

Farmer and Producer Livelihoods Issue Brief

Importance to Elanco and our Stakeholders

Livestock producers help supply critical nutrition to the growing global population, yet more than 20% of livestock productivity is lost to preventable animal disease.¹ Improving animal health does not only benefit animals. Producer livelihoods are dependent on the health of their livestock – and this is amplified in developing areas of the world. Producers can achieve greater yield from healthy animals, improving their potential income. Additionally, in regions experiencing food scarcity, local communities can also benefit from greater access to animal protein.

Diseases that affect livestock are a significant threat to achieving global food security. Elanco supports customers with products, services and initiatives that promote animal health, welfare, productivity and sustainability. This includes offering data and systems to help producers better understand the health and environmental impact of their animals, aid decision-making and boost operational efficiency — as well as supporting strategic partnerships that can help customers monetize emissions reduction efforts.

Our Action

Managing Animal Health and Acaricides for a Better Africa (MAHABA)

We're supporting small-scale cattle producers in Uganda and Nigeria in efforts to effectively manage tick infestations and mitigate the impact of tick-borne diseases.

Livestock farming is a significant source of food and income in these countries, where the population is expected to more than double by 2050². At the same time, direct and indirect effects of tick infestations negatively impact animal health and output, and the economic stability of 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.

As a global leader in acaricides (products that kill ticks and mites), Elanco is bringing a comprehensive portfolio of acaricides in affordable small pack sizes, which accommodate Ugandan and Nigerian livestock producers with smaller herds. We are also committed to introducing additional Elanco products for cattle and poultry in Nigeria. And we will provide farmers across the region with learning resources, including the innovative Tick Academy™ mobile app for tick control and addressing tick resistance. We expect this effort will help improve

¹ <https://www.healthforanimals.org/global-challenges/animal-disease/>

² Haub C. and J. Gribble, 2011. "The World at 7 Billion," Population Reference Bureau. Population Bulletin 66, no. 2



the efficiency and productivity of local livestock operations while also enhancing the health and welfare of millions of animals.

The MAHABA initiative is a collaboration with GALVmed ([Global Alliance for Livestock Veterinary Medicines](#)), an international non-profit organization that works with partners to make livestock vaccines, medicines and diagnostics accessible to small-scale farmers in developing countries. The partnership is supported by the Bill & Melinda Gates Foundation.

Analytics Help Create Value

Elanco believes livestock are a central solution to help address the dual challenges of nourishing the population while mitigating climate change. While livestock producers have long been stewards of the land, today they often don't get credit for their efforts to reduce the environmental footprint of their operations.

Our UpLook™ platform helps U.S. cattle customers better understand their baseline and key drivers of their operation's carbon footprint, determine actionable steps to help move their operation toward improved sustainability and stewardship, and quantify associated reduction of GHG emissions - a differentiator from other platforms. Insights from the UpLook platform help fill a significant gap for farmers and ranchers at the individual operation level.

Carbon Credit Marketplace

Many customers using Elanco products, platforms and services to help reduce emissions are looking for a way to monetize their efforts, beyond increased production intensity and reduced input costs.

Athian, a carbon credit registry which Elanco helped co-create and seed a, is on a mission to advance the carbon market within the animal protein industry. In November 2023, Athian announced the establishment of the first-of-its-kind voluntary livestock carbon insetting marketplace, with the first accepted protocol aimed at reducing enteric methane emissions and improving feed utilization by using innovative feed management products from Elanco.

Such carbon markets have emerged as an opportunity for livestock producers to realize economic incentives for more sustainable production practices. When producers incorporate products like Rumensin and Bovaer into their feed rations and quantify the GHG emissions reductions through tools like UpLook, they can work with carbon marketplaces like Athian to mint verified carbon credits and be financially rewarded for their sustainability efforts.

Athian's insetting livestock carbon credit marketplace provides companies in the animal protein value chain the opportunity to make meaningful progress toward their Scope 3 greenhouse gas reduction goals.



