12 Target 12.3⁸
Reduce global food waste throughout the supply chain.

We contribute to Target 12.3 by helping livestock producers upstream in the food value chain reduce losses to disease ([page 15](#)).

SDG 12 Target 12.4⁹ and **12.5**¹⁰
Manage wastes to minimize adverse impacts, and substantially reduce waste generation through prevention, reduction, recycling and reuse.

We contribute to Targets 12.4 and 12.5 in our manufacturing operations by working to reduce waste generation, while responsibly managing unavoidable waste streams (including wastewater). In addition, Elanco products and services help livestock producers reduce emissions such as methane and ammonia ([page 30](#)).

SDG 12 Target 12.6¹¹
Encourage companies to adopt sustainable practices and integrate sustainability information into their reporting cycle.

We contribute to Target 12.6 through efforts to support customer environmental sustainability initiatives and by engaging with suppliers and other members of our value chain ([page 36](#)).

For additional detail on Elanco's identified impacts to the SDGs and supporting targets, see our [U.N. SDG Index](#).



Healthier Animals

We're helping pets and farm animals live healthy, high-quality lives by continuously expanding our portfolio and identifying new and innovative animal care products, practices and services to support animal health and well-being.



Animal welfare

We respect animals and are dedicated to safeguarding the welfare of livestock, pets and research animals worldwide. Elanco's animal welfare specialists work alongside farmers, ranchers, veterinarians, nutritionists, pet owners and researchers to promote leading animal care practices and responsible use of our products – helping ensure the best possible well-being for each animal.

Key 2022 and early 2023 achievements

- Launched Zorbium¹² and Bexacat (bexagliflozin tablets),¹³ and received conditional FDA approval for Varenzin-CA1 (molidustat oral suspension) and a conditional USDA license for our canine parvovirus monoclonal antibody treatment – product innovations that help pet owners and veterinarians more easily treat conditions affecting the well-being of pets
- Collaborated with the Banfield Foundation to enhance access to veterinary care for pet owners through lower-cost clinics in communities
- Supported veterinarians' well-being through our Betterinary and Insights Discovery training programs, as well as advocating for Mental Health First Aid
- Donated essential Elanco products and worked with state agencies to ensure aid to displaced animals during Hurricane Ian and the severe Kentucky floods
- Delivered training to farm animal workers through the Elanco Pig Academy and other Elanco Knowledge Solutions (EKS) programs
- Implemented a new adoption program at one of our research facilities, helping our research animals find their forever home
- Recognized exceptional animal welfare contributions through our quarterly Golden Heart Awards
- Launched ~190 new stock keeping units (SKUs) outside the U.S. through product enhancements and extension of existing products to new geographies

Looking ahead

in 2023 and beyond we expect to:

- Incorporate animal welfare data into our UpLook™ livestock database, to help producers streamline decision-making by having relevant data in one integrated system
- Obtain independent accreditation of animal welfare compliance by Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) for our one remaining owned research facility which has not yet been accredited

Elanco's updated [Animal Welfare Policy](#) was published in 2022 and defines the concepts, guidelines and governance of our approach to animal welfare for livestock, pets and research animals. Our efforts align with the principles for animal welfare outlined by the World Organization for Animal Health (WOAH).

Companion animals

Our focus on animal welfare includes work to enrich the lives of pets and pet owners, enhancing the human-animal bond ([page 23](#)). We take a holistic approach that includes product innovation, support for veterinarians and pet owners, and community collaboration.

Better care for pets through product innovation

Guided by a common goal toward simpler pet health solutions and improved animal welfare, Elanco is creating easier ways to relieve pain and prevent the diseases that impair animal well-being. By making it easier for pet owners and veterinarians to administer treatment, we're supporting a closer human-animal bond, ensuring more animals get treated and pets and their owners *live together longer*.

In 2022 in the U.S., we launched Zorbium¹² a veterinarian-administered drug designed to relieve post-operative pain in cats up to four days – reducing the burden on pet owners to regularly administer medications following surgery, while reassuring veterinarians that their patients can heal comfortably at home ([page 24](#)).

In early 2023, we launched Bexacat (bexagliflozin tablets)¹³ in the U.S., the first oral once-daily administered prescription medication to improve glycemic control in otherwise healthy cats with diabetes mellitus not previously treated with insulin. Under a veterinarian's supervision, Bexacat can provide an alternative to the traditional standard of care of daily injections, for cats who may have otherwise gone untreated ([page 24](#)).

Additionally, in early 2023 we received a conditional USDA license for our new canine parvovirus treatment, a monoclonal antibody that is the first product to directly treat the virus responsible for this debilitating gastrointestinal disease – allowing puppies and dogs to recover and return home more quickly. In early 2023 we also received conditional FDA approval for Varenzin-CA1 (molidustat oral suspension), a treatment for nonregenerative anemia in cats with chronic kidney disease.

Better care for pets through community collaboration

Pets can become stranded when a hurricane, fire or other natural disaster sweeps through an area. When disaster strikes, members of Elanco's veterinary consulting teams support local animal health providers and relief organizations in recovery efforts. In 2022, Elanco employees responded to the devastation of Hurricane Ian in Florida and flooding in Kentucky by working with state and local agencies to ensure animals received essential support with vaccines, antiparasitic treatments and access to other vital Elanco products.



CASE STUDY

Community clinics with the Banfield Foundation

Sometimes circumstances make it difficult for people to care for their pets. To help ensure all pets get the care they need, Elanco has collaborated with the Banfield Foundation since 2015 to support community clinics that enhance access to veterinary care for pet owners in need.

As part of Elanco's annual capstone volunteer event, Global Day of Purpose, in October 2022 Elanco and the Banfield Foundation

hosted a drive-through preventative care pop-up clinic at the Johnson County Indiana Humane Society ([page 55](#)). Over three days, Elanco employee volunteers worked alongside Banfield Foundation associates to care for more than 400 animals. Leftover medical supplies were donated to the Johnson County Humane Society for their ongoing use.

Better care for pets by caring for veterinarians

Many Elanco colleagues interact with veterinary clinics where they witness the emotional demands of the profession. Animal care providers can struggle with compassion fatigue, mental health concerns and burnout, among other challenges. These individuals are highly trained to give care, but it's also important that we show care for *them*. One of the tenets of Elanco's Veterinary Advocacy effort is that assisting in self-care is an ethical imperative. If animal caregivers fail to take care of themselves, they potentially endanger or lose the ability to care for the animals that depend on them.

Elanco trains veterinarians on emerging practices and supports them in combating the stressors and embracing the job's inherent rewards. Elanco promotes well-being in the veterinary profession through:

- **Betterinary Series:** A series of talks approved for continuing education credits to provide personal well-being education for veterinary professionals. We delivered approximately 100 presentations to audiences across the United States in 2022.
- **Insights Discovery:** A personality exploration workshop that facilitates connection with colleagues and workplaces where innovation, creativity and productivity thrive. In 2022, we delivered training to several animal hospitals, corporate boards, veterinary students and 12 state veterinary medical associations. We also provided training as part of the Power of 10 Leadership Initiative, in collaboration with the American Society of Veterinary Medical Association Executives.

- **Fear Free:** A third-party certification program that provides veterinary professionals with the knowledge to address fear, anxiety and stress in animals – to improve the experience of veterinary care for all involved. Elanco continued to support Fear Free in 2022. Many of our consulting veterinarians are certified and help train veterinary staff.
- **Mental Health First Aid:** Several Elanco employees and veterinarians became certified in 2022, as part of our broader effort to instill a culture of mental well-being at work ([page 50](#)). Elanco reaches out to many customers to teach individuals how to identify, understand and respond to signs of mental health challenges among adults.

“Animal care providers are highly trained to give care, but it's also important that we show care for *them*.”

→ [READ MORE ON ANIMAL WELFARE](#)

– [Animal Welfare Issue Brief](#)



CASE STUDY

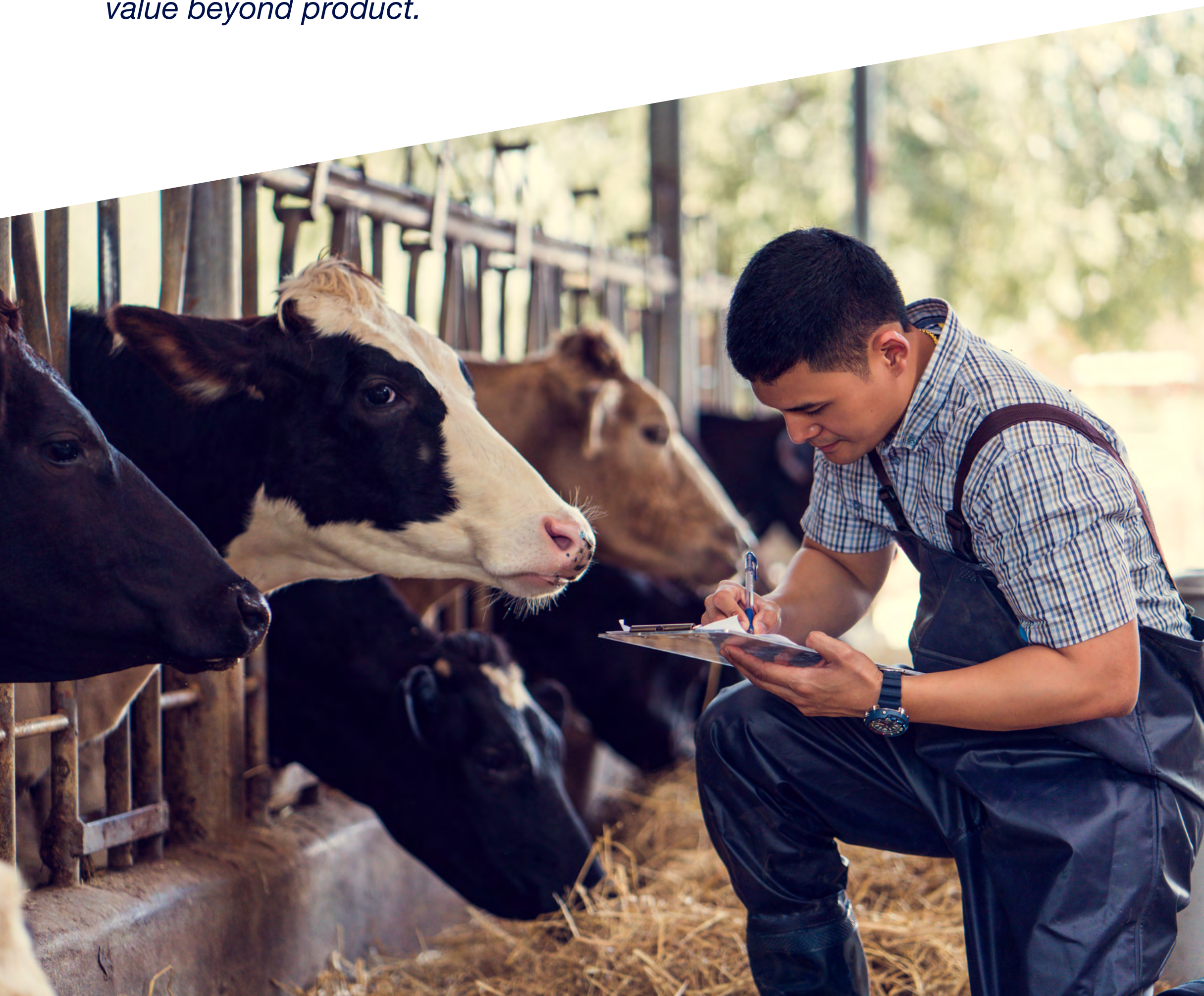
Supporting the next generation of veterinary leaders

We collaborate with many academic institutions to lend expertise, help advance leading practices and support the next generation of veterinarians. Elanco is the sole sponsor of the **American Association of Veterinary Medical Colleges Leadership Academy**, which facilitates development for emerging leaders in academia and provides a forum for building lasting ties between faculty members at veterinary schools and departments around the world.

Elanco developed the **Power of 10 Leadership Initiative** in partnership with the American Society of Veterinary Medical Association Executives in 2012, to help recent veterinary graduates develop foundational skills in leadership, communication and business. This effort has grown to more than 12 currently active local groups within veterinary schools.

Farm animals

Farm animals depend on human care to live a high-quality life. We support farm animal welfare through product innovations and by developing tools, training and research that offer livestock producers *value beyond product*.



Data and insights for animal welfare

Elanco Knowledge Solutions (EKS) manages several platforms customers can use to track leading livestock health and quality indicators, benchmark against peers and conduct custom analytics.

ELANCO KNOWLEDGE SOLUTIONS PLATFORMS

BEEF CATTLE

Our Benchmark® database for beef producers includes measures for approximately 700 feeding locations and 10 million head of cattle annually, accounting for approximately 40% of the U.S. beef industry. The database houses data for more than 200 million total head and helps Elanco truly understand the needs of our beef customers and develop products to meet those needs, while providing customers with valuable insights to evaluate the health and environmental footprint of their herds.

~700 feeding locations annually

~10M head of cattle annually

~40% of U.S. beef industry

>200M total head of cattle

DAIRY COWS

Our Dairy Data Access System (DDAS) is an analytics platform that supports decision-making for dairy producers. In 2022, DDAS helped manage more than 260 herds – approximately 3% of U.S. dairy cows – providing weekly reports across key areas of health and milk production.

The dRisk App is designed to support dairy veterinarians in managing the Vital 90 Days® of heifers and cows around the critical time of calving. dRisk is supported by on-site walk-throughs to provide customized insights on factors like nutrition and the cows' environment. In 2022, more than 650 dRisk users performed assessments representing nearly 60 dairy herds.

>260 herds supported by DDAS

~3% of U.S. dairy cows

POULTRY

Health Tracking System (HTSi™) is a broiler health platform Elanco developed in 1996 that's used globally as a method of flock health surveillance. HTSi is designed to help optimize bird potential through greater understanding and management of intestinal integrity and broiler health. In 2022, approximately 435 poultry customers participated in HTSi, which represented more than 11,000 farms globally.

~435 participating customers

>11K farms globally

Training solutions for farm animal welfare

For livestock producers, investing in the knowledge and skills of caregivers is an investment in animal welfare. Elanco offers a range of training services for customers and their crews, focusing on animal handling, appropriate living conditions, animal health and nutrition, and other topics. When workers are equipped with the right tools and knowledge, they can provide better care and improved human-animal interactions – which leads to better outcomes for both animals and humans.

We regularly enhance our customer training programs. In 2022, we developed four new modules in our Elanco Pig Academy series, designed to promote better management practices for swine producers globally. The new modules include handling, transportation, indoor production systems, and evaluations and documentation.

Additional 2022 farm animal training initiatives included:

- Participating in the Professional Animal Auditor Certification Organization’s first aquaculture welfare webinar
- Translating the North American Meat Institute’s Animal Care and Handling Guidelines and Audit Tool (an industry-wide resource used across species by the packer industry) into Spanish, to reach a greater number of animal handlers
- Translating protocols and training modules into Spanish for numerous livestock organizations, programs and customers, to impact more animal handlers and caregivers

The Elanco Knowledge Solutions team also offers tailored services designed to optimize livestock caregiver practices. Our consultation, educational and evaluation services include, but are not limited to:

- Animal handling, evaluation and post-mortem examinations
- Animal welfare evaluation and consultation
- Barn safety
- Crew or department-specific education
- Employee engagement and management
- Industry standards
- Product safety, handling, administration and storage
- Standard Operating Procedures development

In addition to these initiatives, the Elanco Knowledge Solutions team is supporting the continued development of Elanco’s UpLook platform for producers by incorporating animal welfare data to complement the tool’s focus on environmental impact ([page 38](#)).

ELANCO VALUE BEYOND PRODUCT TRAINING TOPICS

- Animal activism
- Animal care and management
- Animal handling
- Animal welfare
- Crew-specific job roles
- Employee development and engagement
- Heat stress
- Product-related training
- Site evaluations and audits

~440

total training sessions delivered in 2022

→ [READ MORE ON ANIMAL WELFARE](#)

– [Animal Welfare Issue Brief](#)



CASE STUDY

Addressing challenges across the value chain

Ensuring animal welfare is an industry-wide imperative and a foundation for healthier animals, successful farms and the longevity of global animal agriculture.

Elanco fosters collaboration across the farm animal value chain, lending our expertise to help solve systemic industry challenges. One area of focus for dairy cattle welfare is fitness-to-transport, which refers to making critical management decisions for transporting animals without compromising their welfare. Robust fitness-to-transport protocols seek to ensure the right

decisions are made regarding when and how to transport dairy cows and calves.

In collaboration with Dr. Lily Edwards-Callaway at Colorado State University, Elanco has presented on this important topic at numerous industry events, including the 2022 World Dairy Expo in Madison, Wisconsin and on the American Association for Bovine Practitioners (AABP) podcast “Have you herd.” We also partnered with industry stakeholders to develop a [training video](#) designed to inform and empower animal caregivers in fitness-to-transport decisions.

The video has been presented at multiple industry conferences and is freely available to all producers and veterinarians on the [National Dairy Farmers Assuring Responsible Management \(FARM\) Program](#) website.

Organizations across the dairy value chain recognize the risks associated with poor fitness-to-transport decisions. Elanco’s efforts support progress toward a systemic solution that improves awareness of challenges and empowers workers to make decisions that support both the welfare of animals and the success of their farms.

Research animals

Animal-based research is fundamental to sustaining and improving welfare outcomes for all animals. Elanco is dedicated to safeguarding the welfare of our research animals, and we are committed to meeting or exceeding regulatory requirements for animal welfare across every aspect of our research. We only work with research partners that meet our high standards of care.

Key features of our approach to research animal welfare include:

- **Ethical oversight:** All animal studies receive oversight through a government authority or Elanco’s Institutional Animal Care and Use Committee (IACUC). The IACUC is a global committee of experts that reviews and approves protocols to assess best practices and compliance. It includes volunteer members not affiliated with Elanco, as well as Elanco veterinarians, scientists and other research professionals.
- **Best practices:** We apply the globally recognized “3Rs” of animal research in the design of all animal studies.
- **Independent accreditation:** The Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) provides accreditation for animal welfare in research facilities. As of year-end 2022, two of three Elanco-owned research facilities had AAALAC accreditation. In 2023, we are seeking AAALAC accreditation for the third.

We conduct annual internal audits for all Elanco sites and audit partner research facilities at least once every three years. We are also subject to external audits by accreditation organizations and government regulators at prescribed intervals. Since our IPO in 2018, Elanco has had no major or critical findings at any Elanco-owned research locations.

Finding forever homes for retired animals

Elanco owns three research facilities, all of which have programs to find suitable adoptive homes for research animals upon the completion of their work during clinical trials. In 2022, we implemented an adoption program at one of our acquired facilities, which had not administered such a program prior to Elanco’s ownership of the site. We continue to develop and expand partnerships with external organizations that facilitate rehoming of our valued dogs and cats when they reach retirement.

Engaging our people on animal welfare

Elanco’s quarterly Golden Heart Awards recognize employees who show compassion and respect for the privilege to conduct animal research by consistently upholding the 3Rs philosophy. Our 2022 awards recognized innovative solutions that reduced animal stress, increased enrichment to support animals’ expression of natural behaviors and reduced the number of animals needed by redesigning a study to simultaneously complete two objectives instead of one.

→ [READ MORE ON ANIMAL WELFARE](#)

– [Animal Welfare Issue Brief](#)

– [Elanco Animal Welfare Policy](#)



The “3Rs” of animal research

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



Healthier People

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



Antimicrobial stewardship

Mitigating antimicrobial resistance (AMR) is an important public health challenge. Elanco has instituted a multi-faceted approach to help protect the long-term viability of antibiotics and prevent compromised treatment outcomes in both humans and animals.

The best alternative to antibiotic use is health. We align with a [One Health](#) approach and consider a wide range of factors that contribute to the health of food animals and pets, in support of positive health outcomes for both humans and animals.

