

Elanco's  
**HEALTHY PURPOSE™**

# Environmental, Social & Governance (ESG) Summary

**2020**



**Elanco**

TM



## Environmental, Social & Governance (ESG) Summary

# Table of Contents

### Introduction

- 03 About Elanco Animal Health
- 07 Elanco's Healthy Purpose™
- 08 Materiality Assessment

### Environment

- 12 Climate Risk and Opportunity
- 16 Metrics

### Social – Our Products

- 19 Responsible Research
- 22 Animal Welfare
- 23 Antibiotic Stewardship
- 24 Access to Medicines
- 26 Affordability & Pricing
- 27 Product Quality & Safety
- 30 Counterfeit Drugs
- 31 Responsible Marketing

### Social – Our People

- 33 Talent Management
- 40 Diversity, Equity & Inclusion
- 42 Employee Health & Safety

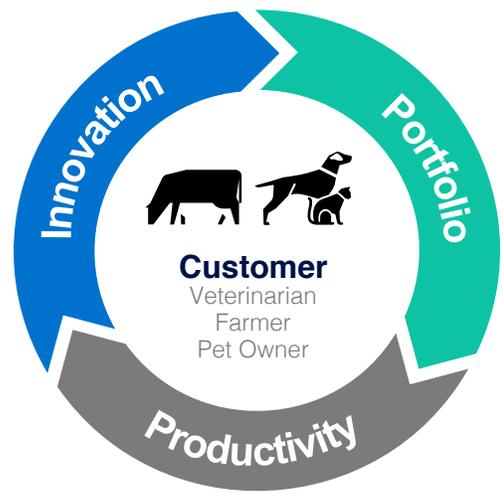
### Governance

- 45 Corporate Governance
- 45 Sustainability Governance
- 46 Business Ethics
- 48 Supply Chain Management
- 50 Supplier Diversity
- 50 Public Policy Advocacy
- 51 Information Security

Introduction

# About Elanco Animal Health

**Elanco Animal Health Incorporated (NYSE: ELAN) 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, we are committed to helping our customers improve the health of animals in their care, while also making a meaningful impact on our local and global communities.**