Value Beyond Product

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

Examples for Beef Customers

Our Benchmark® database for beef producers includes measures for more than 68,000 feedlots and 10 million head of cattle annually, accounting for approximately 40% of the U.S. beef feeding 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 help evaluate the health and environmental footprint of their herds. Benchmark is also compatible with the Cattler platform, a third-party software that allows farmers to manage all their operations in one place.

We continue to hear from our cattle feeder customers that consistent labor is both hard to find and challenging to keep. PenPoint™ Sort – part of the EKS portfolio of services – is a technology that helps reduce labor challenges by eliminating the need for manual measurement and an additional chute-side operator. The system bolts on easily to existing feed yard processing chutes with scales. The tool simplifies the difficult task of objectively measuring and sorting cattle, by using a camera system to capture compositional metrics and provide sorting decisions at the speed of processing. This leads to more accurate and informed herd management with more consistent finishing targets when it's time to take cattle to market.

Examples for Dairy Customers

Elanco's Dairy Data Access System (DDAS) is an analytics platform that supports decision-making for dairy producers. Each year, DDAS helps manage more than 250 herds – approximately 3% of U.S. dairy cows – providing weekly reports across key aspects of herd health and milk production.

Elanco's dRisk App is designed to support dairy veterinarians in managing the Vital 90 Days® around the critical time of calving. dRisk is supported by on-site walk-throughs to provide customized insights on factors such as nutrition and the cows' environment. Each year, more than 650 dRisk users perform assessments representing nearly 100 dairy herds.

Our Health Tracking System (HTSi™) is a broiler health platform developed by Elanco in 1996 and 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.

Elanco's Value Beyond Product team also offers tailored services designed to optimize customer practices. Our consultation, educational and evaluation services include, but are not limited to:

- Animal handling, evaluation and postmortem examinations
- Animal welfare audits 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
- Supporting the Labor Challenges of Cattle Sorting

Metrics and Targets

Through the MAHABA program, by 2026 we expect to:

- Reach over 450,000 small-scale producers in Uganda and Nigeria with in-person and digital training on tick-borne diseases, integrated tick management and responsible use of acaricides
- Sell more than 29 million doses of acaricides per year in Uganda and Nigeria, as well as additional Elanco products in Nigeria

2023 Progress

We launched the MAHABA initiative in 2022 and have since developed 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, TickAcademy™, was launched as a pilot in 2023, with content available in the local language, Luganda, with additional translations to Runyakitara anticipated in 2024. We also educated staff members at our local distributor, so that they are now equipped to educate and support farmers on the effective use of acaricides for tick management. Between 2022 and end-of-year 2023, we've sold over 47 million acaricide doses in Uganda.

Governance and Risk Management

Our shared value initiatives are led by our ESG & Sustainability organization, with oversight from our Global Head of ESG & Sustainability. These efforts also involve close collaboration with regional commercial teams led by the Executive Vice President of Elanco International.

Our Livestock Sustainability and Elanco Knowledge Solutions teams are led by our Executive Vice President of U.S. Farm Animal Business.

External Affiliations and Collaborations

We collaborate across internal functions and with trusted external partners to help address today's livestock sustainability challenges. Elanco Animal Health Incorporated has announced the introduction of the Greener Cattle Initiative, a research consortium that expects to award approximately \$5 million over the next five years to support research into tangible, actionable solutions for potentially reducing enteric methane emissions from cattle, a key opportunity to help mitigate climate change.

Led by the Foundation for Food & Agriculture Research (FFAR), each member of the consortium will review applications, commit funding to research ideas that show promise, and hold the option to further fund and develop individual projects, a collaborative effort that will speed innovation in an area where every second matters.

Elanco also fosters collaboration across the farm animal value chain, lending our expertise to help solve industry challenges on farm animal welfare. One area of focus is determining the fitness-to-transport of cattle, which refers to each animal's ability to withstand transport 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.

We partnered with industry stakeholders to develop a [training video](#) designed to inform and empower animal caretakers in fitness-to-transport decisions. The video has been presented at multiple conferences, featured in an American Association of Bovine Practitioners podcast 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 collaboration with industry leaders supports 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.

The content of this brief is informed by global ESG disclosure standards and frameworks.

Updated July 2024