Elanco's [approach](#) is rooted in scientific monitoring and providing the optimal medical support for antimicrobial stewardship – molecule selection, resistance monitoring and in-depth studies. Additionally, Elanco supports resistance stewardship by promoting best practices identified per the EU Commission Guidelines for the "Prudent Use of Antimicrobials": nutrition, hygiene and husbandry, stress avoidance and preventative zootechnical treatments such as vaccines.

Elanco has always promoted the responsible use of antibiotics. We continue to advocate for best practices and have adopted a tiered approach to advance this important, collaborative effort:

- **Promote responsible antimicrobial stewardship:** When therapeutic use is indicated, animal-only antimicrobials are the first choice. These products were developed for animal treatment and are not useful in human medicine. Their use has a negligible impact on human health risk.
- **Reduce the need for antibiotics:** Farmers and veterinarians use many methods to keep animals healthy and prevent disease – including balanced diets for strong immune systems, well-maintained housing and following best practices in animal handling. Elanco offers industry leading technical data and expert support to help producers make the best management decisions to support animal health and well-being.
- **Replace antibiotics with alternatives, where possible:** Elanco has intentionally built our vaccine and nutritional health capabilities since 2015 to provide alternative solutions, such as enzymes, probiotics and prebiotics.
- **Monitor the efficacy of antibiotics in livestock and pets:** Under the umbrella of the Centre Europeen d'Etudes pour la Sante Animals (CEESA), for more than 20 years Elanco has been monitoring antibiotic susceptibility in disease-causing and human food safety pathogens in livestock and pets. Our intent is to detect early emergence of resistance and prevent declines in efficacy such that an antibiotic becomes ineffective. Our work helps identify the potential need for prophylactic measures, such as rotation programs or temporarily suspending use of a specific antibiotic until susceptibility is restored.
- **Actively engage and educate:** Elanco's Chief Medical Officer, Dr. Shabbir Simjee, provides regular training and information to regulatory agencies on AMR, participates in the development of global regulation and helps execute national AMR action plans across the globe.

Key achievements in 2022

- Received approval for our salmonella vaccine, AviPro™ Salmonella Duo in Thailand ([page 20](#))

AviPro®
SALMONELLA DUO

Looking ahead

in 2023 and beyond, we expect to:

- Expand our alternative to antibiotics portfolio with the acquisition of certain products, inventory and global commercialization rights from NutriQuest®¹⁵ – a company offering research-based feed and protein technologies, probiotics and other preventative animal health solutions
- Seek appropriate additional approvals for our salmonella vaccine AviPro® in additional jurisdictions, such as France and other countries
- Integrate and expand the geographic availability and presence of acquired NutriQuest solutions into Elanco's portfolio of products and practices that promote better animal health and productivity, and prevent disease

Our antimicrobial stewardship guiding principles

Antimicrobial resistance in humans – the risk of bacteria that cause infectious disease in humans becoming resistant to treatment – is a significant health concern. Global collaboration is key to mitigating this risk.

As a company dedicated to the health and well-being of animals, we seek to help veterinarians and farmers responsibly use antimicrobials while protecting animal health. In 2015 we introduced a global stewardship plan focused on:

- Promotion of best practices, as adopted by the Codex Alimentarius Task Force on Antimicrobial Resistance, which developed a Code of Practice to Minimize and Contain Foodborne Antimicrobial Resistance and guidelines for integrated monitoring and surveillance of foodborne antimicrobial resistance.
- Development of vaccines to reduce the need for antimicrobial use
- Promotion of flea and tick prevention to reduce stress and spread of disease
- Increasing responsible antimicrobial use
- Reducing the need for shared-class antimicrobials
- Replacing antimicrobials with alternatives to help livestock producers treat and prevent animal disease

Every year, many members of Elanco staff are trained on our stewardship plan, as well as on our Antibiotic Stewardship Guiding Principles. We work closely with regulators and veterinarians to ensure – where infrastructure and regulations allow – antibiotics are used under professional supervision, to minimize the potential risk of resistance development.

“Preventing infections in the first instance is the best way to achieve reduction and to minimize the need to use antimicrobials...

- WORLD HEALTH ORGANIZATION ¹⁷

→ [READ MORE ON ANTIMICROBIAL STEWARDSHIP](#)

– [Antimicrobial Stewardship Issue Brief](#)



Elanco is actively participating in recommendations set out by international institutions to prevent antimicrobial resistance.

As noted by international institutions such as the World Health Organization, WOA, UN Food and Agriculture Organization, the Codex Alimentarius Commission and others, preventing infections in the first instance is the best way to achieve reduction and to minimize the need to use antimicrobials, as reducing the number of infections reduces the number of treatments needed. This approach is supported by the Animal Health Strategy, as it is fully in line with the principle promoted by this strategy that prevention is

better than cure. A reduction in the instance of animal disease and zoonotic infections should also minimize the need for, and use of, antimicrobials.¹⁶

International Institutions recommend the following best practices to help prevent diseases and reduce the need for antimicrobials in all species:

- Hygiene and biosecurity measures: hand washing, disinfection of facilities, quick removal of mortality and applying an “all in - all out” system
- Improved husbandry: appropriate housing, ventilation and environmental conditions
- Establishing production systems to avoid the need to buy and mix animal populations, and prevention of transportation of animals with unknown disease status
- Avoiding animal stress
- Implementing other zootechnical treatments to minimize disease and decrease the use of antimicrobials
- Introducing herd-specific health plans and preventing prophylactic antibiotic administration
- Implementing programs to control specific animal diseases (both viral and bacterial) by means of vaccination
- Using scientifically proven, effective and safe alternatives to microbials
- Using only safe, high-quality feed and water
- Providing incentives to farmers and encouraging them to adopt effective prevention measures to improve animal health and welfare standards and to monitor pathogens and their sensitivity at the herd level

Developing and promoting alternatives

An important component of antimicrobial stewardship includes working to prevent the development of disease in the first place. Our vision is to move from treatment to prevention, by developing awareness programs and technologies that promote health and survivability even before an animal's life begins. Collectively, this can reduce animals' need for antibiotics, while promoting optimal animal welfare and food security.

For example, salmonella infects more than 90 million people around the world each year, leading to an estimated 155,000 fatalities.¹⁴ Human treatment options for salmonella are rapidly running out. One reliable antibiotic class remains to treat human salmonella infections – and globally this drug class is experiencing a steady increase in resistance. Persistence of human salmonella infections requiring antibiotic treatment may lead to a situation where the last effective antibiotic class will become ineffective against salmonella. As such, it is better to stop salmonella at the source – significantly reducing human cases requiring antibiotic intervention.

Salmonella vaccines help the poultry industry reduce bacterial loads before chickens reach the processing plant – which helps reduce transfer of the disease to humans, where it could require treatment with an antibiotic. We continue to support and globally promote Elanco's salmonella vaccine, AviPro. First approved for use more than 10 years ago, we received our most recent approval from Thailand in 2022. We're continuing to make this vaccine available in other jurisdictions and in 2023 expect regulatory approvals in France and other countries.

External outreach

We believe industry, government agencies, health care providers, non-governmental organizations (NGOs) and other stakeholders must work together to ensure antibiotics and other antimicrobials are used responsibly in all settings, to help reduce the risk of developing resistance.

Elanco supports reauthorization of the U.S. Animal Drug User Fee Act (ADUFA) to help increase veterinarian access to medicines. ADUFA supports FDA efforts to ensure new

animal drug products are safe and effective for animals, and food from treated animals is safe.

We also encourage countries to adopt the Codex Alimentarius international food standards to minimize risk from antimicrobial resistance. The Codex Alimentarius Task Force on Antimicrobial Resistance recently updated guidance to reflect the best scientific knowledge and focus on policies that improve public health outcomes.

→ [READ MORE ON ANTIMICROBIAL STEWARDSHIP](#)

– [Antimicrobial Stewardship Issue Brief](#)

CASE STUDY

Promoting industry practice through research

Elanco is actively involved in university-level research on antimicrobial stewardship. Consistent with our One Health approach, our research supports increased responsible antimicrobial use in veterinary medicine. Sample 2022 publications from our team, led by Chief Medical Officer Dr. Shabbir Simjee M.D. Ph.D., focus on:

- Aligning antibiotic policies at an international level
- Responsible antibiotic use in animal agriculture and veterinary medicine
- Antimicrobial resistance monitoring in E. coli isolated from healthy food animals

Noteworthy publications in 2022:

Simjee S, Henninger M, Ippolito G and Atkinson J. 2022. Can we align antibiotic policies at an international level in the absence of harmonized definitions? *Journal of Antimicrobial Chemotherapy*, 77: 549–555. <https://doi.org/10.1093/jac/dkab465>

De Jong A, El Garch F, Hocquet D, Prenger-Berninghoff E, Dewulf J, Migura-Garcia L, Perrin-Guyomard A, Veldman KT, Janosi S, Skarzynska M, Simjee S, Moyaert H and Rose M. 2022. European-wide antimicrobial resistance monitoring in commensal *Escherichia coli* isolated from healthy food animals between 2004 and 2018. *Journal of Antimicrobial Chemotherapy*.

Simjee S, and Ippolito G. 2022. European regulations on prevention use of antimicrobials from January 2022. *Brazilian Journal of Veterinary Medicine*, 44, e000822. <https://doi.org/10.29374/2527-2179.bjvm000822>

Farmers, producers and food systems

Livestock producers help supply critical nutrition to the growing global population. Producer livelihoods are dependent on the health of their livestock – and this is amplified in developing areas of the world. Elanco supports the unique needs of these producers with products and services that promote animal health, welfare and productivity.

Around the world, up to 20% of livestock is lost to preventable animal disease¹⁸ – an outcome that puts the livelihoods of producers at risk. Elanco’s efforts in the developing world rely on our expertise and global initiatives, such as:

- **Training:** We support in-person and online training for small-scale producers to help them manage the needs of the animals in their care by preventing, identifying and treating disease.
- **Products:** Our products support the health of animals through nutrition, disease prevention and treatment. In developing areas, Elanco has made veterinary products available in smaller package sizes designed to be more affordable and usable by small-scale producers.
- **Tools:** We offer tools and services that help small-scale producers better manage ticks and acaricides – while doing so more sustainably.

Farmers, producers and food systems goals

Status

2022 Progress

Through the Managing Animal Health and Acaricides for a Better Africa (MAHABA) initiative, by 2026:

- Reach more than 450,000 small-scale producers in Uganda and Nigeria with training on tick-borne diseases, integrated tick management and responsible use of acaricides
- Sell more than 29 million product doses per year in Uganda and Nigeria combined



We launched the MAHABA initiative and began developing a mobile app to educate small-scale producers about acaricide rotation programs, how to select appropriate chemical classes and how to apply the products correctly. The mobile app, as well as in-person training will commence in 2023.

Since the launch of MAHABA, we’ve sold more than 35 million doses in Uganda.

Through the East Africa Growth Accelerator (EAGA) initiative:

- Support and enhance the agricultural productivity and income of 250,000 dairy and poultry small-scale producers between 2017 and 2022



Our EAGA initiative concluded in early 2022. The initiative exceeded its target, reaching more than 273,000³⁶ small-scale producers between 2017 and 2022. We continue to extend the impact of EAGA by supporting small-scale producers in the region through our commercial sales channels.

LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED



Looking ahead

in 2023 and beyond, we expect to:

- Launch a mobile app and in-person training with resources for small-scale producers in Uganda and Nigeria
- Continue to support last mile product availability for small-scale producers and others in Kenya, Tanzania and Uganda
- Register more than 30 products in Nigeria and commence last mile delivery of products and training efforts
- Revise upward our target for product doses sold in conjunction with the MAHABA initiative

MAHABA: Supporting small-scale producers in Nigeria and Uganda

The MAHABA initiative is a collaboration between Elanco and GALVmed (The Global Alliance for Livestock Veterinary Medicine), with support from the Bill & Melinda Gates Foundation – to aid small-scale beef and dairy producers in Uganda and small-scale cattle and poultry producers in Nigeria.

Livestock farming is a significant source of food and income in these countries. At the same time, direct and indirect effects of tick infestations negatively impact animal health and output, and the economic stability of area small-scale livestock producers. Treatment failures and tick resistance are prevalent in the region, due to a lack of education and resources that lead to inappropriate selection of chemical classes and application of acaricides.

Through the MAHABA initiative, we seek to equip small-scale producers in Uganda and Nigeria with quality acaricides and education, to help

them realize significant livestock productivity gains by better managing ticks and the impact of tick-borne-disease. MAHABA expands upon the last-mile delivery of products made available through our EAGA initiative (see below right), to enhance the productivity of Nigerian cattle and poultry producers with quality acaricides, vaccines, medicines and feed additives.

In 2022, Elanco worked with GALVmed to understand the severity of tick resistance in Uganda and Nigeria, as well as other challenges in the region such as producers’ knowledge, attitudes and practices

regarding acaricide use. This work is informing a mobile training app and in person training we expect to launch in 2023. The app will include educational content on integrated tick management, as well as information on nearby service providers and retailers. In addition to small-scale producers, our training resources will reach veterinarians, veterinary paraprofessionals and animal health workers, local distributors and sales staff at local veterinary drug shops, and extension staff from public or research institutions, farmer cooperatives or other groups.

→ [READ MORE ON FARMERS, PRODUCERS AND FOOD SYSTEMS](#)

– [Farmer and Producer Livelihoods Issue Brief](#)

– [MAHABA web page](#)

The MAHABA initiative involves a series of workstreams that leverage the expertise of Elanco and GALVmed to support small-scale producers in sub-Saharan Africa.



CASE STUDY

East Africa Growth Accelerator (EAGA)

Elanco’s EAGA initiative was active between 2017 and early 2022 and helped improve the productivity of small-scale livestock producers in Tanzania, Kenya and Uganda.

Through the initiative, Elanco registered and distributed high-quality, affordable veterinary products in adjusted small pack sizes and facilitated access to feed additives and education to help prevent and combat livestock disease. In 2022, we compiled the final outcomes from this initiative. Research indicates more than 60% of the farmers who listened to our 13-week educational radio series demonstrated behavioral change, implementing recommended practices for better livestock management. We continue to extend the impact of EAGA by supporting small-scale producers in the region through our commercial sales channels.

FINAL EAGA RESULTS

~33M chickens treated

~586K cows treated

~50K local farmers trained through >1,000 sessions

>273K farmers accessing affordable small-sized products

61 approvals for new products or pack sizes

Human-animal bond

Pets enrich our lives by providing companionship, enhancing our mental health and providing essential services for people with disabilities, among many other benefits. Elanco is committed to understanding all the ways pets make life better – and how we can support, enhance or extend the connection between people and companion animals.

Key 2022 and early 2023 achievements

- U.S. launch of Bexacat (bexagliflozin tablets), which allows pet owners to treat their cats for feline diabetes using a pill instead of an injection
- U.S. launch of Zorbium, which makes it easier for veterinarians and cat owners to manage their cat's pain and discomfort following surgery
- Received a conditional USDA license for our canine parvovirus monoclonal antibody treatment
- Received conditional FDA approval for Varenzin-CA1 (molidustat oral suspension), to treat nonregenerative anemia in cats with chronic kidney disease

Looking ahead

in 2023 and beyond, we expect to:

- Continue innovating and promoting products that make it easier for pet owners and veterinarians to treat diseases and care for pets
- Pursue opportunities for additional over the counter (OTC) solutions, to provide pet owners with increased access to quality pet treatments

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

- 2022 ELANCO PET TREND SURVEY



Understanding the human-animal bond

The [2022 Elanco Pet Trend Survey](#) confirms pet owners' perception of their animals continues to progress from being “owned” to being “family” – a trend that accelerated during the COVID-19 pandemic.

Respondents noted:

- Pets make them feel loved and improve their mood
- Pets help them cope with stress and loneliness
- Going for walks with their pet helps people meet and connect with others
- Many respondents put a premium on pet-friendly workplaces ([page 50](#)).

Elanco innovations to support the human-animal bond

Supporting pet owners in caring for their companions.



Bexacat

The human-animal bond suggests that when we make life better for pets, we make life better. In early 2023, we launched Bexacat (bexagliflozin tablets),¹³ the first oral once-daily prescription tablet to improve glycemic control in otherwise healthy cats with diabetes mellitus not previously treated with insulin. Diabetes mellitus affects an estimated 600,000 cats in the U.S. Prior to Bexacat, owners needed to administer daily insulin injections to their cats – a major challenge for many. Research indicates up to 17% of cats diagnosed with feline diabetes are euthanized because of the intensive at-home daily injection protocol.²⁰ Bexacat provides an innovative, alternative option to the traditional standard of care of daily injections – significantly improving the experience for both cat and owner.



Zorbium

Managing pain and discomfort following surgery is critical – but challenging – for many cat owners. During 2022, we launched Zorbium¹², the only FDA-approved transdermal pain treatment for cats. Zorbium provides topical post-operative pain relief for up to four days, reducing the burden on pet owners to regularly administer medications or make follow-up visits to the veterinarian. Zorbium also gives veterinarians confidence their patients will have greater comfort at home, which can help speed the recovery process.



Canine Parvovirus (CPV) Treatment

CPV is the most significant and contagious viral cause of gastrointestinal enteritis in dogs – especially puppies. In the U.S., more than 330,000 cases are treated each year. In infected, untreated dogs, CPV has a fatality rate up to 90%.¹⁹ Traditionally, CPV requires days of treatment, labor, worry and long, isolated stays in veterinary hospitals – at significant expense. Even with aggressive support, positive outcomes are hard to predict, resulting in stress and frustration both for clinic staff and pet owners. In early 2023, Elanco received a conditional USDA license for the only canine parvovirus monoclonal antibody treatment – offering dog owners and veterinarians a new source of hope and relief. A single in-clinic intravenous dose will potentially shorten the course of the disease, so the puppy feels better fast and gets home sooner.



Varenzin-CA1

In May 2023, Elanco received conditional FDA approval for Varenzin-CA1 (molidustat oral suspension), the first drug for the control of nonregenerative anemia associated with chronic kidney disease in cats. Nonregenerative anemia can be a fatal condition for a cat when their bone marrow is not able to produce enough red blood cells to replace older or damaged red blood cells – resulting in a lack of proper oxygen levels in the body. Varenzin-CA1 helps production of erythropoietin, which stimulates the bone marrow to produce more red blood cells.



AdTab

In early 2023, we received approval from the European Medicines Agency to launch AdTab (lotilaner). Leveraging the Advantage brand name, AdTab is an oral monthly flea and tick product for both dogs and cats. We are bringing this product to multiple EU markets – including pharmacies, pet shops and online – to increase convenience for pet owners.

Outreach to support the human-animal bond

Elanco team members raise awareness of the human-animal bond through their daily work and volunteerism ([page 55](#)). We also provide educational materials and seminars to help ensure veterinarians can provide the highest quality of care. Recent topics include “The Power of the Human Animal Bond” and “Reducing Fear, Anxiety and Stress During a Veterinary Visit.”



CASE STUDY

Supporting animal-assisted therapy through VITA

For those with disabilities or special needs, trained service animals provide invaluable assistance with everyday tasks. These animals change the lives of their handlers for the better – helping the pet owner gain independence and participate fully in public life. Elanco and our purpose-driven employees seek to help increase access to animal-assisted therapy for people around the world.

For several years, our affiliate in Germany has supported Frankfurt-based non-profit [VITA Assistenzhunde e.V.](#) and their mission to train assistance dogs for people

with physical disabilities and other medical conditions. In 2022, Elanco employees volunteered to help VITA winterproof outdoor areas. And three Elanco team members volunteered to sponsor puppies in the program – fostering the dog during its first 15 months of life, working with the dog through its training period and securing financing for expenses throughout the animal’s lifetime.

At the 2022 VITA Charity Gala, Elanco was recognized for exceptional volunteer commitment to the organization.



“Every day an average of 17 veterans die by suicide, unable to deal with the trauma experienced during their service to our country. For veterans paired with a Southeastern Guide Dog, that number is ZERO.”

