



FORCED LABOUR AND CHILD LABOUR REPORT – 2023 for Elanco Canada Limited

pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) for the financial year ended December 31, 2023

INTRODUCTION

This Report is published pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “**Act**”) which requires that an entity that has a place of business in Canada, does business in Canada or has assets in Canada and that meets at least two of the following conditions for at least one of its two most recent financial years: (i) at least \$20 million in assets; (ii) generated at least \$40 million in revenue; and (iii) employs an average of at least 250 employees.

REPORTING ENTITY

This report is made by **Elanco Canada Limited** (the “**Company**”) as a *reporting entity* under the Act for the financial year ending December 31, 2023.

The Company is a Canadian company, doing business in Canada with offices in Mississauga, Ontario and Charlottetown, Prince Edward Island and a vaccine manufacturing facility in Charlottetown, Prince Edward Island. The Company conducts research, develops, manufactures, imports, exports, markets, sells and distributes animal health products (and related services) in Canada.

This report sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the Company’s business activities and supply chain.

ELANCO GROUP’S OPERATIONS

Elanco Canada Limited is part of the Elanco Group of companies (the “**Group**”) and its ultimate parent company is Elanco Animal Health Incorporated (“**Elanco**”). Elanco is headquartered in Greenfield, Indiana, USA and is listed on the New York Stock Exchange (NYSE: ELAN).

Elanco is a global leader in animal health dedicated to innovating and delivering products and services to prevent and treat disease in farm animals and pets, creating value for farmers, pet owners, veterinarians, stakeholders, and society as a whole. With nearly 70 years of animal health heritage, Elanco is committed to helping its customers improve the health of animals in their care, while also making a meaningful impact on local and global communities. Elanco distributes its products to veterinarians, retailers, wholesalers and distributors, food animal producers and pet owners in over 90 countries, including Canada.

As a global U.S. publicly traded animal health company, Elanco works in a complex legal and regulated environment. Elanco, its employees, suppliers and third party collaborators, 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.

Elanco’s Healthy Purpose™ – our global approach to sustainability and managing our most important environmental, social and governance (“**ESG**”) matters – 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 are driving a Healthier Enterprise by managing our environmental footprint and integrating the management and oversight of ESG issues – such as human rights, forced labour and child labour – throughout our operations. These represent the areas that are most important to customers, employees, investors, and other stakeholders, bringing to life Elanco’s vision of Food and Companionship Enriching Life. For more information, please review the Group’s most recent Environmental Social & Governance (ESG) Report and supporting issue briefs at: [Environmental, Social and Corporate Governance \(https://www.elanco.com/en-us/sustainability\)](https://www.elanco.com/en-us/sustainability).

The Group maintains a long-standing practice of complying with local minimum age laws and requirements and does not employ forced labour or child labour in any of its facilities globally. For more information, please reference **Section D. Elanco Human Rights Policy**, below.

The Group is committed to ensuring that its supply chains are free from forced labour, child labour, slavery or human trafficking. In 2023, Elanco updated and implemented an enhanced Elanco Business Partner Code of Conduct (“**Business Partner Code of Conduct**”) which includes requirements relating to fair employment practices, including a ban on discrimination, fair pay and working time, freedom of association, prohibition of illegal child labour, prohibition of forced labour and abusive work practices. The Business Partner Code of Conduct is publicly available and is published in 10 different languages: <https://www.elanco.com/en-us/suppliers>.

Elanco aims to comply with all applicable laws and regulations relevant to our business areas in all countries where we operate, including Canada.

The Company is committed to maintaining and enforcing systems and controls effective in ensuring forced labour and child labour cannot take place anywhere within its own business or in its supply chain.

COMPANY’S SUPPLY CHAINS

The Company’s supply chains include the following:

- research and development activities, including clinical trials and testing;
- production inputs including machinery, equipment, raw materials, supplies, packaging materials and laboratory chemicals;
- warehousing, logistics and distribution arrangements;
- facility construction and maintenance;
- Information Technology goods and services; and
- sales, marketing, general and administration goods and services.

The Company contracts with suppliers in a number of countries. The Company is committed to promoting responsible practices that will continuously improve social, health, safety and environmentally sustainable outcomes for our supply chains.

RELEVANT ACTIONS AND PRACTICES IN THE COMPANY’S OPERATIONS AND SUPPLY CHAINS

Under Elanco and Group policies, procedures, guidelines, practices and actions, the Company has taken and takes the following actions and practices to ensure that forced labour and child labour are not being used in its own business and in its supply chains:



A. Ethics & Compliance and ESG Commitments:

Elanco sets out on its website its Ethical Foundation and an outline of its Ethics and Compliance Program: <https://www.elanco.com/en-us/about-us/governance/e-and-c>. Further, Elanco describes its sustainability commitments, corporate responsibility and ESG efforts on its website as follows <https://www.elanco.com/en-us/sustainability>, including Elanco's most recently published ESG Report 2022.