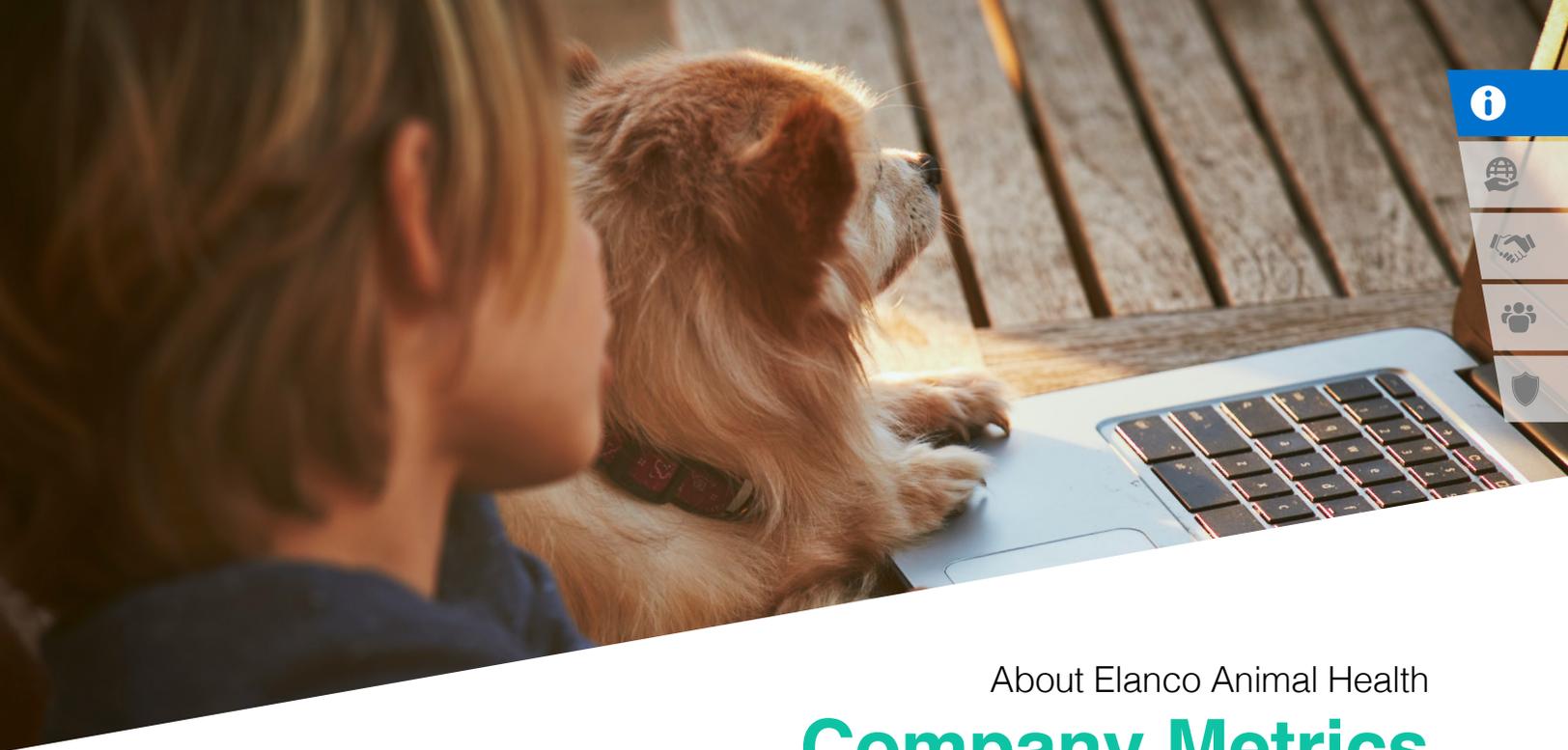


In 2018, we completed an initial public offering (IPO) spinning out of Eli Lilly and Company (Lilly) to become an independent pure-play animal health company. The IPO unleashed the value of a standalone animal health company, reflecting the culmination of our work over the past decade to grow into a diversified, global company with the size and scope to successfully operate independently.

Over the last two years, Elanco has established the infrastructure, capabilities, and controls to operate as a standalone company. We thoughtfully built on the values learned from Lilly with approaches tailored to the opportunity, risk, and customer set for our animal health business. After completing all material Transitional Service Agreements (TSAs) as of March 31, 2021, Elanco is now operating fully independently.

In August 2020, Elanco completed the purchase of the animal health business of Bayer. The acquisition strengthened and accelerated our Innovation, Portfolio, and Productivity (IPP) strategy while broadening our global product offering, international footprint, and talent base. In the majority of instances, we integrated the legacy Bayer business into Elanco, identifying best practices from both legacy companies to create the “new” Elanco. As we move through 2021, our first full year as a combined company, we look forward to continuing to evaluate and improve on our sustainability initiatives globally.





## About Elanco Animal Health

# Company Metrics

	2020	2019	2018
<b>Revenue</b>	\$3.273B	\$3.071B	\$3.067B
<b>Employees</b>	Approximately 10,200 global employees	Approximately 6,080 global employees	Approximately 5,780 global employees
	~9,400 full-time and ~800 fixed-duration	~5,760 full-time and ~320 fixed-duration	~5,590 full-time and ~190 fixed-duration
	~3,200 are U.S.-based and ~7,000 in other jurisdictions	~2,560 are U.S.-based and ~3,520 in other jurisdictions	~2,440 are U.S.-based and ~3,340 in other jurisdictions
<b>Global Manufacturing Sites</b>	20	12	12
<b>R&amp;D Investments (Expense)</b>	\$327M	\$270M	\$247M
<b>Number of Patients Treated</b>	Not applicable for animal health		
<i>SASB: HC-BP-000.A</i>			
<b>Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)</b>	<p>(1) As disclosed in our Form 10-K, we offer a diverse portfolio of approximately 190 brands to veterinarians, farm animal producers, and pet owners.</p> <p>(2) Phase 1-3 is not applicable for animal health; however, our R&amp;D pipeline consists of over 150 active projects across species and platforms.</p>		
<i>SASB: HC-BP-000.B</i>			