**SOUTHEASTERN GUIDE DOGS
RECIPIENT AND PROUD EMPLOYEE OF
THE ORGANIZATION**

CASE STUDY

Fostering the health of guide dogs

[Southeastern Guide Dogs](#) provides animals at no cost to individuals with visual deficits – as well as disabled military veterans who may also suffer emotional symptoms following their time in service. In addition, the organization supplies many of the necessities to care for a dog throughout its life, easing the financial burden that can come with a disability.

In 2022, Elanco continued support for Southeastern Guide Dogs:

- As the official preventative health product sponsor for Southeastern Guide Dogs, Elanco provides innovative and therapeutic solutions for animals that transform the lives of many every year.
- We enable Elanco customers to donate all or a portion of applicable rebates on eligible products to Southeastern Guide Dogs.
- Elanco provides year-round parasite protection for more than 600 actively working dogs in Southeastern Guide Dogs’ alumni program.
- Many Elanco employees volunteer during Southeastern Guide Dogs’ annual Walk-a-Thon.



Healthier Planet

We're committed to minimizing our environmental footprint while leveraging product and service innovations to help our customers advance their own environmental efforts.

Energy and emissions

We take a comprehensive approach to energy management and efforts to reduce our greenhouse gas (GHG) emissions – encompassing our global operations as well as our value chain. Energy efficiency is an important part of our strategy because Scope 2 GHG emissions from purchased electricity account for the majority of our combined Scope 1 and 2 GHG emissions footprint.

We continue to enhance our systems and data availability to ensure we meet stakeholder expectations and align with disclosure requirements forthcoming in many of the jurisdictions where we operate. In 2022, we broadened efforts to understand and account for all applicable GHG emissions. We expanded our reporting boundary for Scope 1 and 2 emissions to include all sites for which we have full operational control ([page 29](#)).

Our Scope 1 emissions result predominantly from natural gas and fuel oil use related to manufacturing Elanco products at our owned facilities, as well as fleet vehicle use across our sales teams. For 2022, we've added emissions calculations to reflect all owned and leased locations – as well as production-related emissions, such as fermentation.

Our Scope 2 emissions relate primarily to purchased electricity at owned and leased facilities, and for 2022 we've incorporated the positive impact of renewable electricity purchases as we advance toward our 100% renewable electricity goal. In the first half of 2023, we completed a comprehensive analysis of our 2021 and 2022 Scope 3 emissions, which we are disclosing for the first time.

Our enhanced emissions inventory will enable us to set a comprehensive Scope 1 and 2 emissions reduction target. We also intend to pursue future certification of our emissions reduction goals from the Science Based Targets initiative.

| Energy and emissions goals | Status | 2022 Progress |
|---|--------|--|
| Source 100% renewable electricity by 2030 | → | We sourced more than 12% of electricity from renewable sources in 2022. |
| Track and implement programs to reduce Scope 1 and Scope 2 GHG emissions | → | We expanded our 2022 GHG emissions reporting boundary to reflect our operational control as defined by the GHG Protocol ²¹ – which includes our fleet and all owned and operated global locations. We're working across our sites to understand regional energy efficiency and opportunities for renewable energy programs. |
| Develop a comprehensive approach to address Scope 3 emissions | ✓ | We're now disclosing 2021 and 2022 Scope 3 GHG emissions representing the 11 categories material to Elanco. |
| LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED | | |

Looking ahead

in 2023 and beyond, we expect to:

- Continue advancing toward our commitment to source 100% renewable electricity by 2030
- Establish a global reduction target for combined Scope 1 and 2 GHG emissions
- Continue reporting Scope 3 GHG emissions and engage categorically across our value chain to help reduce emissions where possible
- Enhance monitoring of supplier energy and emissions management initiatives through the launch of a new third-party due diligence platform



Enhancing energy efficiency

We're implementing numerous energy efficiency programs across the globe, to drive cost savings and reduce our emissions footprint.

Our manufacturing site in Kiel, Germany implemented numerous energy efficiency projects during 2022, continuing strong momentum since the introduction of a formal energy action plan in 2016.

Examples include:

- Upgrading to LED lighting across several buildings
- Enhancing heating, ventilation and air conditioning (HVAC) settings to account for time of day and number of individuals present
- Optimizing laundry equipment settings to reduce electricity and natural gas use, in partnership with our laundry contractor

These projects are expected to save over 45,000 kWh of electricity and avoid over 13.4 metric tons of CO₂e each year. The team at Kiel will continue efficiency efforts in 2023, prioritizing further lighting improvements, heating efficiency projects and air leakage reduction initiatives to reduce energy use even further.

>45K

kWh saved annually at our Kiel, Germany manufacturing site

>273K

kWh estimated annual energy savings from lighting upgrades at our Fort Dodge, Iowa manufacturing site

>13.4

metric tons CO₂e emissions avoided annually at our Kiel, Germany manufacturing site

Other 2022 efforts to reduce energy and GHG emissions across our operations include:

- Completing a carbon footprint analysis, installing an energy monitoring system and optimizing HVAC settings at our manufacturing site in Huningue, France.
- Installing LED lighting at our manufacturing facility in Fort Dodge, Iowa – estimated to save over 273,000 kWh annually.
- Optimizing HVAC settings and commencing real-time energy monitoring at our manufacturing site in Clinton, Indiana.

→ [READ MORE ABOUT ENERGY AND EMISSIONS](#)

– [Greenhouse Gas Emissions and Energy Use Issue Brief](#)



CASE STUDY

Environmental leadership at Elanco U.K.

Each of our locations around the world are empowered to initiate site-specific strategies to advance Elanco's Healthy Purpose objectives. In June 2022, our affiliate in Hook, U.K. achieved recognition from Investors in the Environment (IIE) for efforts to reduce the environmental impact of our operations in the region. IIE commended the team's strong environmental management system, efforts to calculate regional Scope 1 and 2 emissions, and their detailed action plan to further reduce environmental impact.

Elanco U.K. objectives include:

- GHG Emissions:
 - Achieve net zero Scope 1 and 2 GHG emissions for the Hook office by 2030
 - Remove internal combustion engine vehicles from the affiliate's fleet by 2030
- Waste management:
 - On an ongoing basis, achieve 80% recycling or reuse for the affiliate's business waste, sending zero to landfill.



Investors in the Environment is a national environmental accreditation scheme in the UK designed to help organizations reduce their impact on the environment and get recognition for their progress.

Increasing renewable electricity use

We continue to progress toward our goal to source 100% renewable electricity by 2030.

Our strategy includes selecting green tariffs and other renewable grid electricity options from local providers and exploring power purchase agreements (PPAs) that can secure a long-term supply of renewable electricity by contracting directly with solar or wind power developers.

Several of our sites take advantage of renewable options offered by local energy providers:

- In 2022, our manufacturing site in Kiel, Germany began operating on 100% renewable grid electricity sourced from wind power.
- In 2021, 88.5% of electricity purchased at our manufacturing site in Fort Dodge, Iowa was generated from renewable sources. (Note: 2022 renewable percentage verification by Iowa Utilities Board not yet completed.)

- In 2022, our affiliate office in Macquarie Park, Australia began purchasing 100% green electricity that uses a combination of renewable sources and carbon offsets to achieve net zero emissions.
- Our Huningue, France manufacturing and warehouse locations purchase 100% renewable grid electricity.

To accelerate progress toward our 100% renewable electricity target, by the end of 2023 we expect to evaluate our first PPA. Once built and online, we expect this initial arrangement to provide renewable electricity equivalent to a significant portion of our U.S. electricity demand. Furthermore, we are considering opportunities for on-site solar arrays at Elanco properties with physical space and attributes that could support such installations.

>12%

Renewable electricity use across Elanco in 2022

Reducing value chain emissions

We seek to influence GHG emissions reductions beyond our direct operations.

In 2023, we finalized our first comprehensive Scope 3 GHG emissions analysis, determining that 11 of the 15 Scope 3 categories identified by the GHG Protocol are relevant to Elanco's business. This year we are disclosing 2021 and 2022 Scope 3 GHG emissions for the first time.

In 2022, our teams across the globe acted on a number of opportunities to reduce Scope 3 GHG emissions:

- **Logistics:** We shifted logistics from air to sea freight for products shipped to a major online retail customer from our Huningue, France location.
- **Data visibility:** We began mapping our carbon footprint with freight forwarders in a single dashboard, allowing us to establish sustainability taskforces with key vendors (page 35).

- **Commuting:** Our Huningue, France and Warsaw, Poland locations implemented green commuting incentives encouraging employees to bike or ride the train to work. In Huningue, employees who take the train are reimbursed 80% of the cost. And Warsaw employees who participated in a 3-week bike-to-work initiative were rewarded with yogurt or smoothies each morning they arrived by bicycle.
- **Packaging:** We implemented and continue to research numerous sustainable packaging initiatives (page 33).

In 2023, we expect to enhance monitoring of supplier energy and emissions management initiatives through the launch of a new third-party due diligence platform. And in the future, we expect to engage categorically across our value chain to help reduce emissions, where possible.

→ [READ MORE ABOUT ENERGY AND EMISSIONS](#)

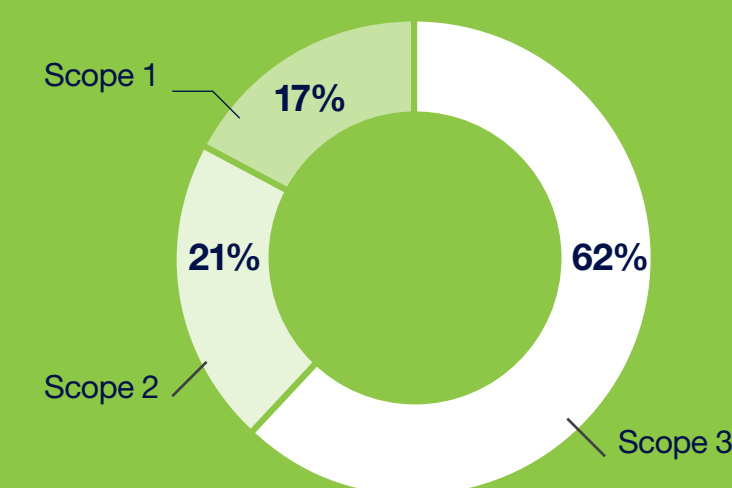
- [Greenhouse Gas Emissions and Energy Use Issue Brief](#)

- [ESG KPIs](#)

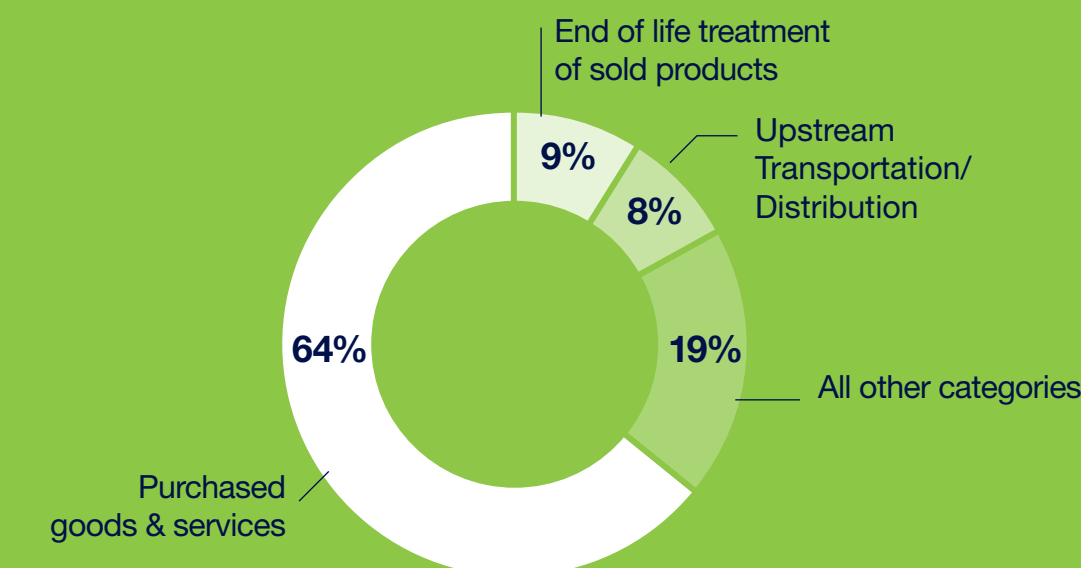
Calculating our emissions

As part of our continuous improvement program, Elanco expanded our GHG emissions reporting boundary for Scope 1 and 2 emissions calculations to include all assets under our operational control. In addition, we measured our Scope 3 emissions for the first time. The top chart below reflects estimates for 2022 Scope 1 and 2 emissions. Due to the nature of thorough data collection, final metrics are expected in Q3 2023 and will be published on our [ESG KPIs web page](#). The bottom chart reflects completed 2022 Scope 3 calculations and shows the three largest categories of emissions: purchased goods and services, product end of life treatment, and upstream transportation and distribution.

2022 SCOPE 1, 2 AND 3 EMISSIONS



2022 SCOPE 3 EMISSIONS



Operational waste

Elanco's operations produce byproducts we manage through reuse, recycling and conventional waste streams. We're committed to reducing our waste footprint and handling hazardous and non-hazardous waste appropriately – including opportunities to donate unused product and divert waste from landfills.

In 2022, Elanco generated more than 108,000 metric tons of waste globally. In addition to general office waste, our manufacturing waste can include pallets, chemical totes and other items from suppliers – as well as wastewater ([page 31](#)). Our Global Environmental Standard outlines the expectation that employees dispose of hazardous and non-hazardous waste appropriately, while seeking to reduce the overall amount of waste generated by our operations.

We regularly review our Global Environmental Standard to ensure it provides the best direction for employees as they manage our operational waste. In 2023, we amended the standard to indicate a requirement to dispose of medicines via a destructive disposal process (such as incineration) rather than sending to landfill. We also regularly donate unused product in lieu of disposal. In 2022, we donated more than \$2.5 million of unused product to support non-profit animal shelters, clinics and other organizations in need around the world – while reducing our waste footprint.

Elanco sites advanced numerous initiatives to reduce our waste footprint and increase recycling in 2022:

- **Zero waste:** Our Hook, U.K. affiliate achieved zero waste to landfill in 2022. Over 90% of the location's waste is recycled, with the remainder routed to a waste-to-energy facility to be used as fuel. Organic waste, such as coffee grounds, is composted on site to support garden beds.
- **Recycling in our offices:** Our headquarters location enhanced recycling efforts in 2022, including improved signage and centralized trash cans with attached recycling bins in the cafeteria – eliminating expanded polystyrene foam from the food service area and replacing plastic straws with paper. The site also supports reusable cups for employees purchasing coffee and soda.

- **Recycling at our manufacturing sites:** Our manufacturing site in Clinton, Indiana implemented a recycling initiative for plastic buckets, metal buckets and corrugated boxes used to package inputs to the manufacturing process. The initiative provides a clean, high-quality source of recycled polyethylene and polypropylene for the growing recycled plastics market. In 2022, the Clinton team diverted more than 6 metric tons of metal from landfill through this initiative. Additionally, the Clinton facility makes a 40-yard dumpster available to the local community to support recycling – as the local authority doesn't yet offer doorstep recycling service.

- **Recycling in our communities:** In Brazil, we began a partnership with Eureciclo to ensure the equivalent of 22% of our packaging materials in Brazil will be recycled. We expect these efforts will keep an average of 330 metric tons of materials from landfill annually and will

contribute to further development of recycling infrastructure and awareness in Brazil.

- **Reuse in our supply chain:** Our manufacturing site in Kiel, Germany receives thousands of shipping pallets with inbound deliveries each year and in 2022 started reusing the pallets to support outbound freight.
- **Reducing materials use:** Across several product lines, we changed from solvent- to water-based inkjet printing – reducing lacquer use, volatile organic compound (VOC) air emissions and inkjet cartridge waste.

→ [READ MORE ON OPERATIONAL WASTE](#)

– [Waste Management Issue Brief](#)

– [ESG KPIs](#)

Key 2022 achievements

- Continued waste reduction and diversion efforts across our locations, including achieving zero waste to landfill at our Hook, U.K. office
- Donated more than \$2.5 million of unused product to dozens of non-profit animal shelters, clinics and other organizations around the world – in lieu of disposal

Looking ahead

in 2023 and beyond, we expect to:

- Pursue composting programs for our Puerto Varas, Chile and Manakau, New Zealand manufacturing sites and our headquarters cafeteria – including food waste as well as compostable utensils and to-go containers
- Reuse crushed concrete from site preparation at our new headquarters location, reducing the need to purchase on-site roadbed material
- Enforce amendments to our Global Environmental Standard, including guidelines requiring disposal mechanisms other than landfill for expired or unused medicines

Water and biodiversity

Our commitment to a healthier planet includes stewardship of ecosystems through water management and biodiversity protection. We're working to responsibly manage and reduce our water use, while engaging with various partners to support conservation and habitat restoration.

Water

Water is a shared resource. By enhancing our operational water efficiency and ensuring the appropriate treatment and release of wastewater, we support the health of ecosystems where we operate. Elanco's Aquatic Exposure Guidelines outline requirements for Elanco's wastewater operations to minimize environmental impact.

Key 2022 achievements

- Completed a water recycling project that will reduce well water withdrawal for a cooling tower at our Clinton, Indiana manufacturing site
- Decreased phosphorus discharge in final wastewater effluent at our Clinton, Indiana site

Looking ahead

in 2023 and beyond, we expect to:

- Complete a water scarcity evaluation and establish a global water use reduction target
- Identify additional collaboration opportunities to support ecosystem conservation around the globe

→ [READ MORE ON WATER AND BIODIVERSITY](#)

– [Water Management and Biodiversity Issue Brief](#)

– [ESG KPIs](#)

