



Human Rights and Responsible Supply Chain Issue Brief

Importance to Elanco and our Stakeholders

Our suppliers and supply chain partners are integral to our ability to deliver safe, quality products to our customers. Elanco employees, together with our suppliers and third parties, have a shared responsibility to act legally, ethically and abide by the Elanco [values](#) of Integrity, Respect and Excellence. This includes upholding and advancing internationally recognized human rights.

Our Action

Our [Business Partner Code of Conduct](#) (Code) provides both suppliers and third parties working on Elanco's behalf a set of expectations when conducting Elanco business. We also expect that our third parties will hold their suppliers and other third parties to the same standards. The Code outlines our expectations in the following areas:

- **Workplace** – including fair employment practices, employee safety & security, responsible sourcing and animal welfare
- **Information** – including privacy and information security
- **Transactions** – including accounting standards, contracting and associated due diligence
- **Reporting** – including ethics & compliance reporting

As a company with global operations, we are committed to following the laws and regulations applicable to the locations in which we operate. Where the Code differs from local laws, we aspire to follow the higher standards unless actions required by the Code are prohibited by local law. Compliance with the Code and applicable laws is our minimum standard of conduct.

The [Elanco Supplier Privacy Standard](#) sets forth confidentiality and privacy requirements with respect to personal information processed by suppliers on behalf of Elanco – to ensure such processing is compliant with applicable privacy and data protection laws globally, as well as the requirements of our [privacy program](#).

Elanco is a member of the [Pharmaceutical Supply Chain Initiative](#) (PSCI) and we require our contract manufacturers and active pharmaceutical suppliers to comply with the PSCI Principles for Responsible Supply Chain Management in their facilities. Our standard supply contracts contain commitments to support the PSCI principles and to conform to the guidelines outlined in our Business Partner Code of Conduct. We employ a risk-based approach to assessing compliance with these principles in regular intervals, utilizing the PSCI Questionnaire process



and conducting on-site assessments using trained auditors. Findings are shared with auditees and issue follow-up is tracked to completion.

We regularly evaluate supplier integrity and support supplier capability-building in high-risk areas through several cross-company programs. Our PSCI Assessment Program, quality assurance audit program and animal welfare assessments are examples of our approach to verifying supplier integrity with our Business Partner Code of Conduct. Our risk-based audits and assessments cover not only contract manufacturing partners but universities and governmental institutions which use animals on our behalf.

Additionally, through PSCI, Elanco continues to help key suppliers build capability. We proactively educate suppliers on health, safety and environmental issues and help them build expertise on responsible business practices.

Elanco is also a participant in the [United Nations Global Compact](#) – a global initiative to help companies to align strategies and operations with 10 universal [principles](#) addressing topics such as human rights, labor, anti-corruption and the environment.

Responsible Sourcing

We expect our suppliers and other business partners to source materials responsibly and abstain from procuring materials from areas or sources that might promote conflict, or that directly or indirectly finance or benefit perpetrators of human rights abuses.

We expect our suppliers to conduct due diligence regarding the source of any materials they provide to us, in order to ensure those materials are obtained from areas that are conflict-free.

If needed, Elanco may conduct a conflict minerals reasonable country of origin inquiry for any materials provided to us. We may engage suppliers to complete a questionnaire adapted from the Conflict Minerals Common Reporting Template from the Responsible Minerals Initiative (CMRT). The CMRT was developed by several leading consumer electronics companies and is regarded as the most common reporting tool for conflict minerals content and sourcing information worldwide.

Elanco closely adheres to all reporting requirements regarding suspected conflict minerals in our supply chain. This may include filings such as U.S. Securities and Exchange Commission (SEC) Form SD, if applicable. For more information, view our [SEC filings page](#).

Supplier Diversity Program

Elanco is committed to a culture of purpose – an inclusive safe harbor where employees can bring their whole selves to work and have the opportunity to grow. We support suppliers that share this perspective and are committed to seek out and provide measurable economic opportunities to diverse and minority-owned or operated suppliers.