About Elanco Animal Health

# Company Metrics



**6**

### core species

cattle, swine, poultry,  
aqua, dogs and cats



**190**

### brands sold

to veterinarians, farm animal producers  
and pet owners around the world



**20**

### manufacturing sites

in 12 countries, focused on quality, safety,  
productivity and reliable supply



**1,200**

### research & development

and regulatory  
affairs colleagues



**3,570**

### commercial-facing colleagues

sales representatives, technical  
consultants and account managers

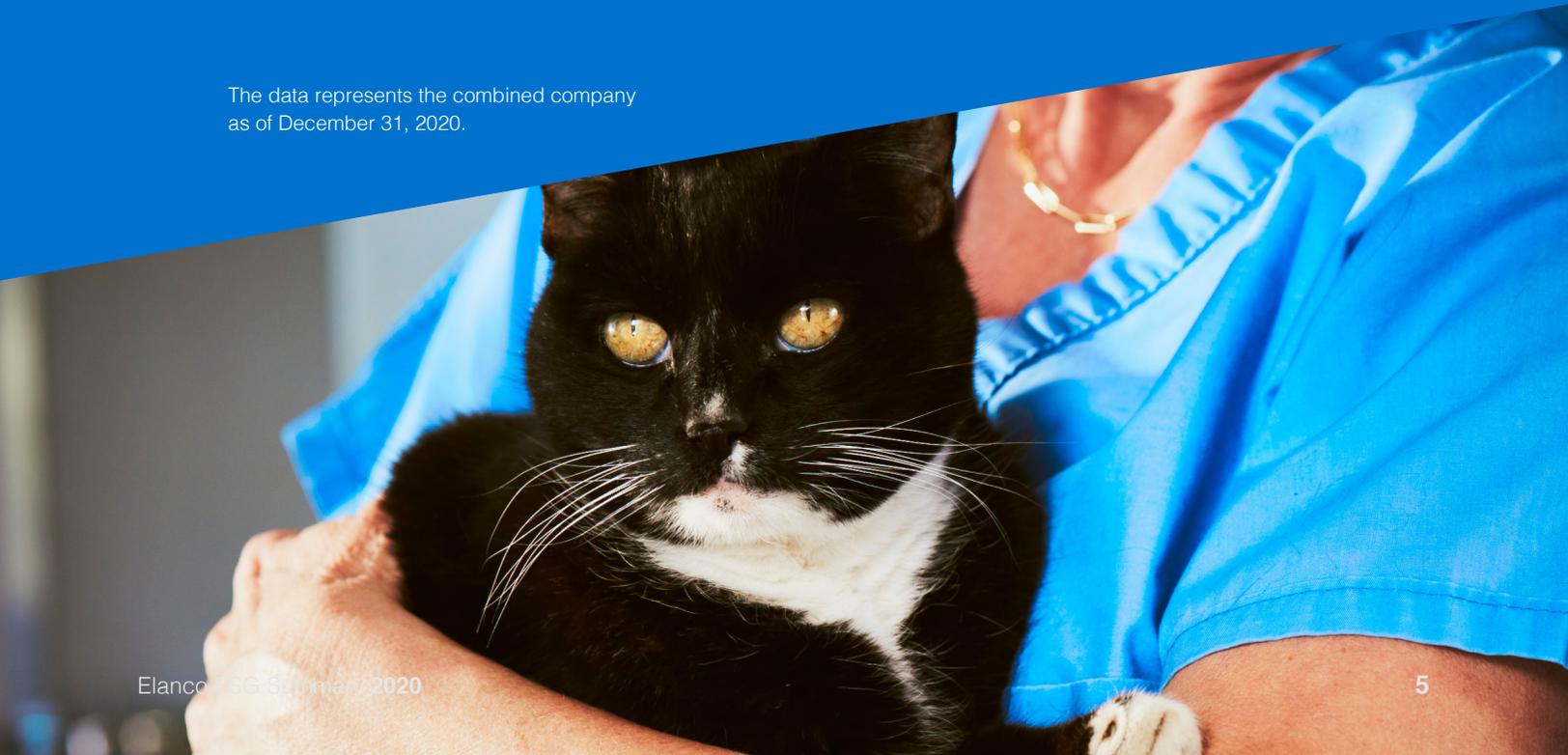


**6**

### innovation focus areas

across pet health and  
farm animals

The data represents the combined company  
as of December 31, 2020.





About Elanco Animal Health

# Our Vision

Food And Companionship Enriching Life

## Our Promise

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

### For Our Customers

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

### For Our Employees

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

## Our Culture

### Values that Guide Decisions

**INTEGRITY:** Do the right thing in the right way.

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

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

### Behavioral Pillars that Guide Our Actions

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

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

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

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



“Business can be a unique force for good, and at Elanco, we believe we have the opportunity and responsibility to help tackle key societal challenges while also creating value for our customers, employees, shareholders, and society as a whole.”

Jeff Simmons,  
President and Chief Executive Officer at Elanco

## Our Sustainability Program

Elanco is committed to being a unique force for good for all in society, and we believe that starts with animals. Our approach to sustainability – called Elanco Healthy Purpose™ – is a framework of commitments focused on advancing the well-being of animals, people, and the planet. In October 2020, Elanco became the first animal health company to launch comprehensive 2030 sustainability commitments aligned to the 2030 United Nations Sustainable Development Goals (SDGs) – the Elanco Healthy Purpose Pledges: Protein Pledge, Planet Pledge, and Pet Pledge.

Elanco’s Healthy Purpose is built on the four interconnected pillars of Healthier Animals, Healthier People, Healthier Planet, and Healthier Enterprise. These represent the areas most important to customers, employees, investors, and other stakeholders, bringing to life sustainable solutions for generations to come.



Our **Healthier Enterprise** pillar is focused on managing our own environmental footprint and governing our business with the highest ethical standards, while creating a space where all employees feel safe, respected, empowered, and invested to make a difference in society.

## Our ESG Summary

This document provides our initial summary of the Environmental, Social, and Governance (ESG) factors we believe are relevant and material for our business as result of our recent materiality assessment and aligned with our **Healthy Enterprise** pillar. Our report seeks to align with the **Sustainability Accounting Standards Board (SASB) Healthcare – Biotechnology & Pharmaceuticals** industry standards, the **Task Force on Climate-Related Financial Disclosures (TCFD)** recommendations, as well as considering additional topics deemed relevant by Elanco and our key stakeholders.

We are committed to evaluating our Healthy Purpose initiatives, progress, and disclosures on an annual basis. We will evolve and enhance our reporting in alignment with respected industry frameworks, as appropriate. All data are global and reflect the year ended December 31, 2020, inclusive of the legacy Bayer Animal Health business, unless otherwise noted.

For more information about our sustainability program, please see [Elanco’s Healthy Purpose](#) and [2030 pledges](#).



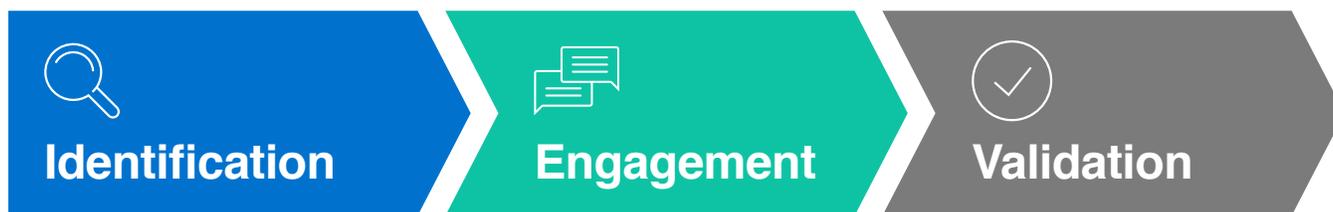
# Materiality Assessment

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

In 2020, we conducted our first formal materiality assessment. Along with guidance from a leading third-party sustainability firm, our assessment was led by a cross-functional internal team. The exercise provided the company with valuable insights into the expectations of all stakeholders, informing our overall sustainability strategy, shaping our 2030 Healthy Purpose Pledges, and helping to prioritize our ESG reporting efforts.