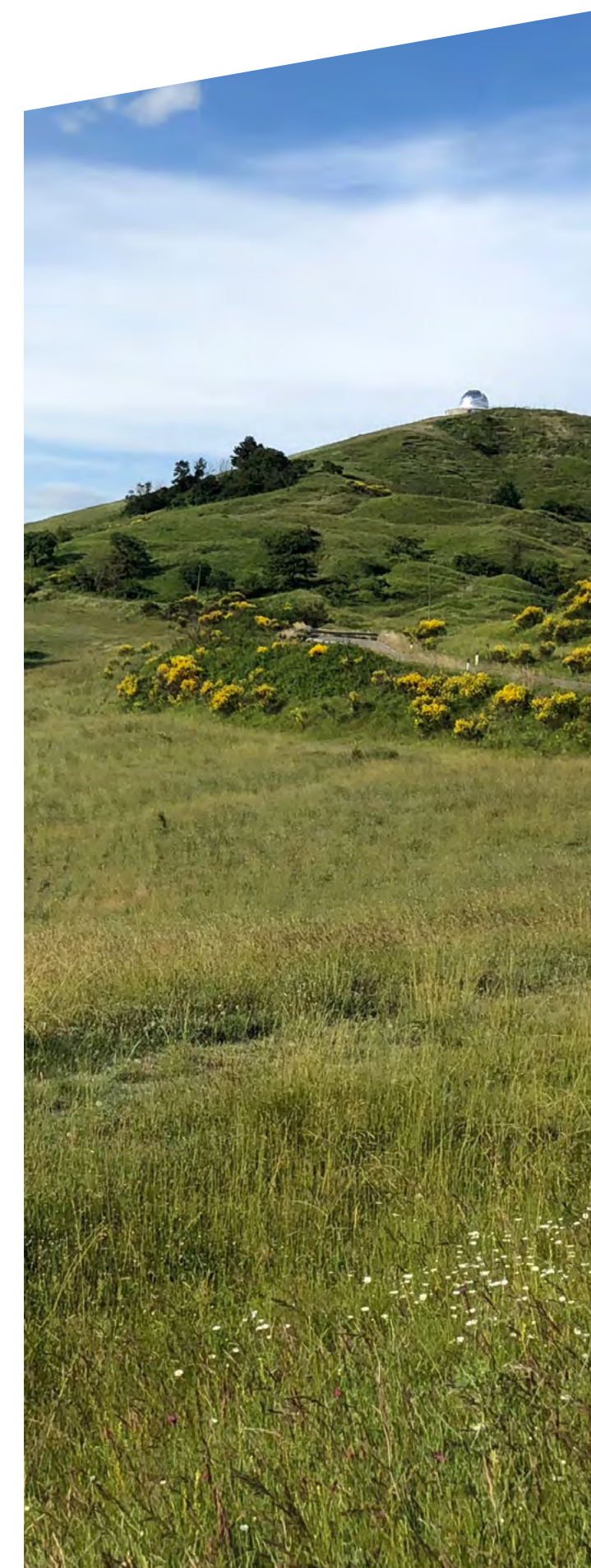
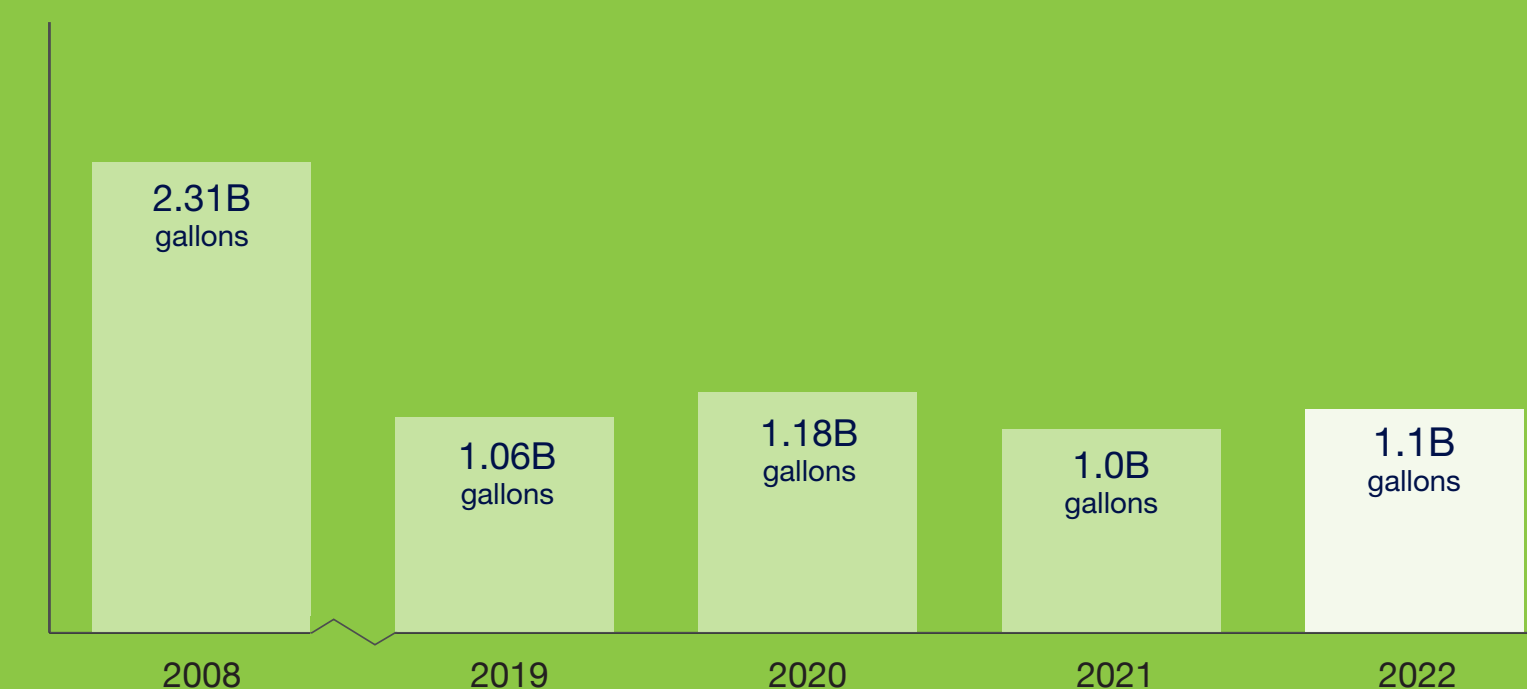
CASE STUDY

Reducing our water footprint

For more than a decade, our Clinton, Indiana manufacturing location has been reducing groundwater withdrawal for site operations, through projects such as a wastewater treatment membrane bioreactor, repairs to underground fire main headers and improved cooling tower chemistry and maintenance. Between 2008 and 2022, well water withdrawal at the site dropped from 2.3 billion gallons to 1.1 billion gallons.

The Clinton facility has also reduced municipal water discharge by over 5 million gallons per year, through beneficial reuse of wastewater for irrigation and by converting a grass covered area to a drought-tolerant native prairie habitat containing a white pine, burr oak and river birch grove.

CLINTON LOCATION WATER WITHDRAWAL



Biodiversity

Biodiversity is critical to the health of life processes and ecosystems. Because a large percentage of active pharmaceutical ingredients are derived from molecules found in natural products, Elanco regularly assesses how our manufacturing processes could interrupt biomes by altering air or water quality. We seek to extend the positive impact of our internal mitigation efforts by working with organizations focused on restoring natural landscapes and preventing biodiversity loss. Through these collaborations, we're complementing our sustainability-focused customer outreach with broader initiatives that promote healthy and resilient ecosystems.

| Biodiversity goals | Status | 2022 Progress |
|--|--------|---|
| <p>Through the Elanco Foundation's collaboration with the JBS Fund, we have pledged \$450,000 over 3 years – contributing to the following goals of the RestaurAmazônia project (by March 2027):</p> <ul style="list-style-type: none"> Engage 1,500 families in the Transamazon Area Increase rural farm income in the region 30% Reach 75,000 hectares within small production farms with improved agricultural practices | → | <p>Preliminary results (June 2021-2022) for the RestaurAmazônia project include:</p> <ul style="list-style-type: none"> More than 730 families engaged, with approximately a 22% increase in rural farm income Approximately 69% of the producers met the verified minimum level of adopted improved practices Nearly 50,000 hectares under pasture best practices |
| <p>Through our collaboration with Ducks Unlimited and the USDA Farm Service Agency State Acres for Wildlife Enhancement (SAFE) program, Elanco has pledged \$150,000 over three years to support playa re-seeding efforts in western Kansas working lands.</p> | → | <p>2022 project outcomes include:</p> <ul style="list-style-type: none"> Nearly 1,500 acres of habitat restored, including nearly 800 acres of grassland and more than 675 acres of wetland More than 450 metric tons CO₂e sequestered Recharged aquifers with over 9M cubic feet of water |

Looking ahead

in 2023 and beyond, we expect to:

- Continue supporting RestaurAmazônia project goals through 2023
- Continue our Kansas grasslands restoration collaboration with Ducks Unlimited through 2023
- Establish an internal, global water community of practice to help advance water-related best practices and the development of performance metrics and public goals



CASE STUDY

Supporting sustainable aquaculture

Protecting marine biodiversity is essential to a healthy, functioning planet. Our aquaculture division seeks to reduce marine pollution and overfishing by delivering innovative products and services that help marine and freshwater aquaculture producers improve marine animal welfare, productivity and environmental sustainability from hatch to harvest.

Elanco is proud to collaborate with the Global Salmon Initiative (GSI) in the development of educational programs that promote improvements in aquaculture practices and a reduced need for antibiotics. These best practices, combined with improved feed ingredients, have reduced average antibiotics use in salmon farming 48% since 2013.²² More than 23,000 aquaculture practitioners worldwide benefit from GSI initiatives.

Sustainable packaging and logistics

Elanco's sustainable packaging and logistics initiatives help reduce GHG emissions and waste, while providing opportunities to develop value chain partnerships that can enhance our positive impact and drive industry-wide change.

Well-designed packaging is essential to facilitate reliable transport from manufacturing site to end user, prevent loss of product, protect product quality and efficacy, help ensure safe handling and inform users about product ingredients and appropriate use. At the same time, an unfocused approach to packaging can over-consume natural resources, create excess material, lead to damaged product and result in additional waste. Elanco is committed to a sustainable packaging strategy that ensures product integrity while minimizing negative environmental impacts.

Key 2022 achievements

- Broadened our global, cross-functional Sustainable Packaging Steering Team to include senior leaders from departments such as ESG and Sustainability, Health Safety and Environment (HSE), Marketing, Manufacturing and Quality, Procurement, Research & Development, and Supply Chain
- Progressed numerous sustainable packaging and logistics initiatives across our operations, with demonstrated reductions in packaging material, environmental impact and cost.
- Established a freight forwarder dashboard to optimize transportation routes and modes, which emphasizes sea routes over more carbon-intensive air routes, facilitating ~10% reduction in product transportation (Scope 3 Category 4) emissions.
- Leveraged our logistics network design software to consolidate and reduce our number of warehouses by 33%, which provides beneficial emissions reduction.

Looking ahead

in 2023 and beyond, we expect to:

- Finalize a baseline assessment of our packaging footprint – including weight, volume and other indicators
- Publish a global sustainable packaging guideline
- Formalize an action plan identifying opportunities for secondary and tertiary packaging innovation across legacy product families and opportunities to integrate sustainable packaging into new product design and approval processes
- Strengthen our logistics continuous improvement program and conduct workshops with our leading freight forwarders
- Further develop our mode of transportation conversion from air to sea/rail/road for international freight forwarding



Sustainable packaging innovation

Elanco applies a Five-Rs approach to sustainable packaging – focusing on opportunities across primary, secondary and tertiary packaging.

The Five Rs

REDUCE | REUSE | RECYCLE | REPLACE | RENEW

Primary packaging – such as bottles and blister packs - directly encases the product. It is evaluated during the product regulatory approval process and requires additional regulatory agency approvals if modified.

Secondary packaging encases the primary packaging to further protect and label the product. This may also include patient information inserts.

Tertiary packaging includes large boxes, pallets or other formats used for bulk handling, storage and distribution.

Accelerating sustainable packaging at Elanco

Sustainable packaging is an important way Elanco can support global progress toward a circular economy.

In conjunction with sustainable packaging design principles, our efforts include increasing the use of environmentally sustainable packaging materials and removing elements in our packaging and logistics processes that create unnecessary waste, emissions or spend. In addition to minimizing our environmental footprint and unnecessary costs, we seek to align with increasing interest in sustainable packaging from our employees, customers, regulators, investors and other stakeholders.

In 2022, we continued to mature our global, cross-functional sustainable packaging steering team to accelerate our efforts, formalize a global sustainable packaging guideline and action plan, and embed our strategy into product development, marketing and logistics processes and responsibilities across the company.

We will formalize our sustainable packaging strategy, guideline and action plan in 2023.

Factors informing our strategy and action plan:

- **Materials use:** We plan to conduct a baseline assessment of our packaging footprint, to inform specific reduction targets.
- **Scope 3 GHG emissions:** Our work to understand Elanco's Scope 3 GHG emissions ([page 29](#)) includes understanding how sustainable packaging and logistics initiatives can reduce our environmental footprint.
- **Regulatory requirements:** Our strategy will address the increasing scope and scale of packaging-related regulation in the jurisdictions where we operate. Proposed changes to primary packaging may be slowed by regulatory requirements.
- **Customer expectations:** Sustainable packaging is increasingly important to our customers and our ongoing customer engagement activities inform our strategy.

Questions we seek to address:

- **What's in our control?** If we want to reduce waste, what is the type of waste, application of the packaging or shipping use?
- **What's available?** What innovative solutions are in the market today, or in the near future? What have others demonstrated is possible?
- **What are the tradeoffs?** Can we maintain safety and stability if we use less or recycled materials?
- **What regulatory considerations exist?** Do current or upcoming regulations for extended producer responsibility or minimum recycled content apply to animal health companies like Elanco?

→ [READ MORE ON SUSTAINABLE PACKAGING](#)

– [Waste Management Issue Brief](#)

SUSTAINABLE PACKAGING GOVERNANCE

SUSTAINABLE PACKAGING STEERING TEAM

Oversees strategy and action plan, including internal and external progress reporting. Includes senior leaders from departments such as ESG and Sustainability, HSE, Marketing, Manufacturing and Quality, Procurement, Research & Development, and Supply Chain.

SUSTAINABLE PACKAGING TECHNICAL STEERING TEAM

Executes action plan through coordination within and across workstreams.

WORKSTREAMS

Action plan development

Development and continuous optimization of Elanco's company-wide sustainable packaging strategy and action plan

Commercialized products

Implementing sustainable packaging action plan and initiatives across existing products

New products

Incorporating sustainable packaging strategy and action plan across products under development

Tracking and disclosure

Data collection requirements and procedures to inform strategy and action plan, accelerate implementation and evaluate and disclose progress

Sustainable packaging and logistics initiatives

Elanco focuses on opportunities across primary, secondary and tertiary packaging, as well as the environmental impact of logistics.

Selected sustainable packaging innovations

- **Simplifying tertiary packaging:** We eliminated corrugated pallet caps for all Interceptor® Plus packaging in the U.S. and Canada – avoiding more than 5 metric tons of waste annually.
- **Streamlining shipping:** In Latin America, we eliminated a double layer of boxes used for shipping Asunto!® Soap in Colombia and Ecuador – saving the raw material for approximately 30,000 boxes per year and eliminating associated end-of-life waste.
- **Reducing plastic consumption:** We changed stretch film at our Clinton, Indiana manufacturing site to a high-performance, thinner option – reducing plastic consumption by more than 18 metric tons per year.
- **Slimmer primary packaging:** To reduce packaging inputs from one of our leading products, we streamlined the design of our Seresto packaging tin, resulting in annual savings of more than 88 metric tons of steel, more than 4.4 metric tons of lacquer and more than 8,600 square feet (approximately 800 square meters) of foil.

- **E-Commerce optimization:** Recognizing that e-commerce partners don't require the cardboard displays in-person retailers find valuable, we customized shipping of Seresto for these vendors – eliminating the use of approximately 538,000 square feet (50,000 square meters) of corrugated cardboard annually.
- **Compostable packaging:** We've implemented a new packaging cushion ("green cell foam") for selected products – a protective bulk packing layer which is made from corn and is 100% compostable.

Global logistics sustainability initiatives

Following the integration of Bayer Animal Health, our global logistics, warehousing and distribution network grew significantly in size and complexity. In 2022, we established a data collection and freight forwarder dashboard to help bridge supply with customer demand, ensure accessibility and support profitability. The program considers air, ocean and road transportation modes across our top international freight forwarders – representing more than 90% of our

product volume. In the first year, this initiative focused on providing more granular visibility into our international freight performance, including CO₂ reporting. Targeted tactical efficiencies will allow us to optimize logistical choices for carbon reduction. To date, the program has optimized routes to reduce air freight use – our most carbon-intensive transportation mode – facilitating approximately a 10% reduction in our Scope 3 Category 4 emissions.

In 2022, we finalized the redesign of our logistics network, thanks to new capabilities for supply chain and logistics scenario modeling. This effort supports cost optimization, faster customer service levels and reduced carbon emissions. Initial outcomes include consolidation and a reduction in our number of warehouses by 33%, which provides efficiencies and emissions reduction. In 2023, our logistics team is pursuing additional efficiency and carbon-reduction initiatives for shipping packaging and international freight.

→ [READ MORE ON SUSTAINABLE PACKAGING AND LOGISTICS](#)

– [Waste Management Issue Brief](#)



CASE STUDY

A recyclable cold chain solution

Expanded polystyrene foam (EPS) is popular in tertiary packaging to preserve product quality by maintaining cool temperatures during transport. However, EPS is created from petroleum products and is not recyclable.

In 2023, Elanco has started transitioning our tertiary "cold chain" packaging away from EPS and/or disposable gel packs to more environmentally friendly options. Specifically:

- Our canine parvovirus monoclonal antibody treatment is launching with a non-heat-conductive natural starch material ("ClimaCell")²³ as the insulating layer. ClimaCell can be recycled by the customer, along with the outer corrugated shipping case. In addition, protective ("Enviro Ice"TM)²⁴ gel packs within the payload box will protect the product until stored in the customer's freezer. After all product has been consumed, the contents of the Enviro Ice gel packs can be repurposed

as plant fertilizer and the plastic liner can be recycled. This innovative cold chain packaging format is certified to provide protection for two-day shipments. The total carbon footprint savings and sustainability benefits of this new approach have not yet been calculated, but compared to EPS we expect the benefits to be considerable.

- Our Winslow, Maine facility routinely uses bulk shipping containers requiring approximately 56 pounds (25 kilograms) of legacy disposable gel packs to protect international shipments. In 2023, Winslow will start transitioning many of its international shipping lanes to environmentally friendly Enviro Ice packs – giving recipients 56 pounds of usable fertilizer, rather than 56 pounds of landfill material.

Supporting reduced customer emissions

Operational sustainability is just as important to our customers as it is to Elanco. We're committed to supporting reduced customer emissions through innovative products and services designed to meet the unique needs of livestock producers.

Elanco's holistic focus on sustainability includes supporting our customers as they seek to maximize productivity and reduce their environmental footprint. Our products and services can help customers reduce feed inputs per animal, increase beef and dairy yield from the same size herd and operate more sustainably with fewer overall methane or ammonia emissions.

We expect to extend our focus on livestock emissions reduction beyond cattle, and we have existing pipeline products to support emissions reduction for additional species. Our four-pillar approach to supporting customer GHG emissions reductions includes:

- **Innovation:** Through research, development and strategic partnerships, we offer products and services that can directly lessen emissions.
- **Measurement:** We're developing tools our customers can use to measure their GHG emissions, establish baselines and demonstrate improvement.
- **Value creation:** We're helping establish capital markets that can reward producers for GHG emissions reduction progress.
- **Coalition:** We collaborate with customers and non-government organizations to establish industry protocols and disseminate best practices that can catalyze broader systemic change.

| Customer emissions related goals | Status | 2022 Progress |
|---|--------|--|
| Through our products, innovation, services and tools, help our customers avoid 21M metric tons of GHG emissions from their farms by 2030 (2020 base year) | → | Customers using Rumensin between 2020 and 2022 have collectively avoided an estimated 7.2M metric tons of GHG emissions (CO ₂ e) - equivalent to taking more than 1.6 million passenger cars ²⁵ off the road for a year. |
| Reach 1M head of feedlot cattle and 60+ dairies using UpLook by the end of 2023 | → | We reached ~500K head of cattle and ~150K dairy cows from 9 dairies during the 2022 pilot of UpLook. |

LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED

Looking ahead

in 2023 and beyond, we expect to:

- Review our current customer emissions avoidance goal to reflect the anticipated impact of Bovaer (3-NOP) and other Elanco products
- Finalize approval for the first Elanco product carbon credit protocol
- Continue along our path toward FDA authorization for Bovaer in the first half of 2024



Collaborating to support sustainable animal agriculture

We collaborate across internal functions and with trusted external partners to help address today's sustainability challenges.

For example, in 2022 Elanco announced a strategic alliance with AgNext at Colorado State University, as part of our continued commitment to pioneer sustainability solutions for animal agriculture. The alliance combines Colorado State's AgNext program – a leader for research and innovation in animal and ecosystem health – with Elanco's capabilities to accelerate sustainability innovations. The teams seek to advance Elanco's ongoing sustainability efforts through tools such as UpLook, while advancing opportunities for emission-reducing products.

Innovation

Elanco is helping producers – and animals – be part of the climate change solution. We're building a leading emissions reduction portfolio across industry sectors and are partnering with customers and other stakeholders to understand ways our products and services can help meet customer production intensity goals and environmental aspirations.

How does it work?

Progress in 2022



Launched in 2021, Experior is the first FDA-approved product with an environmental claim to help reduce ammonia gas emissions per pound of carcass weight in cattle fed in confinement. When fed at the approved doses and duration, Experior reduced ammonia gas emissions an estimated 16%,²⁶ according to clinical research studies.

- We continue to see improving customer adoption of Experior.



Rumensin helps beef and dairy farmers produce more meat and milk using fewer natural resources. Rumensin can reduce the enteric emissions of dairy cows²⁷ and beef cattle²⁷ up to 5.4% – and can reduce the amount of feed needed for beef cattle up to 10%.²⁸

- Rumensin continues to be one of Elanco's top two best-selling products, representing 6% of our revenue in 2022 – compared to 5% in 2021.