The Group has implemented global policies regarding human rights, ethical interactions with external parties, the Elanco Code of Conduct, the Business Partner Code of Conduct which include Elanco's commitment to ensure ethical behaviour and compliance with all applicable laws and regulations in all parts of our global supply chains and in any part of our own business.

These policies can be found on Elanco's ESG reporting website: <https://www.elanco.com/en-us/sustainability/esg-reporting>.

B. Business Partner Code of Conduct

As noted previously, the enhanced Business Partner Code of Conduct outlines Elanco's expectations for suppliers to act legally, ethically and abide by the Elanco values of Integrity, Respect and Excellence.

The Business Partner Code of Conduct provides that suppliers and third party business contacts of Elanco are responsible for ensuring their employees are aware of and comply with the Business Partner Code of Conduct and that they hold their own suppliers and other third parties to the same standards. The Business Partner Code of Conduct provides that Elanco adheres to the OECD guiding principles for human rights and expects all suppliers to abide by these guidelines and local laws, when applicable, regarding modern slavery, child labour, forced labour and other rights.

Through contractual provisions, Elanco requires third parties to abide by the Business Partner Code of Conduct.

The Company's suppliers are made aware of the Business Partner Code of Conduct and are referred to the Elanco supplier website (<https://www.elanco.com/en-us/suppliers>), which houses the Business Partner Code of Conduct and other policies and guidelines applicable to all suppliers.

C. Elanco Code of Conduct and Training

The Elanco Code of Conduct is the foundation of Elanco and our values of Integrity, Excellence and Respect. The Elanco Code of Conduct guides our decisions and relationships, establishes our behavioral expectations, and it sets the high standards against which we measure our performance. The Elanco Code of Conduct is found at: <https://www.elanco.com/en-us/sustainability/esg-reporting>.

The Company's staff complete annual mandatory training of the Elanco Code of Conduct.

In addition, the Company carries out other regular staff training through in-person, online training courses and/or self-study. The Company continues to review training options and will consider appropriate provisions in such training as necessary relating to forced labour and child labour issues.

D. Elanco Human Rights Policy:

As part of Elanco’s Human Rights program evolution, Elanco redeveloped and in November 2023, implemented a new comprehensive global Human Rights Policy. The Elanco Human Rights Policy sets out: (a) all the human rights principles that Elanco staff and suppliers are required to adhere to, including, prohibitions against forced labour, unlawful child labour and non-discrimination; (b) practices and procedures implemented to uphold these human rights principles, including contractual arrangements, due diligence, audits, risk analysis, supply chain management and training; and (c) reporting any known or suspected human rights violation(s) through an anonymous hotline without any retaliation/reprisal for reporting.

The Elanco Human Rights policy is found at: <https://www.elanco.com/en-us/sustainability/esg-reporting>.

E. United Nations Global Compact

Elanco is also a participant in the United Nations Global Compact (UNGC) – a global initiative to help companies to align strategies and operations with 10 universal principles addressing topics such as human rights, labour, anti-corruption and the environment. View our UNGC Communication on Progress at <https://www.elanco.com/en-us/sustainability/esg-reporting/ungc-communication-on-progress>.

F. OECD Guiding Principles:

Elanco adheres to the OECD guiding principles for human rights and expects its suppliers to abide by these guidelines and local laws, when applicable, regarding modern slavery, forced labour, child labour and other rights.

G. Pharmaceutical Supply Chain Initiative:

Elanco is a participant in the industry group Pharmaceutical Supply Chain Initiative (“PSCI”) and has adopted the PSCI principles for responsible supply chain management. The PSCI principles are designed to align with the principles of the United Nations Global Compact, and they represent high-level expectations set for industry suppliers in the areas of ethics, labour, health and safety, the environment and related management systems. The Business Partner Code of Conduct reflects the intent of the PSCI principles (<https://pscinitiative.org/home>).

H. Expanded Supplier Due Diligence:

In late 2023, Elanco expanded its supplier due diligence process and appointed a market leading third party supplier to support Elanco with these efforts. The Elanco supplier due diligence process includes risk exposure analysis, ESG risk analysis, impact analysis, preventative and corrective measures and corporate responsibility report. In 2024, Elanco will continue with this expanded supplier due diligence process. Please see the Outlook section in this report for more information on next steps.

I. Third Party Due Diligence:

As part of Elanco’s anti-corruption and third-party management program, Elanco is committed to compliance with anti-corruption and anti-bribery laws globally. Elanco conducts anti-corruption due diligence (“ACDD”) on third parties with whom Elanco does business and that meet certain pre-determined criteria. ACDD helps Elanco ensure the third party is trustworthy and shares a



commitment to doing business with integrity. Elanco utilizes a robust third-party management system solution to manage this process. The system is designed to mitigate risk by identifying potential “red flags” that may signal issues related to corruption, before such in-scope suppliers are onboarded and during the course of our contracted business relationship. Elanco is implementing additional functionalities of the system, including screening third parties on more than 20 ESG topic areas, such as: corruption and bribery, data privacy and protection, human rights, forced labour, child labour, fair wages, diversity, equity and inclusion, employee safety and security, animal welfare, conflict minerals or environmental sustainability.