While our initial assessment was robust, we are committed to reviewing and updating our materiality assessment over time as our business, the environment, and our stakeholders' expectations evolve.

## Process



# Materiality Assessment



## Step 1: IDENTIFICATION

As an initial input to our assessment, we completed a thorough benchmarking exercise studying peer companies in animal health, pharmaceuticals, and agriculture, as well as customers and supply chain participants in the Farm Animal and Pet Health businesses. Additionally, we evaluated relevant industry bodies, leading NGOs, and sector and academic research on pertinent areas of sustainability. We further reviewed third-party ratings, ESG reporting frameworks and other globally recognized frameworks such as the United Nations Sustainable Development Goals (UN SDGs). Finally, we completed an in-depth review of existing internal policies, documentation, and activities in place for the newly independent company. This research and analysis informed our initial list of industry-specific topics for discussion with stakeholders and the number, scope, and titles of issues evolved over the course of the process in response to stakeholder feedback.



## Step 2: ENGAGEMENT

After our initial desk-based research from publicly available information and identification of topics, we held interview-style engagements with over 20 external stakeholders and dozens of internal participants. Externally, we engaged with customers and supply chain participants, investors, industry and professional organizations, and non-profit and philanthropic organizations. Based on the timing of the assessment, our discussions included members of the legacy Bayer Animal Health organization in addition to cross-functional and cross-geography legacy Elanco employees, providing valuable diversity to the combined organizational view. All stakeholder groups were asked to assess topics with respect to “Importance to Elanco” and “Importance to Stakeholder”:

### Importance to Elanco:

A topic’s relevance to the company’s financial success, environmental and social impact, brand value, or ability to deliver on the corporate purpose either positively or negatively.

### Importance to Stakeholder:

The potential for a topic to influence the assessment and decisions of our stakeholders.



## Step 3: VALIDATION

After analyzing stakeholder input, we narrowed the initial list of industry-specific topics to topics specific to our business and prioritized them on our matrix of importance to stakeholders and importance to Elanco. We validated the results of our prioritization of topics with our Corporate and Public Affairs teams, including Communications, Government Relations, Market Access, and Corporate Social Responsibility, our Pledge Working Group leaders, and Investor Relations. We then shared the results for validation with the Elanco Executive Committee (EEC) and the Nominating and Corporate Governance Committee of the Board of Directors.





## Outcome

Through this materiality assessment process, we identified individual topics material to our company while uncovering the interconnectivity of the issues, reinforcing our belief that we can make the greatest positive impact through improving and innovating our core business activities. We use insights from the exercise to inform our overall sustainability strategy, influence resource allocation and focus, and to align our reporting processes with what matters most to our stakeholders. The 2020 Materiality Assessment was a foundational input into the development of [Elanco's Healthy Purpose™ 2030 Sustainability Pledges](#), as we overlaid strategic opportunity with the materiality factors.

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**“Our robust materiality assessment provided key insights into our overall approach to sustainability and our 2030 Pledges, ensuring we focus our efforts on the areas of highest importance to Elanco and our broad group of stakeholders.”**

Todd Young, Executive Vice President and Chief Financial Officer, Corporate Governance and Strategy at Elanco



# Environment

**We understand that our business operations have an impact on the environment and are committed to conducting business in an environmentally responsible manner and advocating for sustainable change.**



## CLIMATE CHANGE RISKS AND OPPORTUNITIES

### Topic

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#### Governance

#### **Governance Structure**

The Nominating and Corporate Governance Committee of the Board provides oversight and guidance for our overall sustainability program. On an annual basis, the Nominating and Corporate Governance Committee reviews our activities and practices regarding ESG matters significant to Elanco, including our material initiatives and policies, as well as progress on our Healthy Purpose commitments and broader ESG commitments. Additionally, the Audit Committee of the Board reviews policies and practices related to environmental protection and the health and safety of employees. The Audit Committee monitors compliance of these areas and reports or makes recommendations to the Board, as appropriate. For additional information about how the committees oversee ESG and environmental matters, see our [2021 Proxy Statement](#) and the [Committee charters](#).

From a management perspective, Health, Safety, and Environment (HSE) is integrated through a formal, companywide structure, including functional and executive leadership. The global HSE Steering Committee, comprised of executive leadership, has cross-functional oversight and accountability for our overall strategy, compliance, and performance. In addition, each business area has a governance team of senior leaders who provide oversight for HSE performance within their area.

#### **Governance Documents**

Our global HSE policy contains core principles and expectations that our employees apply in their daily activities. This policy is implemented through our global standards and procedures, articulating our commitments, and setting basic requirements for both regulatory requirements and established best practices. Our core governing documents include the following:

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



## Strategy

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

At Elanco, we understand our business operations have an impact on the environment and we are committed to conducting business in an environmentally responsible manner and advocating for sustainable change. Our Values of Excellence, Respect, and Integrity drive us to take active measures to reduce energy use, minimize emissions, including greenhouse gases, and management of waste, including minimizing the presence of pharmaceuticals in the environment.