Bovaer® (3-NOP)

Bovaer is a first-in-class methane-reducing product for beef and dairy cattle currently approved in Europe, Brazil, Chile, Australia and other jurisdictions. Bovaer consistently reduces enteric methane emissions approximately 30% for dairy cows and even higher percentages for beef cattle.²⁹

- Through a partnership with DSM, Elanco obtained exclusive rights to manufacture and sell Bovaer in the U.S.
- We continue to have a path toward FDA authorization in the first half of 2024.



Driving additional economic value

Customers using our products and services to reduce emissions are looking for a way to capitalize on their efforts, beyond increased production intensity and reduced input costs.

Today, some producers who track their emissions are monetizing realized reductions outside the food industry as certified carbon credits.

In 2022, Elanco announced an investment in [Athian](#), a carbon credit registry under development with High Alpha Innovation we expect will help the cattle industry capture, certify and market carbon credits – allowing producers to realize additional economic value from their emissions reduction activities.

Athian is creating a marketplace within the food system to inset carbon credits, which is expected to create positive economic and reputational impact for farmers and livestock products by keeping the value associated with emissions reductions within the industry. In 2022, Athian completed the initial build of customer-facing platforms and progressed protocols critical for the validity of carbon credits.

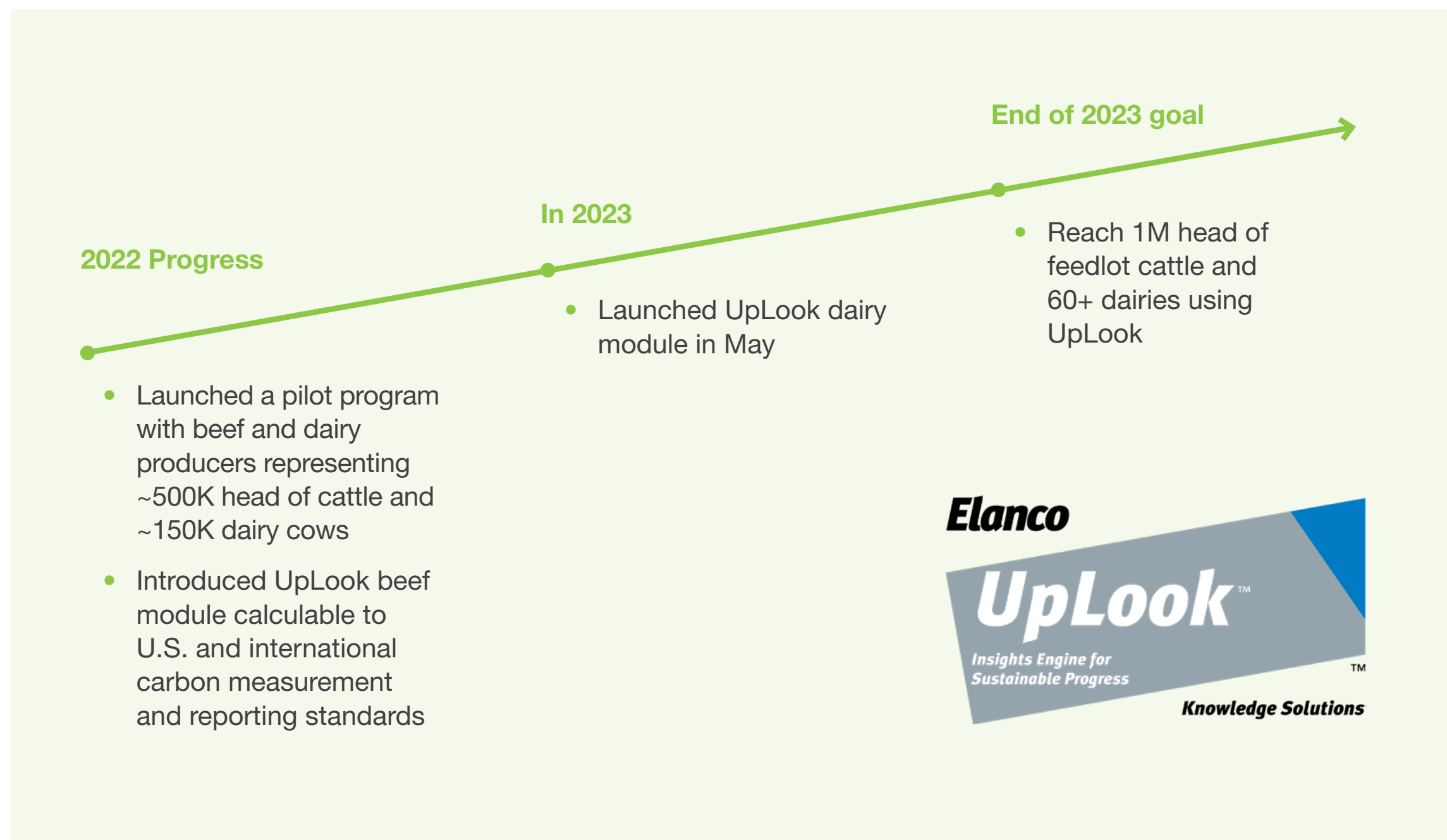
Measurement

Measurement is critical for benchmarking progress and driving down GHG emissions. Elanco’s support for customer GHG emissions reductions extends beyond products – including a scalable reporting solution that can help producers baseline and track their ongoing carbon footprint. Transparent and verifiable reporting is the first step toward certification and monetization of animal-centric carbon reduction credits.

In 2022, we launched the UpLook platform to help our cattle customers identify key drivers of their operation’s carbon footprint and quantify their GHG emissions reductions. This proprietary “insights engine,” combined with Elanco technical consulting, provides producers with a baseline of their current stewardship efforts and helps cattle feeders identify actionable steps to improve the sustainability and stewardship of their operation. This helps fill a significant gap for farmers and ranchers at the individual operation level.

→ [READ MORE ON CUSTOMER EMISSIONS REDUCTIONS](#)

→ [Farmer and Producer Livelihoods Issue Brief](#)



CASE STUDY

Engaging customers to test UpLook

Elanco takes a holistic approach to support our customers, helping ensure they gain value beyond product through training, engagement and support services. This includes the use of data to help customers understand and reduce the environmental impact of their operations.

Our concept for UpLook came from insights gathered across Elanco’s 20-plus years of data collection in the beef industry. As more and more customers seek solutions to reduce GHG emissions on their farms, we considered how our data could help them establish emissions

baselines and track progress.

In 2022, we piloted UpLook with producers representing approximately 500,000 head of cattle and approximately 150,000 dairy cows. The success of the pilot led to third-party calculation verification of the UpLook beef module to U.S. and international carbon measurement and reporting standards, and progress on the UpLook dairy module. As UpLook is further released to market and utilized by the industry, we look forward to reporting on the industry’s success in measuring how animals can be part of the climate-change solution.



Healthier Enterprise

We're committed to growing our business with integrity and excellence with respect to all stakeholders, fostering an inclusive culture where employees can make a difference – encouraging ownership, growth and well-being.

Diversity, equity and inclusion (DEI)

We're working to build a diverse global workforce, underpinned by a culture that fosters a sense of belonging, values unique differences and points of view, ensures individuals are treated fairly and equitably, and encourages people to bring their whole self to work every day.

It's important for our workforce to reflect the communities and the world in which we live and do business. Our colleagues' unique experiences, backgrounds and geographies contribute perspectives

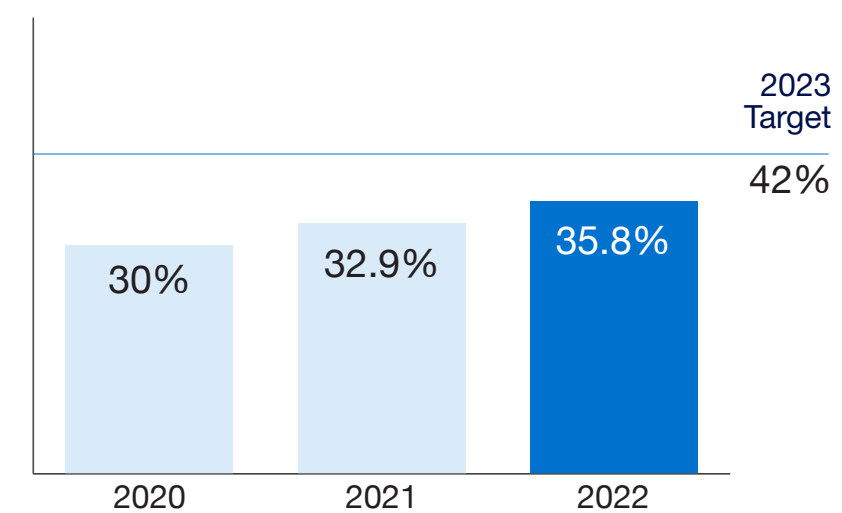
that help us address challenges more holistically and perform more effectively at a global level. We have a broad view on employee diversity – including sex, gender identity, race, ethnicity, sexual orientation, religion,

nationality, skill set, educational background and disability/ability – as well as other aspects protected by local or regional law.

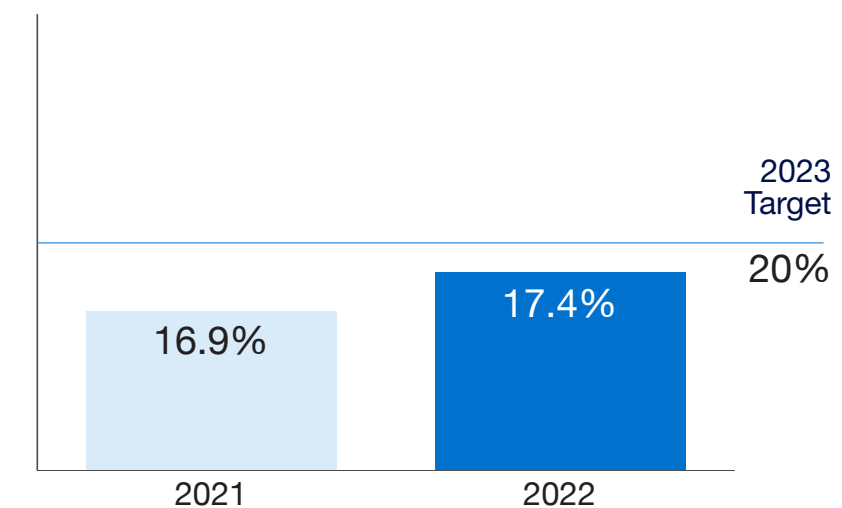
| Employee DEI goals | Status | 2022 Progress |
|---|--------|--|
| Increase representation of women in leadership globally to 42% by end of year 2023 | → | Representation of women in leadership globally was 35.8% at the end of 2022 (up from 32.9% in 2021). |
| Increase People of Color representation in U.S. leadership to 20% by end of year 2023 | → | Representation of People of Color in U.S. leadership was 17.4% at the end of 2022 (up from 16.9% in 2021). ³⁷ We have published our EEO-1 workforce data for the first time. |

LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED

WOMEN IN LEADERSHIP GLOBALLY



PEOPLE OF COLOR IN U.S. LEADERSHIP



Looking ahead

in 2023 and beyond, we expect to:

- Continue activities to support our 2023 actionable goals for women and People of Color representation in leadership roles
- Introduce an inclusion awards program to recognize employees and leaders who act as examples and champions of DEI at Elanco
- Establish a program to recognize employees leading our Employee Resource Groups (ERGs)
- Pilot a “Create the Slate” initiative in our human resources organization to strengthen DEI across our recruiting practices
- Refresh our leadership diversity goals with a lens beyond 2023

Progress toward our target

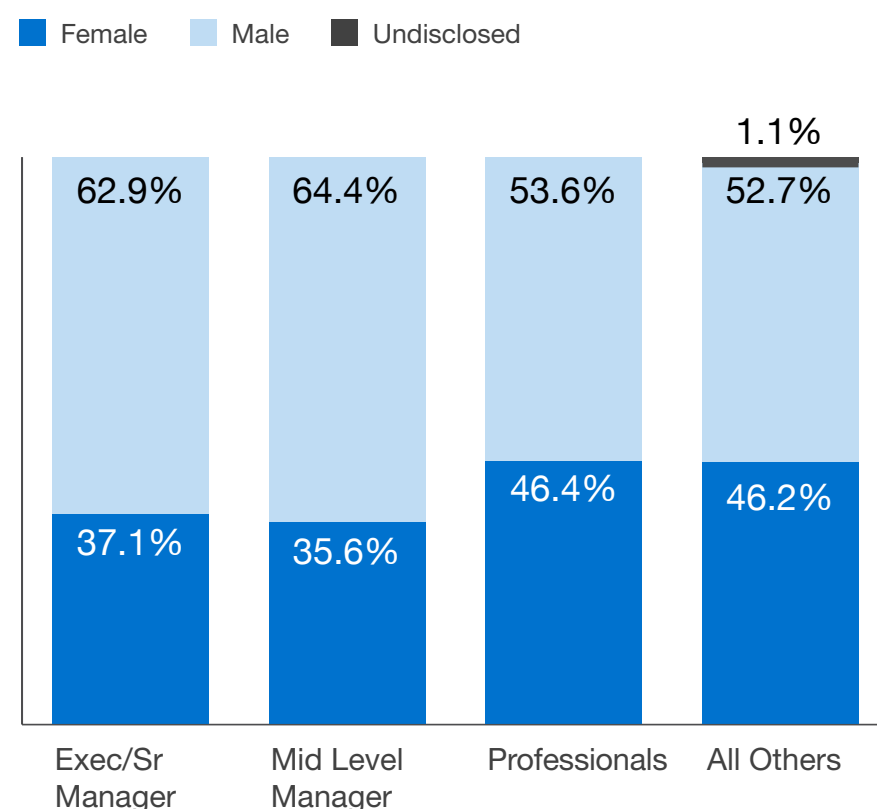
We continue to progress toward our year-end 2023 targets for diversity in leadership.

Representation of women in leadership globally increased to 35.8% in 2022 (from 32.9% in 2021). And People of Color represented in U.S. leadership increased to 17.4% in 2022 (from 16.9% in 2021). Although we are encouraged by this positive momentum, we recognize there is still work to do to.

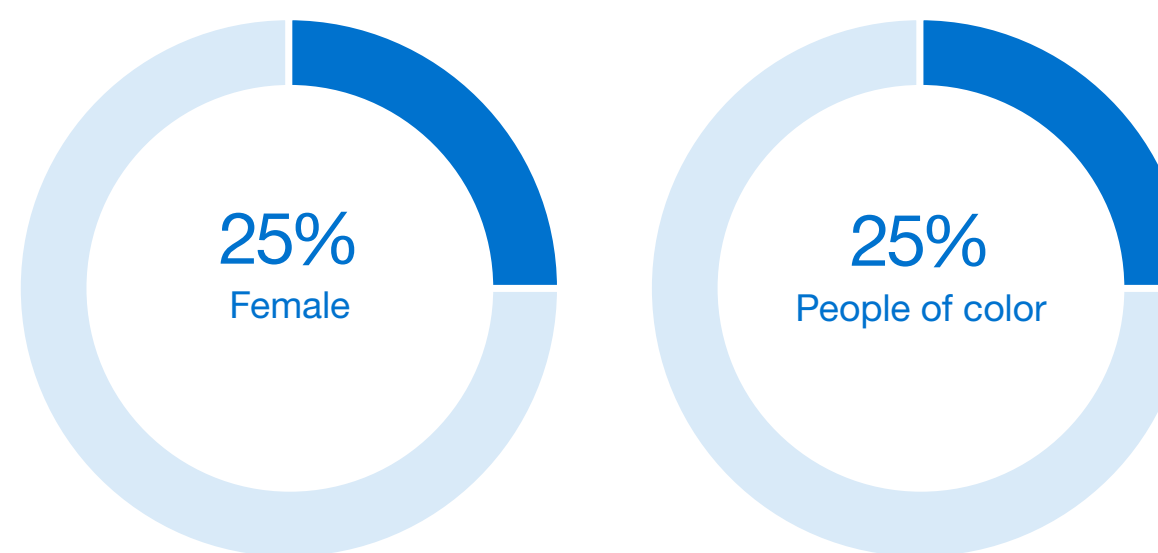
Aspects of our comprehensive DEI strategy include:

- **Structural** initiatives that embed DEI into Elanco policies and procedures
- **Behavioral** initiatives that enhance DEI awareness across the organization
- **External** initiatives that signal our commitment and help benchmark our progress

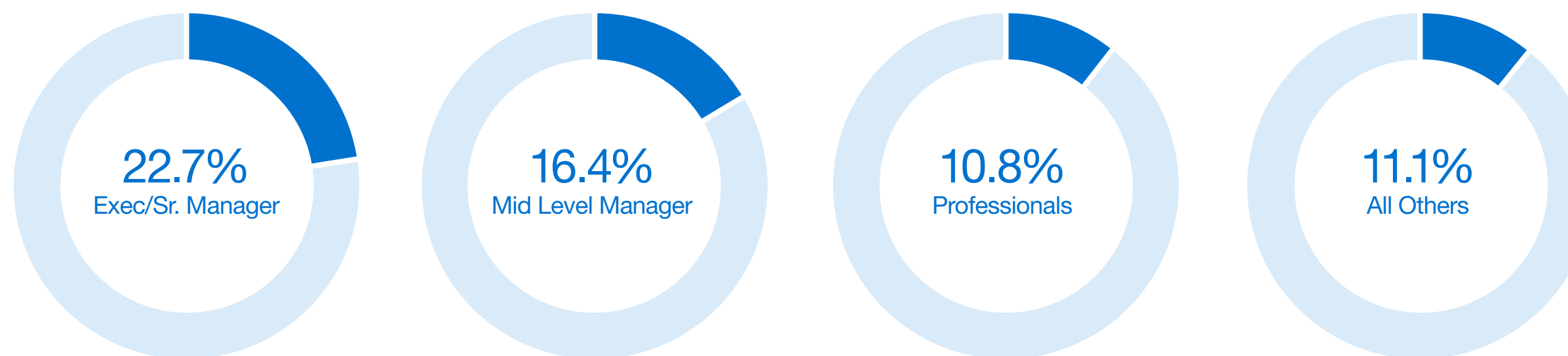
GENDER BY JOB CATEGORY GLOBALLY



BOARD DIVERSITY



PEOPLE OF COLOR BY JOB CATEGORY IN THE U.S.



→ [READ MORE ON DEI](#)

- [Human Capital Management and DEI Issue Brief](#)

- [Diversity, equity and inclusion web page](#)



Committed to DEI every day

Our comprehensive DEI strategy starts with targeted recruitment efforts, equity and inclusion learning opportunities for leaders and all employees, dedicated mentorship, and development opportunities for individuals from underrepresented groups. We also support the continued needs of our diverse workforce through the evolution of our benefits, including holidays and parental leave.

In partnership with our dedicated team members, the Elanco Global DEI Council (Council) promotes a healthier enterprise by helping make our Employee Promise of an inclusive culture come to life. This employee-led and leadership-supported group influences the company’s strategic DEI direction and initiatives. 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 the organization, furthers community building through our annual Multicultural Summit and other events, and acts as a recruiting and retention resource for diverse talent.

In 2022, the Council hosted an interactive roundtable Judaic “Reflection Session” to learn about culture, holidays, cuisine, struggles and acceptance from members of the

Elanco Jewish community. Elanco has planned quarterly listening sessions on many topics.

We promote pay equity through policies that seek to address any potential disparities historically experienced by many women and People of Color. We implemented new pay equity software to provide ongoing compensation analysis and adjustments, as needed – establishing pay equity reviews as part of our regular practices, instead of a one-time initiative. In 2023, our Total Rewards team conducted a review of base pay compensation levels in the U.S. to ensure internal consistency after year-end merit actions.