Our collaboration with diverse stakeholders helps us better understand and anticipate the needs of the customers we serve – and deliver innovative animal health products, while accelerating diversity, equity and inclusion.

In 2024 we intend to formalize Elanco’s Supplier Diversity Program, which will integrate diversity considerations into our existing procurement processes and implement a new reporting system for tracking our annual spend with diverse suppliers. The Elanco Supplier Diversity program defines a diverse supplier as a privately held company that is at least 51% owned, operated, and controlled by a woman, minority, veteran, LGBT or small disadvantaged business owner.

Elanco recognizes third-party public- and private-sector certifications, including the National Minority Supplier Development Council (NMSDC), Women’s Business Enterprise National Council (WBENC), Veteran’s Affairs Registration, and the Small Business Administration HubZone, and 8(a) programs. All diverse certifications must be stored in Elanco’s Supplier Gateway system of record. To learn more or to register your diverse business, visit <https://elanco.suppliergateway.com/>.

Human Rights

Elanco is 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 operation, 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 statements required by several jurisdictions in which we operate.

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 a 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.

Due Diligence

There are many types of due diligence. For one, we recognize human rights due diligence helps us proactively identify and manage actual or potential human rights impacts. We conduct anti-corruption due diligence audits prior to engaging in work with third party intermediaries that meet certain pre-determined criteria.

In 2024, we will be implementing an enhanced 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 to inform targeted engagement on issues such as human rights, employee health and safety, modern slavery, information security, data privacy and operational sustainability.

Grievance Mechanisms

Anyone inside or outside of Elanco can [raise a concern](#) through Elanco’s established reporting channel, [IntegrityLine](#), which is available 24 hours a day, seven (7) days a week by telephone or online. It is a convenient and confidential way to report issues, concerns, or behaviors that could harm Elanco or those we serve. Reports may be made anonymously where allowed by law. We take each report seriously, responding timely and thoroughly to each allegation.

Information about our integrity line is available in our Business Partner Code of Conduct and on the [Elanco Supplier Portal](#). Translation services are available. All matters raised are treated with confidentiality and urgency.

Further, Elanco employees may raise concerns with any member of management, Human Resources or a member of the Ethics & Compliance team.

Metrics & Targets

	2020	2021	2022
Targeted suppliers participating in an on-site HSE PSCI assessment	8	12	46

Governance and Risk Management

The Elanco Board of Directors, through its various committees, oversees our managerial approach to responsible supply chain management and human rights – including relevant policies and procedures:

- Our Ethics & Compliance team, led by our Chief Compliance Officer, is responsible for overall strategy, oversight and governance of global ethics and compliance – including global anti-corruption and third-party management, and ethical interactions with external parties. The [Audit](#) Committee of the Board of Directors receives regular reports on ethics and compliance.
- Our procurement and supply chain organizations, which conduct current and potential supplier or business partner monitoring activities and are responsible for the terms and conditions in our supplier and business partner agreements, are led by our Executive Vice President, Manufacturing and Quality.
- Our Global Head of ESG and Sustainability reports regularly to the [Corporate Governance Committee](#) on environmental, social and corporate governance (ESG) matters, including human rights.

The content of this brief is informed by the following ESG disclosure standards:

- *Policies and commitments that guide Elanco's approach to the material issue (GRI Disclosure 3-3c)*
- *Mechanisms to integrate the material issue into strategy, decision-making and financial planning (IFRS S1 General Requirements Standard)*
- *Actions taken to respond to the material issue, with a qualitative assessment of how these actions support the 'resilience' of Elanco (IFRS S1 General Requirements Standard)*
- *Action taken to manage impacts related to the issue (GRI Disclosure 3-3d)*
- *Targets related to the material issue (IFRS S1 General Requirements Standard, GRI Disclosure 3-3e)*
- *Board and management responsibilities related to the material issue (IFRS S1 General Requirements Standard, GRI 2-12, 2-13, 2-14)*