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

Climate change-related factors may also negatively impact the health and well-being of farm animals as well as our customers' ability to raise livestock. Additionally, a climate-related economic downturn could potentially impact the ability of pet owners to adequately care for their pets. These, in turn, could lead to reduced demand for Elanco products and our revenues could be negatively impacted.

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

### **Our Commitment to Address Global Challenges**

Through our Healthy Purpose program, we monitor and address potential impacts of climate-related risks on our business strategy and operations. The Healthy Purpose is a framework of actions and commitments aligned with the UN Sustainable Development Goals. Our Planet, Protein, and Pet Pledges address how we will work on protecting the environment, ensuring food security across the globe, and improving the health and well-being of pets who enrich the lives of people in key areas of our business.

### **Focus on Environmental Protection**

As part of our Planet Pledge, we commit, by 2030, to reduce our impact on the planet, reducing Scope 2 greenhouse gas (GHG) emissions by converting to 100% renewable energy in our operations, while also accelerating toward



## Strategy (cont'd)

sustainable packaging solutions to reduce waste. In addition, we have committed to removing at least 21 million tons of Scope 3 GHG emissions from our customers' farms by 2030 through our innovative products and solutions with environmental benefits.

Across our internal manufacturing network, sites are executing energy management and efficiency programs, as well as initiatives to reduce waste and water usage. Our Planet Pledge working group and HSE leadership track and regularly review opportunities to further improve responsible resource management that contributes toward advancing of our environmental efficiency goals.

## Risk Management

We maintain an enterprise risk management program to identify, assess, manage, monitor, and report any risks that may have an impact on our business, including those potential risks related to HSE, climate-related, and environmental sustainability.