Elanco has a presence in more than 90 countries across the globe. We support LGBTQ+ employees by continuously reviewing and evolving

our policies and business practices. Recently, after recognizing our LGBTQ+ colleagues may have concerns about pursuing internal job opportunities in another country, we updated our international relocation policies and procedures to ensure the destination country is safe and inclusive of LGBTQ+ employees and their families. We added all-gender bathroom facilities at our global corporate headquarters. And this year, we updated our human resources information system (HRIS) to capture sexual orientation and/or gender identify (if voluntarily disclosed), along with other demographic data such as race or gender. These demographics are used in our biannual Voice of the Employee engagement survey analysis to identify opportunities to better engage with our employee communities.

→ [READ MORE ON DEI](#)

– [Human Capital Management and DEI Issue Brief](#)

– [Diversity, equity and inclusion web page](#)

– [Careers web page](#)



CASE STUDY

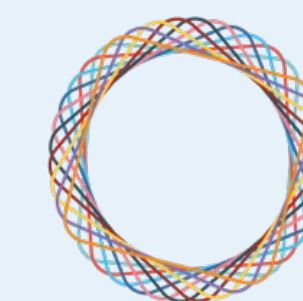
External recognition for our DEI efforts

In 2022, Elanco was recognized by Seramount as one of the Best Companies for Dads, thanks in part to our generous parental leave policy which provides 10 weeks of paid leave, for new parents. All new parents can also take 10 weeks of unpaid leave, providing parents with flexibility in welcoming a new member to the family, regardless of how the child arrives – through birth, adoption or foster care placement.

Elanco was also recognized by the Seramount 2022 Global Inclusion Index in six countries, representing the residency for over 30% of our global workforce. Placement

on the Index recognizes Elanco’s commitment to transparency and demographics, best practices in recruitment, retention and advancement, and corporate culture and accountability.

Additionally, Elanco was recognized by the City of Sao Paulo, Brazil with the “Human Rights and Diversity” stamp, for our employee diversity efforts and promotion of human rights among third-party organizations. Elanco’s Sao Paulo office has reached 51% female representation among all employees and 50:50 gender representation in leadership roles.



SELO MUNICIPAL DE Direitos Humanos e Diversidade

Embedding DEI into talent attraction

We regularly review talent attraction and recruiting initiatives to ensure they support our DEI aspirations.

During 2022, we removed minimum education requirements, where appropriate, for U.S. job postings to ensure our job requirements don't inadvertently advantage certain demographics over others. Considering work or military experience in lieu of a college degree helps us find candidates who best meet the requirements for our open roles, regardless of how they gained their experience.

We also help increase access to graduate-level training for diverse student populations through Elanco R&D's Animal Health Fellowship (part of the Elanco Scholars Program). We're collaborating with the Auburn University College of Veterinary Medicine and the Cornell University College of Agriculture and Life Sciences to support an inaugural cohort of scholars who will be selected in 2023.

Our intent is for this fellowship to have the following impacts:

- Increase access to graduate-level training for diverse student populations
- Elevate Elanco R&D as an employer of choice for early career talent
- Support areas of research vital to our animal health solutions

Looking ahead, we're piloting a "Create the Slate" initiative in the U.S. to support diverse candidate pools that will help identify the best talent for Elanco. As part of this effort, our Talent Acquisition team works with hiring managers to present a diverse slate of candidates for interviews. Interview panels and search committees will include diverse representation and perspectives, while managers retain discretion to select the most qualified candidate. Additionally, we post most job openings – including those for promotions – to encourage transparency, equity and a competitive process for open roles.

External commitments and benchmarking

External engagement signals our commitment to DEI and helps benchmark our progress.

Collaborations include:

- **OneTen Initiative:** In 2022, we established a collaboration with OneTen, whose mission is to hire, promote and advance one million Black individuals into family-sustaining careers through 2030.
- **Human Rights Campaign:** In 2021, we joined more than 300 companies signing the Human Rights Campaign statement opposing anti-LGBTQ+ legislation.
- **Racial justice:** Since 2020, we've participated in the [INDY Racial Equity Pledge](#) in Indianapolis, Indiana.

→ [READ MORE ON DEI](#)

– [Human Capital Management and DEI Issue Brief](#)

– [Diversity, equity and inclusion web page](#)



CASE STUDY

Integrating DEI in workplace design

Inclusive workplace design can have a profound impact on the employee at-work experience by creating environments that are convenient and comfortable for everyone. Inclusive design is associated with positive outcomes like lower turnover, fewer sick days and greater employee engagement.³⁰

Elanco is currently building a new global headquarters in downtown Indianapolis, Indiana to better accommodate our

needs as a growing enterprise. As part of the design process, we engaged our DEI team to help identify aspects of an inclusive workspace – including lactation rooms, neurodiverse lighting and physical accessibility considerations. While the building is not scheduled to open until 2025, addressing inclusivity at the design stage allows us to better meet the needs of our diverse workforce from the start.

Enhancing DEI awareness

Throughout the year, we host training and events to celebrate diversity and promote a culture of inclusion and belonging.

Our training programs promote DEI awareness across the organization to equip Elanco's next generation of diverse leaders – and other diverse employees – for success. Notable 2022 programs include:

- **Women Leadership Program:** We received strong interest in our new Women Leadership Program, launched in 2022, which is a 12-month virtual learning and development opportunity designed to help female frontline leaders build new business skills, leadership capabilities and networks within the company ([page 47](#)).
- **Diverse Mentoring Program:** Our Diverse Mentoring Program was launched in 2021, and we continued to expand the program in 2022. This program includes participants from 26 countries and we expect it will continue to grow and benefit our employees.

- **Foundations onboarding:** We've integrated DEI content into our Foundations onboarding program for U.S. employees, to help new colleagues understand the importance of DEI to Elanco's culture and ongoing success.
- Our nine **Employee Resource Groups (ERGs)** lead the way for inclusion at Elanco. They serve as communities to celebrate dimensions of difference, resources for their members' unique needs, and change catalysts to help educate colleagues and drive Elanco's promise of an inclusive culture. Any employee is eligible to join any ERG.

→ [READ MORE ON DEI](#)

– [Human Capital Management and DEI Issue Brief](#)

– [Diversity, equity and inclusion web page](#)



~20%
of Elanco employees are members of at least one ERG

2022 HIGHLIGHTS FROM OUR EMPLOYEE RESOURCE GROUPS

ELANCO DISABILITY AWARENESS NETWORK (EDAN)

Promoted accessibility awareness by organizing an educational workshop and soliciting input from employees

ELANCO PRIDE

Organized reading and discussion groups, raised money for organizations supporting LGBTQ+ youth suicide prevention and hosted Elanco's 2022 Multicultural Summit

ELANCO YOUNG PROFESSIONALS (EYP)

Organized many events exploring personal and professional development

ELANCO VETERAN'S NETWORK (EVN)

Partnered with Southeastern Guide dogs to help raise awareness, sponsored a laser tag, supported military recruiting and set up a remembrance table at our corporate headquarters

ELANCO INDIA NETWORK (EIN)

Organized a Diwali celebration to share Indian culture and organized a cross-cultural sensitization session to help employees work better across cultures

ORGANIZATION OF LATINOS AND HISPANICS AT ELANCO (OLHE)

Organized events during Hispanic Heritage Month, including a logo contest for the ERG, an e-cookbook, trivia and a panel discussion sharing immigration stories

ELANCO EAST ASIAN NETWORK (EEAN)

Organized a business acumen workshop in conjunction with our EIN resource group and hosted happy hour events at our corporate headquarters

ELANCO AFRICAN AMERICAN NETWORK (EAAN)

Spotlighted members who graduated from America's Historically Black Colleges and Universities during Black History Month

ELANCO WOMEN'S NETWORK (EWN)

Organized events including career-focused workshops, Women's Day celebrations and breast cancer screening awareness

Employee training and development

Our success as a business depends on the capabilities and motivation of our people. From onboarding to leadership development, we seek to equip all employees with the capabilities they need for successful and fulfilling careers.

Employee development is a key part of our global talent management strategy. Elanco welcomes new employees with a comprehensive onboarding curriculum for U.S.-based new hires. This includes a multi-day introduction to our mission, vision and core business areas – laying the foundation for successful integration into the company. The program seeks to build functional understanding while providing opportunities for relationship building, personal enrichment and community volunteerism.

We support individualized development journeys for all employees. Our training and development programs involve content targeted at different segments of our workforce – including courses that are universal for all employees, training specific to job functions, and self-directed, self-paced content for additional skills growth. Furthermore, each business function and regional affiliate provides role- and location-specific training that complements company-wide learning and development programs.

| Employee training and development goals | Status | 2022 Progress |
|--|--------|--|
| Launch ongoing training for managers through LEAD ON virtual experiences | ✓ | We launched the LEAD ON training program for managers in 2022, with 197 participants. |
| Initiate a leadership development program for women | ✓ | We selected from 100 applicants around the world for our new Women Leadership Program. The first cohort of 30 started in January 2023. |
| Implement well-being training within our leadership development program | ✓ | We delivered employee well-being training to our Accelerated Leadership Development Program participants, among others. |
| Pilot a professional coaching program | ✓ | We completed a pilot professional coaching program with 150 participants of our global virtual Emerging Leaders Program. |

LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED

Looking ahead

in 2023 and beyond, we expect to:

- Optimize utilization of global learning and development resources to increase consulting and program awareness across business functions
- Customize learning journeys for employees through an online learning platform that prioritizes content for users based on their most relevant needs and career intentions
- Elevate mid-level manager capabilities in the areas of coaching, leading in a hybrid work environment and creating actionable feedback
- Establish the Elanco Coaching Academy to enhance all managers' leadership skills



CASE STUDY

Tapping into The WELL

The Wealth of Elanco Learning and Leadership (The WELL) is our online learning library designed to support employee development with content meeting the varying needs and interests of all our employees. Content in The WELL is available in self-paced online training modules – as well as podcasts, micro-courses, simulations and additional virtual resources to support continued learning and effective leadership. In both 2021 and 2022, approximately 25% of our employees utilized this optional personal learning resource.

~25% (2,432)
of employees utilized resources from The WELL learning library in 2022

2021: ~25% (2,492)

Leadership training

Elanco invests significantly in our leaders today – and those of tomorrow. Our comprehensive leadership development program equips new and tenured managers with the strategy and people skills to build and lead high-performing teams.

We go beyond traditional training attendance metrics by evaluating how leadership curriculum has influenced employee engagement and culture. In 2022, as indicated by our employee engagement surveys, employees who participated in select leadership

programs showed a greater sense of inclusion, growth and involvement ([page 47](#)) – indicating they feel valued for their contributions at work and recognize opportunities for career advancement.



Everyone LEADS Core Offerings for All Employees

Virtual and facilitator-led offerings available for all employees, covering topics such as communication skills and situational self-leadership

871 participants in 2022

Program new in 2022



Emerging Leaders Program

Elanco employees with no direct reports are nominated by departmental leaders to participate in our Emerging Leaders Program, a year-long curriculum that prepares top talent for future roles

150 participants in 2022

2021: 134 2020: 71



Leadership Essentials for New Managers

Fundamental training for new managers with direct reports

315 participants in 2022

2021: 564 2020: 195



Continuous Learning for All Managers

Online self-selection of courses for continued managerial training available for Elanco people managers

197 participants in 2022

Program new in 2022



Accelerated Leadership Development Program

Development for leaders identified in succession planning

50 participants in 2022

2021: 47 2020: 71

Building diverse leaders

Ensuring diverse participation in our development programs is essential for fostering high-performing teams and supporting Elanco's DEI goals ([page 40](#)) – such as boosting representation of women and People of Color in leadership positions.



Diverse Mentoring Program

A self-nominated program for employees to build internal mentoring relationships and connect with colleagues with different backgrounds or experience

Participants from **26** countries in 2022



Women Leadership Program

A self-nominated program for female people leaders, including 12 months of virtual learning ([page 47](#))

30 participants from **15** countries participated in our first Women Leadership Program cohort in January 2023

FEMALE PARTICIPATION IN NOMINATED LEADERSHIP DEVELOPMENT PROGRAMS

| | |
|---|-----|
| Emerging Leaders | 47% |
| Accelerated Leadership Development Program (ALDP) | 46% |

Enhancing our leadership programs

Our leadership development programs are always evolving to incorporate new skills and capabilities required to succeed in a dynamic operating environment.

In 2022, we incorporated well-being training into our core Accelerated Leadership Development Program curriculum. This new content encourages leaders to prioritize self-care for themselves and their teams, and aligns with Elanco's enhanced focus on workplace well-being ([page 50](#)).

We also piloted a program providing one year of unlimited third-party professional coaching for participants in our Emerging Leaders Program. The pilot supported coaching in more than 30 languages, helping Elanco address developing employees across our global population.

In 2022, Elanco further recognized the importance of coaching by creating an internal Professional Coaches Network of employees with professional coaching program certifications. The network will establish a Coaching Academy designed to enhance managers' skills as team leaders.

→ [READ MORE ON EMPLOYEE TRAINING AND DEVELOPMENT](#)

– [Human Capital Management and DEI Issue Brief](#)

– [Growth & Development web page](#)

2022 RESULTS INCLUDE:

500+
coaching sessions across

150
Emerging Leaders Program participants

75%
of participants said they learned a new skill or strategy through coaching

100%
of participants felt positive about their situation after the coaching session and

100%
were more likely to address their situation after coaching

Elanco leaders can also take advantage of Elanco's 360-degree feedback system, Leadership Mirror, to accelerate their development by collecting a range of perspectives and insights on their performance. In addition to facilitating feedback from peers, managers and direct reports, Leadership Mirror provides clear guidance to reinforce behaviors that support both Elanco's business objectives and individual development.

Employee feedback on our Accelerated Leadership Development Program (ALDP)

“ALDP is a great opportunity to network with senior leaders, connect with peers across the organization and brush up on critical leadership skills.

- SENIOR DIRECTOR, R&D, U.S.

“ALDP was an inspiring and energizing experience. This program provides everyone with a solid foundation for future growth and helps build a strong network across Elanco.

- SENIOR ADVISOR, MARKETING, GERMANY

CASE STUDY

Women Leadership Program

In 2022, we launched the Women Leadership Program to accelerate the development of women who directly lead a team of individual contributors. We received approximately 100 self-nominated applications for the 12-month program and selected 30 for the program's first cohort in 2023.

Key program features include:

- **Curriculum:** Quarterly virtual modules on becoming a trusted leader, managing organizational complexity and business acumen are delivered in collaboration with the Indiana University Kelley School of Business.
- **Coaching:** Participants collaborate with a senior level sponsor, to foster readiness for advanced leadership roles.

- **Community:** Participants will strengthen professional connections through small peer group engagements with other women in the program, as well as others from local chapters of the Elanco Women's Network ([page 44](#)).

The program includes evaluation mechanisms to track the progress of program participants during the next several years of their career at Elanco and assess the effectiveness of the program.

Employee health, safety and well-being

Everyone should be safe and feel safe at work. Our employees look out for each other, strive for continuous improvement and promote the well-being of their colleagues.

Elanco employees perform a wide range of tasks every day – from routine corporate office functions to manufacturing activities that carry elevated injury risk. Led by our global Health, Safety and Environment (HSE) organization, we promote the safety and security of our people across all job types.

Our global HSE policy includes the following principles:

- 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 safety culture and 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.



Looking ahead

in 2023 and beyond, we expect to:

- Work toward and sustain a 30% reduction in DART injuries by 2025
- Develop or relaunch approximately 10,000 safety data sheets across our product portfolio
- Increase awareness of our Employee Assistance Program, to support the mental health needs of our colleagues and their families
- Increase the number of employees certified as Mental Health First Aiders (MHFAs)

Employee health, safety and well-being goal

Status

2022 Progress

Achieve and sustain a 30% reduction in DART (Days Away Restricted Time) injuries by 2025 (2021 base year)



We recorded 40 DART injuries globally in 2022, a 26% reduction from 2021

LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED

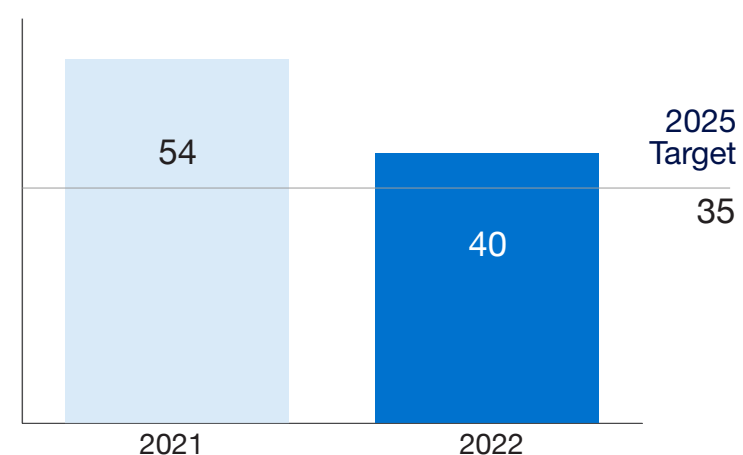
Employee health and safety

In 2021, we established a new company-wide safety goal to achieve and sustain a 30% reduction in DART injuries by 2025 (2021 base year).

In 2022, we made sound progress toward our goal, reducing DART injuries 26% from our 2021 base year. Key initiatives contributing to this reduction include:

- Implementing safety and case management initiatives at priority locations
- Aligning our legacy Elanco and Bayer Animal Health teams around a common set of health and safety protocols
- Emphasizing the importance of workplace ergonomics

DART INJURIES AND 2025 TARGET



26%

reduction in DART injuries in 2022
(from 2021 base year)

Our health and safety culture

Elanco's health and safety culture relies on our capability to collect the right data to understand performance, engage our people and report outcomes. Throughout 2022, we continued the global deployment of our HSE Tracks data management platform. Through HSE Tracks, we compile injury data and forward-looking indicators such as near misses and leadership engagement. We treat near misses as major company-wide learning opportunities and complete root cause analyses so managers can embed lessons into their team coaching and ongoing work environments.

It's critical for leaders to embody the health and safety mindset we expect from employees across the business.

Recent leadership safety engagements include:

- Improved issue identification and establishment of corrective actions in key locations
- Emphasis on ergonomic issues and case management
- Key performance indicator tracking in newly established software
- Sharing key insights across teams and organizations

Elanco increased the number of safety observations and leadership engagements in 2022. This is good. By empowering employees to identify and document safety concerns, we're promoting an environment where everyone has responsibility for the safety of our operations. As employees become more adept at observing potential safety risks in their work environment, they submit more safety observations. Our leadership supports and reinforces employee safety reporting during walkthroughs and direct employee engagements. All these elements combine to provide a leading performance indicator for workplace safety culture.

100%

of newly integrated sites have been onboarded onto our HSE Tracks data management platform

8,500+

leadership safety engagements

5,700+

HSE observations

In 2022, Elanco began a multiple year initiative to upgrade our [Safety Data Sheet](#) (SDS) management system, ensuring our suppliers, employees and customers have the latest safety information. We expect to develop or update more than 10,000 SDSs – so safety data is available for everything we sell, everywhere we have marketing authorization.

→ [READ MORE ON EMPLOYEE HEALTH, SAFETY AND WELL-BEING](#)

– [Employee Health, Safety and Well-being Issue Brief](#)



CASE STUDY

Elanco Korea recognized as a best company for employment

Each year, the Korean Ministry of Employment and Labor selects the top 100 companies for job creation and employee benefits. For the first time, Elanco has been named a best company for employment.

Elanco's focus on employee health and safety were highlighted among the reasons for selection, in addition to initiatives like employment opportunities for

retirement-age workers – an important issue in Korea. Elanco's workplace culture and other employee benefits were also noted, such as flexible working hours, support for family commitments and ongoing education. While such benefits may be common in other countries, they are not in Korea – helping identify Elanco as a leader in the region.

Employee well-being

Our approach to employee health and safety extends beyond avoiding illness and injury. We're committed to other aspects of employee well-being, including mental health, financial security, physical wellness and psychological safety.

Formalizing our approach

In 2022, we established a Well-being Committee and nominated a group of Well-being Champions, to formalize our employee well-being strategy and coordinate implementation – bringing together our benefits, talent management and HSE functions to continue advancing employee health and safety globally.