J. Disclosures and Reporting:

Elanco’s approach to human rights is outlined in its annual ESG disclosures. In required jurisdictions, including the United Kingdom, Australia, Norway and now Canada with this inaugural report, Elanco also files annual modern slavery, forced labour and child labour statement(s) or report(s) explaining how Elanco addresses modern slavery, forced labour and child labour risks. Material human rights risks are identified in additional corporate disclosures, such as Form 10-K filed with the United States Securities and Exchange Commission, or as required by other jurisdictions.

K. Reporting of Concerns/Grievance Mechanism:

Elanco has an anonymous hotline/reporting line called, Elanco Integrity Line that is referenced in: (a) the Elanco Code of Conduct; (b) published on its internal websites for staff; and (c) published externally in the Business Partner Code of Conduct, Elanco’s external websites and on the Elanco supplier website (www.elanco.com/en-us/suppliers). Elanco staff, suppliers and third parties with whom Elanco contracts are encouraged to promptly “speak up” and report any known or suspected violation(s) of the law, the Elanco Code of Conduct, the Business Partner Code of Conduct, Elanco Ethics & Compliance policies and procedures, or other policies or concerns.

The Elanco Integrity Line is a convenient, confidential and anonymous way for Elanco staff, suppliers and third parties to report without fear of retaliation/reprisal. Elanco also has in place systems and policies to protect whistleblowers. Country specific telephone numbers are listed on Elanco’s websites (www.integritycounts.ca) and services are available in most languages, including in both official languages in Canada.

The Company’s staff and suppliers are informed of the Elanco Integrity Line through training, the Elanco Code of Conduct and the Business Partner Code of Conduct.

L. Specialist Functions and Auditing:

Elanco has global specialist functions, including: Legal; Ethics & Compliance; Health, Safety & Environment (HSE); ESG and sustainability; Manufacturing and Quality; and others which provide specialist advice and guidance to the Elanco business and its employees. Some of these functions conduct monitoring, audits and inspections of Elanco’s business and key suppliers. In addition, due to the highly regulated business in which Elanco operates, Elanco and many of its suppliers are audited and/or inspected by relevant authorities. Elanco also has an internal audit function, which audits its own functions and processes internally.

The Company is supported by the above global specialist functions and participates in internal and external monitoring, audits and inspections in Canada, as required.

OUTLOOK

Elanco is committed to maintaining and enforcing systems and controls effective in ensuring forced labour and child labour do not take place within its own business or in its supply chain.

As such, Elanco intends to continue to develop and evolve its sustainability initiatives. As part of this evolution, Elanco has implemented and is currently (amongst other things) implementing the following:

Expanded Supplier Due Diligence:

As noted previously, the expanded supplier due diligence process is under way, and in 2024, Elanco will continue to focus on risk exposure analysis by country and industry in Elanco's supply chain, including human rights risks. In this regard, since the supplier due diligence process is ongoing, for the reporting period of this report, the Company has not identified any risks, or taken any measures to remediate. As the supplier due diligence process was expanded in late 2023 and this process will continue in 2024, forced labour and child labour risks, if any, will be identified at a later date.

Monitoring, Investigating and Reporting:

Elanco will continue to monitor and investigate relevant complaints made to the Elanco Integrity Line hotline/reporting line and through other grievance mechanisms. Trends resulting from investigations will continue to be reported to Elanco's global Investigations Oversight Committee. Complaints to regulators are (and will continue to be) reported internally via a formal notification to senior management (including legal) process.

Contract Language:

Elanco intends to review its procurement template contracts and, as part of this process, will consider (amongst others) introducing provisions on modern slavery, forced labour, child labour and human rights, and sustainability, including related audit and monitoring rights, with a view to continuous improvement and ensuring best practices.

Oversight and Governance:

In 2024, Elanco will be establishing an internal Human Rights Governance Committee, with representatives from various departments, including Legal; Ethics & Compliance; ESG and Sustainability; Procurement; Human Resources and HSE.

ASSESSING EFFECTIVENESS

As explained in this report, the Company has implemented several measures to prevent and reduce the risk that forced labour or child labour is used in its activities and supply chains.

As the Company has recently taken action to identify risks and this process is ongoing, the Company will continue to assess risks and measure effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains.



APPROVAL AND ATTESTATION

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Elanco Canada Limited.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Elanco Canada Limited.

By: 

Name: Michelle McCotter

Title: General Manager

Date: 27-05-2024