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

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

### **Health, Safety, and Environment (HSE) Management System**

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

# 2020 Highlights



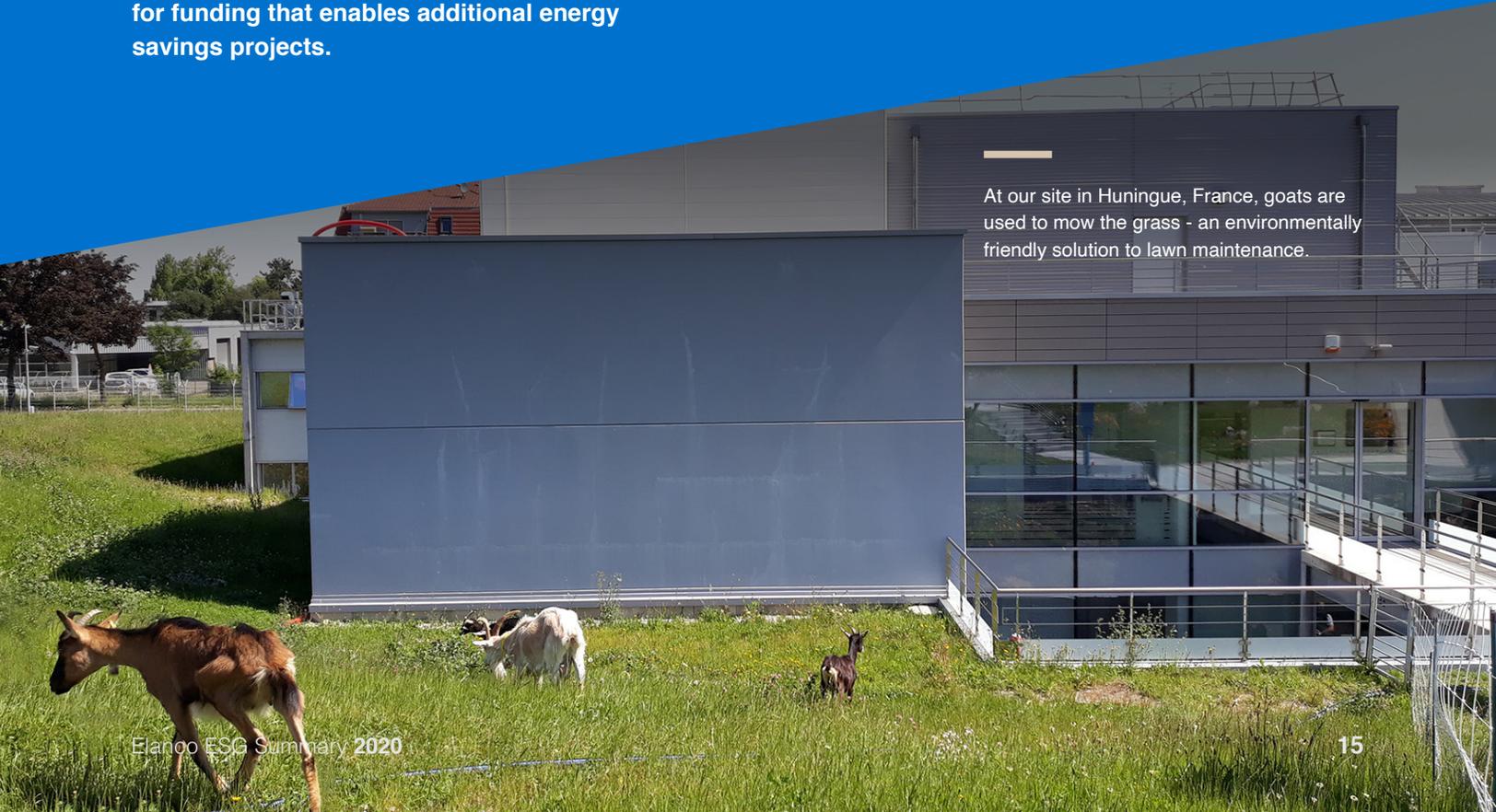
## Kiel & Cuxhaven, Germany sites

Elanco's largest manufacturing site in Kiel, Germany, as well as the site in Cuxhaven, Germany, contribute to the achievement of the climate and energy policy goals of the Federal Republic of Germany. In 2020, the sites' Energy Management Systems successfully passed on-site energy audits that confirmed their compliance with Germany's national standard for energy management and continuous improvement of energy performance. This certification opens up opportunities to apply for funding that enables additional energy savings projects.

## Shawnee, Kansas site

In 2020, we installed an on-site wastewater treatment system to virtually eliminate discharge of Active Pharmaceutical Ingredients (APIs). The new system eliminates approximately 1.5 million pounds of annual waste transported off-site to a third-party incinerator. The enhanced process eliminates all off-site trucking, thereby improving the cost of waste management as well as the environmental performance of the site.

At our site in Huningue, France, goats are used to mow the grass - an environmentally friendly solution to lawn maintenance.





## Metrics

As a part of Lilly, Elanco contributed to tracking important environmental metrics. We have continued this practice as an independent company over the last three years, with some of those metrics detailed below. Elanco operations were a part of Lilly's established environmental goals for 2020, and we are proud to report that we achieved our goals compared to our 2013 baseline. These include improving waste efficiency by 35% by 2018, reducing phosphorus emissions in wastewater by 88% by 2019, and reducing our energy intensity by 14% by 2019.

Elanco completed the acquisition of the animal health business of Bayer in August 2020; however, we have integrated the legacy Bayer Animal Health facilities and operations into our reported metrics for all years. We will take a consolidated view of our global operations as we move forward with further target setting. With the metrics in this report, we are not providing revenue intensity metrics given the lack of historical data but will look to add these disclosures as we move forward on a consolidated basis.

While 2020 was a unique year for many global businesses, our manufacturing and R&D sites were largely operating as normal throughout the year given the animal health industry designation as an essential business. Thus, we believe our data for 2020 is representative of normal operations.

## Environmental Goals Achieved for Legacy Elanco

As Compared to 2013 Baseline



**Improved  
waste  
efficiency  
by 35%**

by 2018



**Reduced  
phosphorus  
emissions  
in wastewater  
by 88%**

by 2019



**Reduced  
energy  
intensity  
by 14%**

by 2019



## Environment Metrics

Metric	2015 Baseline <sup>1</sup>	2018	2019	2020
<b>Greenhouse Gas (GHG) Emissions</b>				
Scope 1 emissions (metric tons CO <sub>2</sub> e)	274,550	200,971	180,901	175,674
Scope 2 emissions (metric tons CO <sub>2</sub> e)	418,271	370,423	354,381	316,805
<b>Energy Use</b>				
Energy consumption (gigawatt-hours)	1,477	1,359	1,278	1,341
<b>Waste</b>				
Waste generated (metric tons)	136,089	103,406	104,142	91,384
Hazardous waste (metric tons)	8,587	9,280	8,081	7,446
Non-hazardous waste (metric tons)	127,503	91,125	92,563	83,938
<b>Water</b>				
Water use/intake (1000 cubic meters)	7,382	7,677	6,537	6,330
Wastewater discharge (1000 cubic meters)	5,333	5,022	5,357	4,405

Note: These metrics include both legacy Elanco and legacy Bayer Animal Health locations with manufacturing and R&D operations, which represent the majority of our physical footprint.

(1) We represent 2015 as the baseline year for the combined company in alignment with the Paris Agreement.



# Social – Our Products

At Elanco, our Customer Promise states that we will be an advocate for our customers, continually earning their trust, while improving the health of animals and creating value through innovative products, expertise, and service.



## Responsible Research

### Topic

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R&D at Elanco

At Elanco, we are committed to efficiently delivering innovation that improves the health of animals, the people who care for them, and the planet we inhabit together. We have a rich pipeline of future innovation, consisting of more than 150 active programs across species. We believe leveraging internal research & development capabilities while partnering with startups, venture funds, contract research organizations and other partners in the ecosystem is essential to delivering innovation in animal health.

Clinical Trial  
Program Ethics

Studies involving client-owned animals require owner consent. For these, the laboratories and/or internal R&D sites undergo an independent stringent animal welfare approval process.

To safeguard animal well-being during studies, Elanco works diligently in executing our set of animal welfare standards, as well as providing the oversight and approval of all global research protocols and inspections of research sites. Our approach and program are set by Elanco's global animal welfare experts. This includes our Institutional Animal Care and Use Committee (IACUC), global animal welfare officers and regional animal welfare experts. The program is overseen by the Elanco Executive Committee, and it applies to all employees and contractors who undertake any activity on behalf of Elanco involving animals.