Focus on mental health

To be our best at work, we need to feel our best inside. Elanco continues to deepen our focus on employee mental health and now offers employees the opportunity to obtain certification as a Mental Health First Aider (MHFA). Participants receive training through the [National Council for Mental Well-being](#) and act as resources for colleagues who may have a need for peer counseling or mental health support.

At the end of 2022, occupational health and safety personnel in the U.S. are certified to provide at least one MHFA resource embedded at all U.S. Elanco facilities. At the end of 2022, more than 35 Elanco

employees were certified MHFAs. Throughout 2023, all employees will learn how they can become certified. In addition, our U.K. affiliate has committed to certify all managers by the end of 2023.

We also completed the global implementation of our Employee Assistance Program (EAP), which provides employees and their immediate families access to free counseling and mental health support services. In 2022, we expanded the program to include support for employees' children, as well as support for U.S. employees who served in the military. We launched internal awareness campaigns to encourage EAP use during difficult world events, such as the war in Ukraine and the recent earthquakes in Turkey and Syria. Throughout 2023, we intend to increase awareness of the EAP and its benefits – so more employees feel comfortable using this valuable resource.

35+

[Elanco employees certified as Mental Health First Aiders in 2022](#)

Well-being training for leaders

Our managers are critical for promoting a culture of well-being across Elanco. In 2022, we launched monthly training across the five dimensions of personal well-being – physical, mental, social, renewal and financial – providing employees and leaders with the understanding and tools to promote well-being within themselves, and their teams. Through the first quarter of 2023, more than 250 leaders have completed well-being training.

250+

[leaders trained in workplace well-being through Q1 2023](#)

→ [READ MORE ON EMPLOYEE HEALTH, SAFETY AND WELL-BEING](#)

– [Human Capital Management and DEI Issue Brief](#)

– [Employee Well-being web page](#)



CASE STUDY

Dogs at work

A recent “Rover” survey revealed 77% of American pet parents place an importance on working for a dog-friendly company.³¹

Recognizing the human-animal bond ([page 23](#)) and the potential for pets to enhance our employee experience, in 2022 we introduced a policy allowing employees at our U.S. headquarters to bring their dogs to work. Headquarters employees provided feedback at the two-month mark, with overwhelmingly favorable comments. Many employees commented that the program reduces stress, improves health and increases socialization among co-workers. The program originated with 14 participants and now more than 28 dogs are registered to come to work – each with their own Elanco badge!

To ensure the policy maximizes the benefits while minimizing challenges, we've outlined strict requirements on dog health, behavior and temperament. Employees seeking to bring their dog to work accept responsibility for registering and minding their dog, and resolving any challenges that may arise. The Elanco HSE department is an active advisor to the program, monitoring potential issues and helping provide guidance. And to accommodate all persuasions of dog-loving employees, we continue to offer dog free zones, as well.

Employee engagement

We strive to create a positive experience for all employees globally. We actively seek employee feedback and measure engagement twice a year, to inform practices and policies that balance the needs of our business and workforce. We recognize the importance of an engaged workforce and are committed to creating a workplace where all employees feel safe, respected, empowered and invested in Elanco's success.

Elanco's Employee Promise

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

Employee engagement goal

Status

2022 Progress

Match or exceed external employee engagement benchmark (71% in 2022)



Employee engagement measured 66% in Q4 2022 with 87% participation.

LEGEND:

✓ **ACHIEVED**

→ **IN PROGRESS**

✗ **NOT ACHIEVED**

Looking ahead

in 2023 and beyond, we expect to:

- Work to match or exceed the external employee engagement benchmark established by [Culture Amp®](#)
- Continue supporting departments and individual teams seeking to address survey findings, translate insights into action plans and boost engagement scores as a result

Elanco's values and behaviors

Values that Guide Decisions

INTEGRITY:

We do everything with integrity, by doing the right thing the right way.

RESPECT:

We always have respect for people, our customers and the animals in their care.

EXCELLENCE:

We're accountable, we deliver with discipline, and we strive to continuously improve.

Behavioral Pillars that Guide Our Actions

INVOLVE:

We act as One Elanco, asking for opinions rather than telling.

DELIVER:

Everything we do is delivered with disciplined execution.

INNOVATE:

We always challenge for a better, simpler way that drives continuous improvement.

OWN:

We are accountable, empowered and always go the extra mile.

Listening to our people

Employee engagement is a vital indicator of how well we are upholding our Employee Promise.

In our 2022 engagement surveys, employees highlighted many aspects of our culture they feel are working well. Among others:

- They have a good understanding of how their work contributes to company goals and know what they need to do to be successful in their role.
- They feel valued as part of their teams and feel their managers genuinely care about their well-being.
- They feel able to arrange time away from work when needed and feel supported to make use of flexible working arrangements.

Employees also noted a desire to understand even more about Elanco’s strategic direction. In response, we increased communications through company-wide town halls and other touchpoints with senior leadership that deepen employee connection to our goals and priorities. We understand sustained improvement in this area may take time. Yet, we continuously provide information in global, regional and local forums to keep our workforce engaged in our progress.

Our people also identified opportunities to enhance key systems and processes teams use

daily. Elanco’s Global Enterprise Transformation initiative is focused on streamlining, formalizing and maturing our global systems and processes. In 2022, employee survey feedback prompted the creation of a Global Enterprise Process Transformation Lead role dedicated to engaging colleagues around the world to address pain points and drive improvements.

Advancing our listening strategy

In 2022, we made several enhancements to our Voice of the Employee (VOE) Survey processes:

- **Full engagement survey:** We launched a new engagement survey in the first quarter of the year with a new engagement index to enable external benchmarking. The 41 rating questions and two free text questions help employees provide actionable feedback on their experience.
- **Pulse checks:** We implement one Pulse Check in the final quarter of the year, to track progress on action plans informed by previous employee engagement surveys. Pulse checks enhance accountability and help us

collect feedback on how we are upholding Elanco’s Employee Promise throughout the year.

- **Manager Effectiveness Survey:** Our Q4 2022 employee engagement survey included new questions that allow employees to share constructive, confidential feedback with their direct manager. These manager effectiveness questions will be repeated annually and provide leaders with important guidance on best practice managerial behaviors to reinforce or develop.
- **VOE in action:** Our Transformation Office and executive leadership have aligned to prioritize employee concerns identified through the VOE survey – seeking to solve the most pains for the most people, in the shortest time. We share monthly updates to demonstrate progress and emphasize to employees that participation in the ongoing VOE survey process is one of the best ways to be heard.

→ [READ MORE ON EMPLOYEE ENGAGEMENT](#)

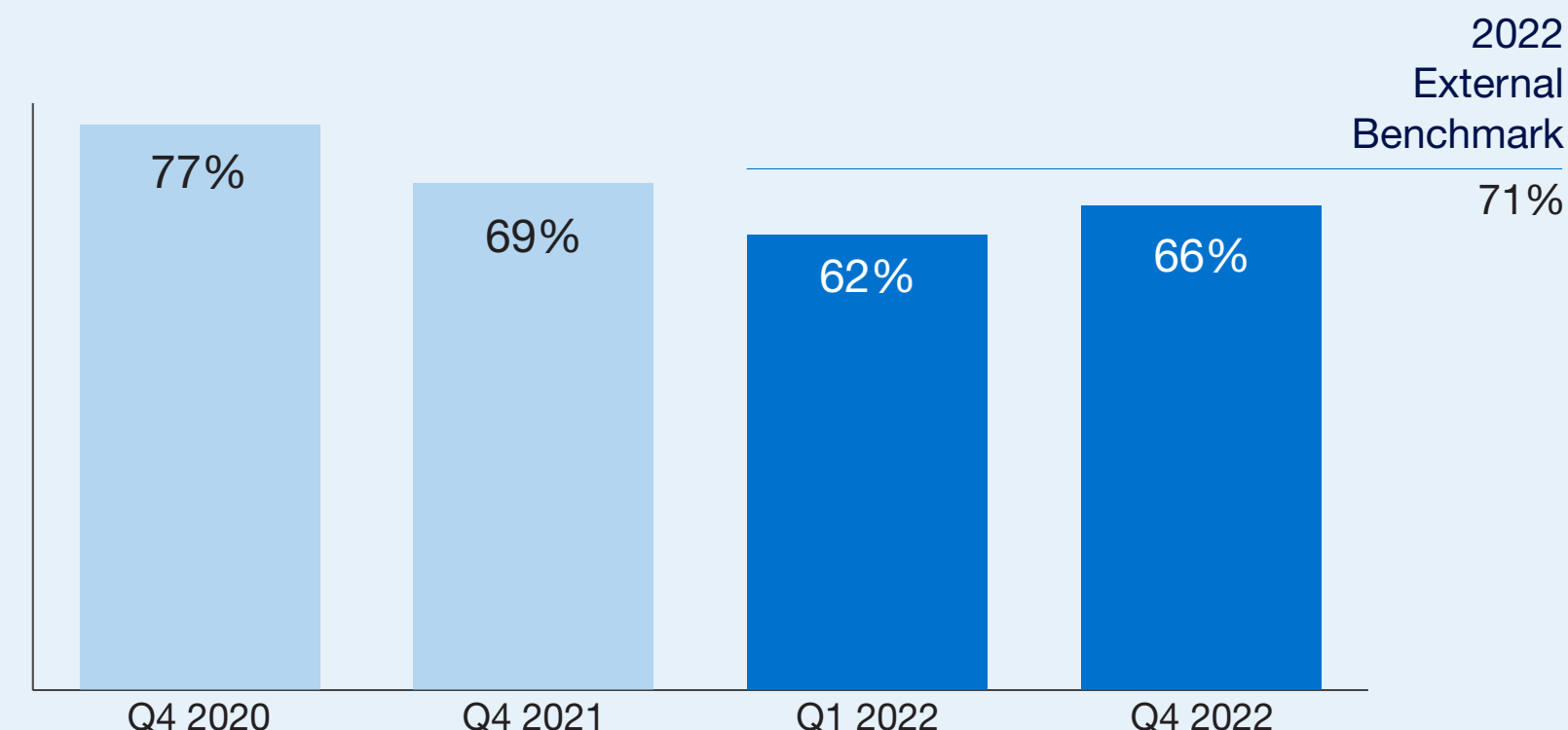
– [Human Capital Management and DEI Issue Brief](#)



Employee engagement performance

Through our employee engagement survey, we gather feedback on how we’re upholding Elanco’s Employee Promise. Our 2022 measurements utilize a new engagement index that enables annual external benchmarking, which we seek to match or exceed.

EMPLOYEE ENGAGEMENT SCORES



Employee volunteerism and giving

Our commitment to healthier animals, healthier people and a healthier planet includes reinforcing the health of our communities. Our culture builds upon Elanco’s legacy of community support through corporate and Foundation contributions, and by encouraging regular employee volunteerism and giving.

At Elanco, we make it easy for employees to participate in volunteering and charitable giving opportunities. Our Healthy Purpose Portal is a social impact platform that helps employees find charitable organizations that align with Elanco’s Healthy Purpose as well as their personal interests. Company-wide campaigns, such as our annual Global Day of Purpose and other seasonal initiatives, encourage colleagues to make a difference in their community – as an individual, or a group. In addition, we support the causes important to our employees with an annual charitable giving and volunteerism match from the Elanco Foundation, up to \$250³² per employee.

| Employee volunteerism goal | Status | 2022 Progress |
|---|--------|--|
| Achieve more than 10,000 annual volunteer hours, across more than 1,200 volunteers by the end of 2023 | ✓ | In 2022, approximately 1,700 volunteers contributed more than 12,800 hours to causes around the world. |
| LEGEND: ✓ ACHIEVED → IN PROGRESS ✗ NOT ACHIEVED | | |

Looking ahead

in 2023 and beyond, we expect to:

- Advance toward our new employee volunteerism goal to reach 25,000 volunteer hours across 2,500 volunteers annually by 2025
- Promote our new matching grant program for employee volunteer hours
- Establish an Employee Relief Fund to help employees support colleagues impacted by major unexpected hardship
- Enhance employee volunteerism engagement with our ERGs and departmental leaders



In 2022, Elanco donated more than \$2.5 million in unused products – including a contribution of more than 40,000 Seresto flea and tick collars for small dogs to [Greater Good Charities](#), to support pets in four underserved and Native American communities.

Employee volunteerism in 2022

In addition to the benefits experienced by the community organizations we support, workplace volunteering can help increase employee engagement, well-being, job satisfaction and performance.

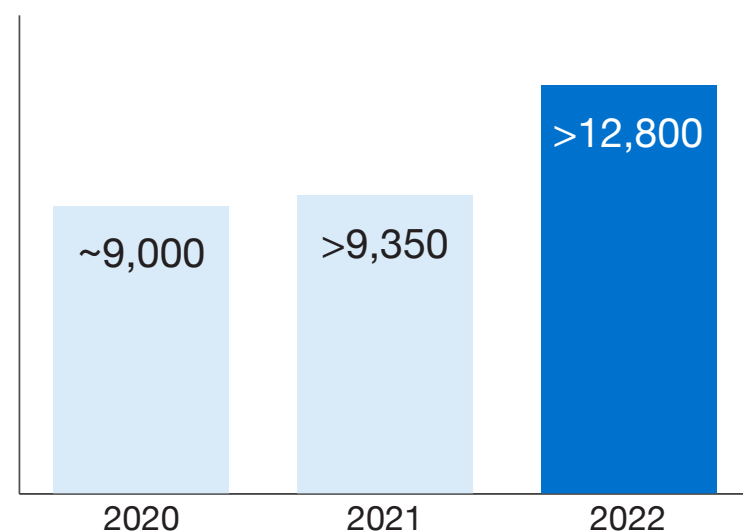
Elanco exceeded our 2023 employee volunteerism goal (10,000 hours) one year early. In 2022, approximately 1,700 global employees contributed more than 12,800 volunteer hours – an estimated in-kind value of approximately \$400,000.³³ Throughout the year, our people supported causes addressing animal

welfare, community services, food insecurity and education.

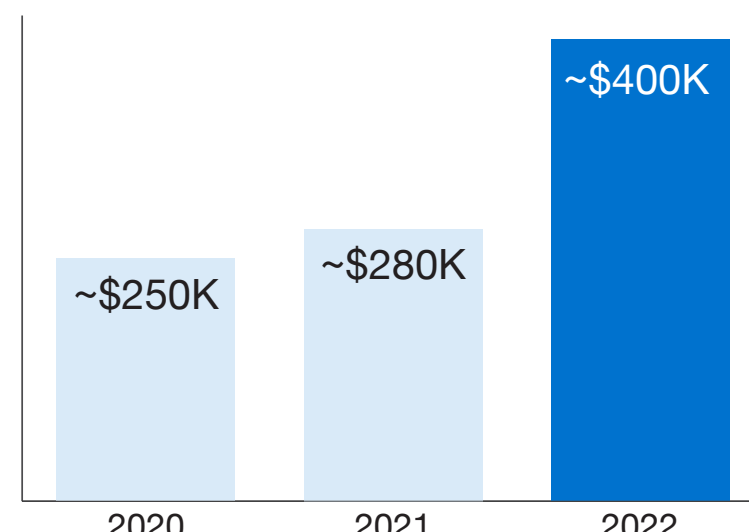
Looking ahead, we've increased our ambition. By 2025, we seek to reach 25,000 employee volunteer hours across 2,500 volunteers annually.

>18%
employee giving and
volunteerism participation rate

EMPLOYEE VOLUNTEER HOURS



ESTIMATED VALUE OF EMPLOYEE VOLUNTEER HOURS³⁴



Corporate, Foundation and employee giving in 2022

Elanco is proud to support and give back to the communities it serves.

In 2022, Elanco and our employees donated more than \$4M to charitable and community organizations. The donations supported more than 350 community organizations³⁵ addressing human and animal welfare, nutrition, education and other causes important to our employees.

Looking ahead, we're working to establish an employee relief fund that will enable our employees to support colleagues who experience major unexpected hardship.

>\$4M
combined total corporate,
Foundation and employee
charitable and community giving

>350
causes supported

“The giving spirit of Elanco colleagues embodies our Healthy Purpose, supporting the communities and causes that need us most.”

- BEN KRUSE, GLOBAL HEAD OF ESG & SUSTAINABILITY



CASE STUDY

Food security and support for Ukraine

As a global company, a conflict in one region of the world can cause concern throughout our organization. When war broke out in Ukraine in February 2022, we immediately looked for ways to help our employees in the region. The Elanco Foundation contributed \$100,000 to the European Food Bank Federation (FEBA) to support the food security efforts of Ukrainian food banks. The Foundation also matched 100% of employee contributions to FEBA.

In addition, Elanco made meaningful in-kind contributions to provide help on the ground, such as free microchips for pets who fled Ukraine with their owners and disinfectant products to support hygiene efforts in areas affected by the war.

Elanco also allocated an additional five days of paid volunteering leave in 2022 for European colleagues who wished to support regional humanitarian or disaster relief initiatives for those impacted by the war.

Global Day of Purpose

Elanco's Global Day of Purpose is our annual capstone employee volunteerism campaign, which has become a popular multi-week initiative. Elanco's 2022 Global Day of Purpose occurred over a six-week period and included dozens of individual and group volunteer events around the world.



→ [READ MORE ON EMPLOYEE VOLUNTEERISM AND GIVING](#)

– [Human Capital Management and DEI Issue Brief](#)

Highlights from the 2022 Global Day of Purpose

BRAZIL

- Supported adolescents and the elderly at the ANOSCAR community center with in-person activities
- Donated to Milk for a Better Future, an organization that supports children struggling to meet their nutritional needs with a glass of milk per day
- Led a blood and bone marrow donor registration drive
- Collected items for donation through 10 NGOs, to be distributed across Brazil

GERMANY

- Donated €1 for every Galliprant® sale, to support VITA in raising healthy dogs who help people ([page 25](#))
- Collected litter in the forest around our Kiel site and a nearby public beach, removing ~5,000 liters of trash from the environment

CHINA

- Donated products for Border Guard Service Dog deworming care
- Donated products to the makeshift pet hospital in Shenzhen to support the health of pets left at home when owners were required to undergo a two-week COVID quarantine period
- Participated in an asynchronous fundraising walk to generate donations for Treasure Home, raising ~¥30,000 – enough to support 16 children for a full year

U.S.

- Partnered with Million Meal Movement to pack ~47,000 meals distributed to foodbanks throughout the Wabash Valley in Indiana
- Supported pop-up animal health clinics for owners in need, with the Banfield Foundation ([page 12](#))
- Volunteered to support Southeastern Guide Dogs events and foster animals ([page 25](#))

“I love the fact you can take time out of your working week to volunteer. Elanco's Healthy Purpose values really empower you to help support causes you care about.

-MARKETING MANAGER, U.K.

“When the team forgets office hierarchies, tunes in to the same goal and combines individual efforts into spectacular collaboration, the result benefits animals, the community and our well-being.

-COMMUNICATIONS ASSOCIATE, POLAND

Human rights

Upholding and advancing internationally recognized human rights across our global operations and supply chain is central to our mission as we work to improve the health of animals, benefit our customers and strengthen our communities. Support for human rights also aligns with our Employee Promise and our commitment to strengthen the integrity and resilience of our value chain – including suppliers and third parties with whom we do business.

Establishing a formal human rights program

In 2023, we are establishing a formal human rights program, including development of a global human rights policy, an executive oversight committee and a core program team including representatives from ESG and sustainability, legal and compliance, HSE, procurement, supply chain and other departments.

This new policy will reaffirm our support of leading human rights practices as specified in the OECD Guidelines for Multinational Enterprises, the U.N. Guiding Principles on Business and Human Rights (including the International Labour Organization Declaration of Fundamental Principles and Rights at Work) and the Pharmaceutical Supply Chain Initiative Principles for Responsible Supply Chain Management.

The policy will outline our commitments and procedures, including due diligence specifications that apply to our own operations, supply chain and other business partners. The policy will also provide a global framework for regional human rights activities, including the management of modern slavery risks specified in modern slavery statements required by several jurisdictions in which we operate.

Engaging our supply chain on human rights

We seek to work with companies that align with Elanco's Healthy Purpose principles and initiatives. Consistent with Elanco's behavior pillar *Involve*, we seek to instill a spirit of collaboration and continuous improvement on many ESG issues – including human rights.

In 2023, we expect to implement an enhanced Business Partner Code of Conduct and we are implementing third-party due diligence platform to ensure we receive comprehensive information from current and prospective suppliers and business partners on their practices related to more than 20 leading ESG topics. We will use this information to monitor expected practice, identify deficiencies related to Elanco policies or business norms, and inform targeted engagement on issues such as human rights, employee health and safety, modern slavery, information security, data privacy and operational sustainability.

→ [READ MORE ON HUMAN RIGHTS](#)

– [Human Rights and Responsible Supply Chain Issue Brief](#)

– [ESG-related Policies and Statements](#)

– [Business Partner Code of Conduct](#)

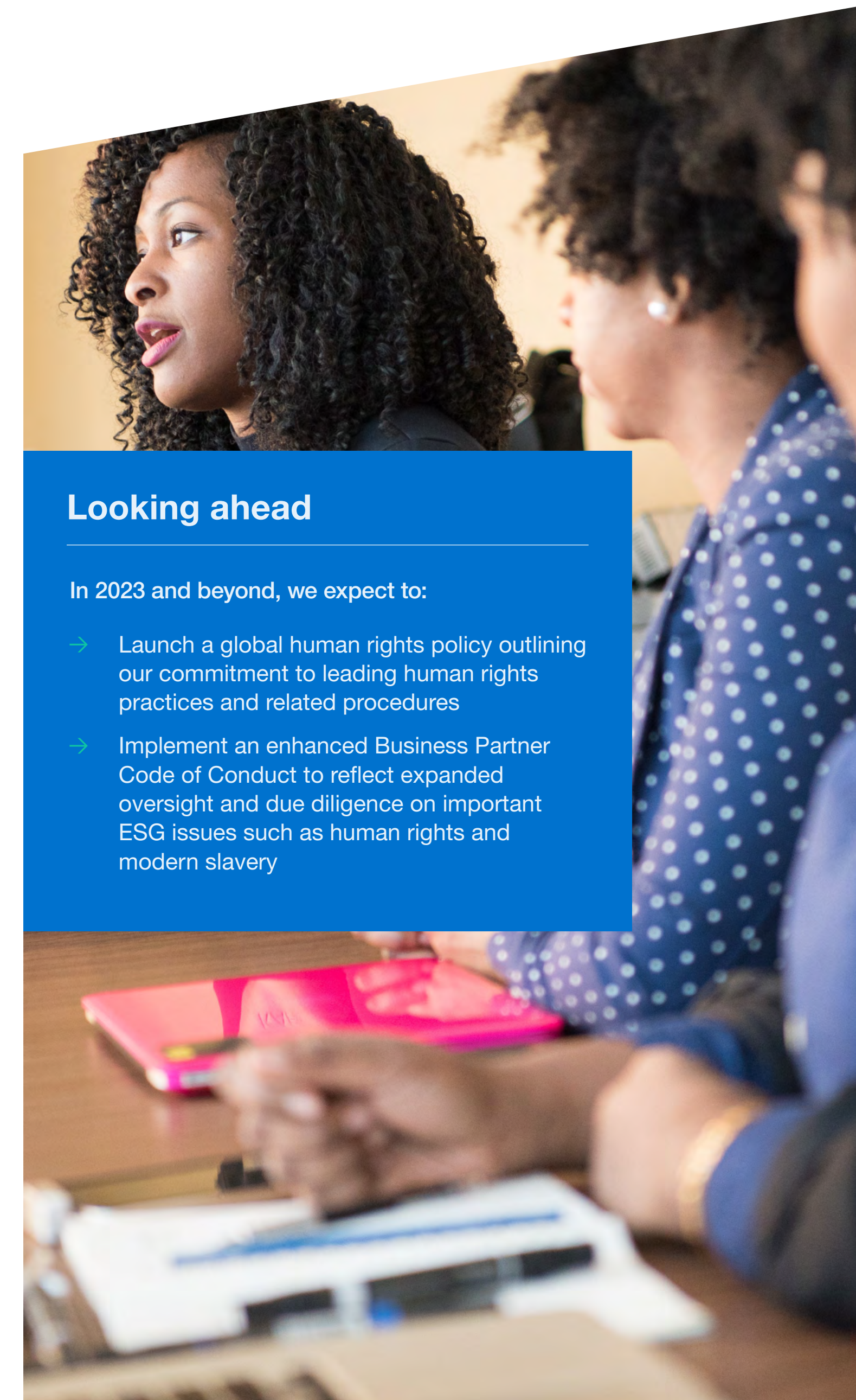
Key achievements in 2023

- We're establishing a formal human rights program, executive oversight committee and cross departmental operational team
- We're implementing an enhanced third-party due diligence platform to monitor expected practice among suppliers and business partners, and inform targeted engagement

Looking ahead

In 2023 and beyond, we expect to:

- Launch a global human rights policy outlining our commitment to leading human rights practices and related procedures
- Implement an enhanced Business Partner Code of Conduct to reflect expanded oversight and due diligence on important ESG issues such as human rights and modern slavery



ESG and sustainability governance

Our commitment to ESG and sustainability starts at the top. Through Board and executive-level oversight, as well as clear managerial roles and responsibilities, we've integrated sustainability and the management of ESG-related risks and opportunities throughout Elanco.

Our Board and executive leadership team consider the management of ESG issues and related sustainability efforts an important priority for Elanco. On a quarterly basis, the Board Corporate Governance Committee reviews activities and practices regarding ESG matters significant to Elanco – including management of ESG risks and opportunities, as well as sustainability-related programs and goals. The Compensation and Human Capital Committee periodically evaluates applicable ESG issues, such as our policies and strategies related to workforce diversity and human capital management. The Audit Committee periodically reviews practices related to environmental protection, cybersecurity and other ESG issues, and maintains oversight of our ESG-related disclosures.

In 2022, we established a centralized ESG and sustainability oversight team – led by a newly appointed Global Head of ESG and Sustainability – to accelerate measurement and progress across

current and future initiatives, develop incremental targets and enhance data collection for public disclosure. The team will ensure Elanco's approach demonstrates our fit-for-purpose directive and broad commitment to sustainability, while meeting the increasingly sophisticated expectations of regulators, shareholders, employees and customers.

Leadership across the company contributes to these efforts – including our management Executive Committee, led by our Chief Executive Officer and his direct reports, to which our Global Head of ESG and Sustainability provides regular updates.

Further oversight is provided by the Elanco Healthy Purpose Steering Committee, a cross-functional group comprised of senior representatives from across our business including communications, finance, human resources, internal audit, investor relations, legal and compliance, manufacturing and quality, marketing, regulatory,

supply chain and other functions – chaired by our Executive Vice President, General Counsel and Corporate Secretary. This steering committee meets regularly and, among other obligations, is charged with reviewing our ESG and sustainability initiatives, monitoring our managerial approach and progress toward leading ESG issues and goals, overseeing the disclosures that communicate our progress and helping ensure ESG and sustainability issues are integrated throughout departmental decision making. The committee receives updates at each meeting from the Global Head of ESG and Sustainability, as well as various programmatic leads.

We utilize working groups led by senior managers and employees across our business to foster cross-functional collaboration and tracking of key performance indicators toward the achievement of our objectives. Workgroup participants advocate for ESG and sustainability initiatives across the business and help incorporate associated performance metrics into everyday decision-making.

Key 2022 achievements

- Enhanced Board oversight by:
 - refining responsibilities for the Corporate Governance Committee regarding review of Elanco's ESG and sustainability initiatives, policies and progress against goals – including quarterly presentations from leadership
 - affirming Audit Committee oversight of ESG disclosures
- Hired a Global Head of ESG and Sustainability, and established a centralized global ESG and sustainability oversight team
- Expanded the Elanco Healthy Purpose Steering Committee, to include more than a dozen senior leaders across departments linked to our leading ESG issues
- Enhanced our ESG disclosures to include:
 - environmental metrics reflecting our full operational control (including Scope 3)
 - new ESG issue briefs to better convey Elanco's position and approach to our leading ESG topics

Looking ahead

in 2023 and beyond, we expect to:

- Complete a TCFD-aligned climate scenario risk assessment which includes potential climate-related business impact from supplier to customer
- Refresh our ESG material topics assessment to align with the dynamic, double materiality requirements of upcoming ESG disclosure regulations, as well as leading standards and frameworks

BOARD OF DIRECTORS

Corporate Governance Committee

Assists the Board in oversight of ESG risks, opportunities, initiatives, policies and progress with respect to our sustainability goals and commitments.

Receives quarterly ESG and sustainability updates from internal leadership.

Compensation and Human Capital Committee

Assists the Board in oversight of policies and strategies related to ESG issues such as human capital management, including diversity, equity and inclusion.

Audit Committee

Assists the Board in oversight of ESG issues such as environmental protection, employee health and safety, and ESG disclosures.

Innovation, Science and Technology Committee

Assists the Board in oversight of ESG issues related to research, development and innovation initiatives, including changes to the development and regulatory landscape.

ELANCO EXECUTIVE COMMITTEE

Comprised of our Chief Executive Officer and direct reports. Receives regular updates on ESG and sustainability strategy and performance from the Global Head of ESG and Sustainability.

Executive Vice President, General Counsel and Corporate Secretary

Chairs the Healthy Purpose Steering Committee and is part of the Elanco Executive Committee.

HEALTHY PURPOSE STEERING COMMITTEE

Meets approximately monthly to review our ESG and sustainability strategy, goals and initiatives; monitor our managerial approach and progress; and oversee the disclosures that communicate our progress.

Legal / Compliance

Corporate Communications

Treasury

Corporate / Government Affairs

Human Resources

Supply Chain

Audit / Risk Management

ESG & Sustainability

Investor Relations

Accounting / SEC Reporting

Health Safety & Environment

Procurement

Marketing

Research & Development

GLOBAL ESG & SUSTAINABILITY TEAM

Drives strategy and progress by enhancing cross-departmental collaboration, tracking and disclosure across all ESG and sustainability workstreams.



Healthier Animals focus areas

- Animal welfare initiatives
- Product innovations
- Elanco Knowledge Solutions



Healthier People focus areas

- Antimicrobial stewardship
- Shared value initiatives in developing economies
- Human-animal bond



Healthier Planet focus areas

- Operational sustainability
- Sustainable packaging
- Livestock sustainability



Healthier Enterprise focus areas

- Employee engagement, development, DEI, well-being, health and safety
- Community giving and volunteerism
- Human rights
- ESG and sustainability governance and disclosure

Global Head of ESG & Sustainability

Leads our ESG and sustainability program. Reports to the Executive Vice President, General Counsel and Corporate Secretary.

Shareholder engagement on ESG

Accountability, transparency and the exchange of feedback with stakeholders is critical to our successful management of ESG issues

We engage in discussions with Elanco shareholders and the investment community throughout the year, to facilitate understanding across a broad range of subjects, such as strategic initiatives, business performance, corporate governance, risk, compensation practices and ESG metrics.

In addition to our regular outreach efforts, in late 2022 and early 2023 we held a series of meetings with many of our institutional shareholders specifically focused on ESG performance and disclosure.

As part of this effort, we invited and engaged investors representing approximately 60% (in aggregate) of our outstanding shares. Feedback received will help determine whether enhancements to our policies and practices are desirable to meet shareholder expectations to address new issues or emerging trends.

What we heard from investors

Investors are interested in more disclosure on how the Elanco Board oversees ESG, including human capital management and environmental matters.

Investors appreciated the publication of our 2021 ESG Report as strong progress, and encouraged continued focus on target-setting, increasing disclosure of quantitative data and reporting on progress against targets.

Alignment with our strategy and reporting

Our Proxy Statement for the 2023 Annual Meeting of Shareholders (Proxy Statement), 2022 ESG Report and ESG issue briefs provide enhanced detail on Board oversight of ESG matters and how ESG-related roles and responsibilities are defined within management ([page 58](#)).

Our 2022 ESG disclosures:

- Enhance the clarity of our reporting by highlighting ESG performance and milestones in our annual ESG Report – while outlining our oversight and procedural approach to ESG issues in a new collection of supporting issue briefs
- Provide enhanced transparency, including:
 - An expanded Scope 1 and 2 GHG emissions boundary, to include our fleet and reflect full operational control
 - First-time disclosure of Scope 3 GHG emissions, for the 11 categories applicable to Elanco
 - A more comprehensive set of ESG metrics
- Introduce new targets, such as:
 - Employee volunteerism (reach 25,000 employee volunteer hours of annually by 2025)
 - MAHABA program in Africa (train 450,000 farmers and sell 29 million doses annually by 2027)



Aligned with stakeholder expectations

Our ESG and sustainability initiatives and disclosures are informed by a regular stakeholder assessment that helps identify and prioritize our most material ESG matters ([page 60](#)). We further monitor emerging ESG issues and current events on an ongoing basis and prioritize efforts on matters applicable to Elanco, as appropriate.

Elanco's ESG reporting aligns to leading disclosure standards and frameworks, including the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Disclosures (TCFD) and select targets of the U.N. SDGs. Each year, we engage dozens of subject matter experts and senior leaders across the business – including the Elanco Healthy Purpose Steering Committee – to compile and validate our disclosures for transparency and accuracy.

ESG materiality assessment

To identify and assess the ESG issues, responsibilities, risks and opportunities that are most important to our business, Elanco is committed to regular engagement with customers, 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 Healthy Purpose objectives.

We conducted our first formal ESG materiality assessment in 2020, led by a cross-functional internal team with external support.

We expect to refresh our ESG materiality assessment in the next year, to ensure our ESG priorities and initiatives evolve with business developments, changes to stakeholder expectations and forthcoming disclosure regulations. Additional detail on our managerial approach to material ESG topics is available in our collection of [ESG Issue Briefs](#).

→ [READ MORE ON ESG AND SUSTAINABILITY GOVERNANCE](#)

– [ESG Issue Briefs](#)

– [Corporate Governance](#)

– [Business Partner Code of Conduct](#)



Healthier Animals

- Animal health and disease
- Animal research
- Animal welfare
- Quality of animal diet
- Responsible pet ownership



Healthier People

- Access and affordability
- Antimicrobial stewardship
- Community relations
- Farmer livelihoods
- Human-animal bond
- Public health
- Resilient food systems
- Veterinarian livelihoods



Healthier Planet

- Air pollution
- Biodiversity and wildlife
- Climate change
- Natural resource use
- Packaging
- Pharmaceuticals in the environment
- Plastics
- Waste
- Water



Healthier Enterprise

- Business ethics
- Consumer trends and shifts
- Corporate governance
- Counterfeit drugs
- Diversity, equity and inclusion
- Employee health and safety
- Human rights
- Information security
- Innovation
- IP rights
- Labor issues
- Philanthropy
- Product quality and safety
- Responsible marketing
- Supply chain
- Talent attraction and retention
- Transparency
- Research trial conduct

Endnotes

- 1 For Varenzin product use and safety information, visit: <https://www.elancolabels.com/us/varenzin>
- 2 Non-GAAP financial measure. See the company's 8-K/A from March 1, 2023 for more information, including GAAP to non-GAAP reconciliations.
- 3 Market share based on analysis of multiple data sources, including Elanco internal estimates, and is based on manufacturer.
- 4 SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- 5 SDG 2 Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.
- 6 SDG 2 Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
- 7 SDG 12: Ensure sustainable consumption and production patterns.
- 8 SDG 12 Target 12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
- 9 SDG 12 Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
- 10 SDG 12 Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 11 SDG 12 Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- 12 For Zorbium product use and safety information, visit: <https://my.elanco.com/us/zorbium>.
- 13 For Bexacat product use and safety information, visit: <https://my.elanco.com/us/bexacat>.
- 14 Gong et al. (2022) Prevalence, Serotype Distribution and Antimicrobial Resistance of Non-Typhoidal Salmonella in Hospitalized Patients in Conghua District of Guangzhou, China. [Frontiers in Cellular and Infection Microbiology, Volume 12](#).
- 15 On December 17, 2022, we entered into an asset purchase agreement to acquire certain U.S. marketed products, pipeline products and inventory of NutriQuest, LLC (NutriQuest), the transaction closed on January 3, 2023. On January 22, 2023, we entered into an asset purchase agreement to acquire inventory and distribution rights for certain marketed products and certain other assets of NutriQuest Nutricao Animal Ltda, and the transaction is expected to close during the second quarter of 2023. (Elanco 2022 10-K, p. 80)
- 16 Official Journal of the European Union, Directive C 299/20 (11.9.2015), Commission Notice – Guidelines for the Prudent Use of Antimicrobials in Veterinary Medicine, Section 6.1. https://health.ec.europa.eu/system/files/2016-11/2015_prudent_use_guidelines_en_0.pdf
- 17 WORLD HEALTH ORGANIZATION, Global research agenda for antimicrobial resistance in human health, Policy Brief June 2023
- 18 Health for Animals. Animal disease. <https://www.healthforanimals.org/global-challenges/animal-disease/>
- 19 A Decade of Treatment of Canine Parvovirus in an Animal Shelter: A Retrospective Study. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7341501/>
- 20 Journal of Veterinary Internal Medicine (2023) Survival, remission, and quality of life in diabetic cats. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9889602/#:~:text=Despite%20DM%20having%20a%20fairly,a%20few%20weeks%20of%20diagnosis.>
- 21 The Greenhouse Gas Protocol (2004) A corporate accounting and reporting standard: revised edition.
- 22 Global Salmon Initiative (2022) Sustainability Report. <https://globalsalmoninitiative.org/en/sustainability-report/>
- 23 “ClimaCell” is a product of the TemperPack company.
- 24 “Enviro Ice” is a product of the Frosty Tech™ company.
- 25 EPA. Greenhouse Gas equivalencies calculator. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>
- 26 FDA (2018) New Animal Drug Application Exporior. <https://animaldrugsatfda.fda.gov/adafda/app/search/public/document/downloadFoi/5005>
- 27 Marumo, LaPierre, and Van Amburgh. Enteric Methane Emissions Prediction in Dairy Cattle and Effects of Monensin on Methane Emissions: A Meta-Analysis. <https://pubmed.ncbi.nlm.nih.gov/23769353/>
- 28 Appuhamy, Jayasundara, et al., Anti-methanogenic Effects on Monensin in Dairy and Beef Cattle: a Meta-analysis, <https://pubmed.ncbi.nlm.nih.gov/23769353/>
- 29 DSM (2019) Taking action on climate change together. https://www.dsm.com/content/dam/dsm/corporate/en_US/documents/summary-scientific-papers-3nop-booklet.pdf
- 30 Gensler (2021) [Why inclusive design is a critical advantage in the war for talent](#).
- 31 [Best Dog-Friendly Companies | Rover.com](#)
- 32 Or the equivalent in the employee's local currency.
- 33 [Independent Sector](#) U.S. National value applied to global volunteer hours for 2022 was \$31.80.
- 34 [Independent Sector](#) U.S. National value applied to global volunteer hours for 2020, 2021 and 2022 was \$28.52, \$29.95 and \$31.80 respectively.
- 35 Rounded breakdown of charitable and community employee giving ~\$120,000, Elanco Foundation contributions >\$350,000, corporate donations ~\$1.1M, product donations >\$2.5M.
- 36 Our 2021 ESG report included preliminary EAGA data of 280,000 small-scale producers. The final EAGA number is >273,000.
- 37 “Leadership” is defined as executive, senior and mid-level management, including professional individual contributors.

Additional resources

In addition to this ESG Report, our comprehensive [ESG and Sustainability website](#) includes:

- [ESG Issue Briefs](#)
- [SASB Index](#)
- [TCFD Report](#)
- [U.N. SDGs Index](#)
- [ESG-related Policies and Statements](#)
- [ESG KPIs](#)

Our [Investor Relations website](#) includes additional corporate reports, such as:

- [Annual Report and Form 10-K](#)
- [Proxy Statement](#)

elanco.com/en-us/sustainability

Elanco

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