Elanco's animal welfare standards meet or exceed local, national, and international laws and regulations are applied globally. Further information on our approach to animal welfare can be found [here](#).

To gain approval for a new animal health product, Elanco will comply with the necessary quality standards required for submission by the designated country. At a minimum, Good Laboratory Practice (GLP) and Good Clinical Practice (GCP) standards are always followed.

Clinical trials are governed by strict protocols that are vetted and approved by independent bodies, either internal or external based on local laws and regulation, to ensure appropriate animal welfare, quality, and scientific standards. In the event a trial is terminated, a final study report is always issued and archived.



Clinical Trial  
Program Ethics  
(cont'd)

Any adverse events observed during study conduct are recorded. Adverse events that occur following the administration of an investigational product are reported to the sponsor representative through the study manager/director. In the case of a serious adverse event, the case is immediately reported to the relevant regulatory agency and documented in the study report. Depending on the severity of the adverse event, the study could be terminated. All adverse events are investigated and analyzed by our internal pharmacovigilance team and results are reported to our internal animal welfare team and, where required, to regulatory authorities.

**Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials**

SASB: HC-BP-210a.1

*As an animal health company, our clinical trial participants are animals, so we refer to owners of animals, such as clinical research organizations, investigators, or pet owners, in the following descriptions.*

### **Oversight of Clinical Research Organizations' Quality and Safety Systems**

All our clinical research programs worldwide implement strict protocols with a focus on quality, safety, animal welfare, environmental management and operational excellence whether carried out by Elanco employees or contract research organizations (CROs). Our quality and safety programs include global policies, standard operations procedures (SOPs), training and qualification of personnel, and audits of CROs, clinical processes, investigator sites, and study documentation.

CROs and studies are audited to meet strict regulatory requirements. These include pre-, in-life and post-facility audits to ensure operational and study compliance. These activities are undertaken by trained and qualified personnel.

### **Management Process for CROs**

All pivotal and non-pivotal clinical research is appropriately monitored by scientific staff at Elanco. Prior to contracting and as a part of due diligence, CROs are vetted by our animal welfare and quality assurance organizations, legal teams, and undergo a third-party risk assessment, as appropriate.

### **Monetary Incentives Used by CROs**

Compensation for each study is allocated on a study-by-study basis aligned with milestones reached or work executed. For example, a veterinarian (investigator) and owner payment for each visit completed or an investigator payment for reaching a target number of enrolled animals.



### **Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials**

*SASB: HC-BP-210a.1  
(cont'd)*

#### **Process for Obtaining Consent from Participants**

In trials where the animal is client-owned, owner consent is required and obtained via signature on an owner consent form. In trials where the animal is owned by the investigator or the CRO, consent is documented on the protocol form.

#### **Clinical Trials That Were Terminated Due to Failure to Follow Good Clinical Practices Standards**

No studies were terminated due to inadequate clinical practices.

#### **List Clinical Trials Terminated, Whether Decision Was Made By Investigators or Study Sponsor, and Whether It Was Made With or Without the Input of a Data Monitoring Committee**

Over the last 10 years, multiple studies were canceled or terminated because of project-specific technical or commercial reasons. No studies were canceled or terminated because of safety concerns or as a result of a decision by an internal data monitoring committee.

### **Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)**

*SASB: HC-BP-210a.2*

No FDA Form 483 received in the last two years for animal health clinical programs for trials conducted by Elanco or by CROs. VAI and OAI procedures are not applicable to animal health trials or pharmacovigilance reporting.

### **Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries**

*SASB: HC-BP-210a.3*

No monetary losses were experienced as a result of legal proceedings associated with clinical trials in developing countries.



### Animal Welfare

#### Topic

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#### Animal Welfare Program

At Elanco, we believe animal welfare is integral to the sustainability of our global communities. Our approach to animal welfare takes a holistic view of animal care that extends beyond the role our animal health products play. As an animal health company, we respect animals and are dedicated to safeguarding the welfare of farm animals, pets, and research animals worldwide. Our approach and program are set by Elanco's global animal welfare experts, which include our Institutional Animal Care and Use Committee (IACUC), global animal welfare officers, and regional animal welfare experts. The program applies to all employees and contractors who undertake any activity on behalf of Elanco that involves animals.

Elanco's approach, positions, and business practices are based on sound science and our ethical obligation to ensure the quality, efficacy, and safety of all the innovations we discover for animals. This is why we support and work within the principles of animal welfare as defined by the World Organization for Animal Health (OIE). In today's state of scientific discovery, the development and approval of animal health solutions require the humane use of research animals to sustain and improve good animal welfare outcomes for all animals. To uphold our ethical and scientific obligations in discovering innovative products for animals, Elanco works diligently in executing our animal welfare program, as well as providing the oversight and approval of all global research protocols and inspections of research sites.

Furthermore, Elanco embraces the globally recognized '3Rs' of animal research and applies these principles to all animal studies. The 3Rs in animal research are Replacement (we permit animal studies only when necessary and as such look to replace where possible and practical the use of animal studies with other types of experiments that don't require use of animals), Reduction (only the fewest number of animals should be used) and Refinement (we eliminate or reduce pain and distress where possible). Our research animals are provided enriched environments and cared for by our trained and dedicated employees. Their care includes socialization training, so our animals enjoy working with their caretakers. We perform regular animal welfare audits of our animal facilities and contract research organizations to ensure all Elanco animal studies are performed to the highest welfare standards.

## Social – Our Products

### Animal Welfare Program (cont'd)

Beyond the research and development of our products, Elanco also has regional animal welfare experts who provide services to animal caretakers and owners to promote animal welfare practices and the responsible use of our animal health products. Our experts work alongside farmers, ranchers, veterinarians, and pet owners to ensure the best possible care for each animal.

Elanco applies and oversees the principles of good animal welfare, from product development through support for the responsible use of animal health products and services for all animals in farms, homes, and laboratories. We have a longstanding commitment to the humane treatment of all animals used in the development, evaluation, approval, and implementation of veterinary medicines and innovations. This commitment, included in Elanco's Healthy Purpose pillar of Healthier Animals, solidifies our dedication to improving the lives of animals around the world.

### Antibiotic Stewardship

#### Topic

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### Antibiotic Stewardship Program

As a company dedicated to the health and welfare of animals, we believe healthy animals are key to solving some of the world's most pressing issues. To address the emergence of antibiotic resistance leading to compromised treatment outcomes in humans and animals, we instituted a multi-faceted approach to help protect the long-term viability of antibiotics. We are committed to being a leading advocate for the responsible use of antibiotics through our antibiotic stewardship plan to reduce the need for medically important antibiotics in farm animals and pets.

We are focused on safeguarding good animal welfare around the world, and we believe supporting the responsible use of antibiotics is one important component of providing the best animal care. We acknowledge antibiotic resistance is a **One Health issue** and we must do our part to preserve the effectiveness of antibiotics. Therefore, we support the various layers of protection put in place to help ensure use of antibiotics in animals poses minimal risk to human health, while still protecting the health of animals. We work closely with regulators and veterinarians to ensure, where infrastructure and regulations allow, antibiotics are used under strict professional supervision to minimize the risk of resistance development.



## Social – Our Products

### Antibiotic Stewardship Program (cont'd)

Elanco is committed to working closely with our stakeholders to ensure antibiotics continue to be used responsibly in veterinary medicine. Additionally, we strive to provide innovative solutions to reduce the reliance on medically important antibiotics through our non-medically important antibiotics, vaccines, and nutritional health products, which can improve intestinal integrity and health and assist in controlling important viral and parasitic diseases predisposing animals to secondary bacterial infections.

For additional detail about our antibiotic stewardship efforts, see our [Antibiotic Stewardship page](#).

### Access to Medicines

#### Topic

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### Bringing Value to Underserved Markets

Our [East Africa Growth Accelerator \(EAGA\)](#), in collaboration with the Bill & Melinda Gates Foundation, is a shared value initiative through which we open new markets while improving the lives of thousands of small-scale livestock producers in a sustainable way. The initiative empowers local farmers with the knowledge and access to affordable, quality veterinary medicine they need to sustainably care for healthy, productive animals. The benefits are systemic, including reducing animal mortality, which eventually increases farmers' efficiency and income leading to improved livelihoods and growth of local communities.





**Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index**

SASB: HC-BP-240a.1

The Access to Medicines Index is for human health and not relevant to Elanco as an animal health company.

**List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)**

SASB: HC-BP-240a.2

None of our products are on the WHO List of Prequalified Medicinal Products.





## Affordability & Pricing

### Topic

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**Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period**

*SASB: HC-BP-240b.1*

Not applicable.

**Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year**

*SASB: HC-BP-240b.2*

Globally, our products are priced according to the competitive market and the perceived value to customers. In 2020, we reported price growth of 3% for the legacy Elanco business. In 2019 and 2018, price growth was approximately 2% and 3%, respectively.

**Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year**

*SASB: HC-BP-240b.3*

Not reported.



### Product Quality & Safety

#### Topic

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##### Product Quality Program

Our Manufacturing and Quality organization maintains a focus on delivering a reliable supply of products, prioritizing quality, and safety, while maintaining competitive costs. We have established the controls and processes necessary to ensure our products are safe, efficacious and at the level of quality necessary for their intended use, in line with the requirements of the Marketing Authorization.

We collaborate closely with regulatory authorities in countries where our products are marketed to ensure compliant registration, including:

- Center for Veterinary Medicine (CVM), a chapter of the U.S. Food and Drug Administration (FDA)
- U.S. Environmental Protection Agency (EPA)
- Center for Veterinary Biologics (CVB), a chapter of the U.S. Department of Agriculture (USDA)
- European Medicines Agency (EMA)
- Japanese Ministry of Agriculture, Forestry, and Fisheries (JMAFF)
- Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA)
- Chinese Institute of Veterinary Drug Control (IVDC) at the Ministry of Agriculture and Rural Affairs (MARA)

We apply robust quality standards at every stage of development, manufacturing, and distribution, governed by our global Quality Management System. Defined standard operating procedures (SOPs) ensure every Elanco product is developed, produced, and distributed in compliance with applicable quality requirements. Our Global Quality Assurance Team regularly assesses and audits our network and contract manufacturing partners to ensure adherence to applicable requirements.

Prior to release, every product batch from our manufacturing and contract manufacturing sites is tested in compliance with specifications in the product dossier and requirements of the marketing authorization to demonstrate adequate safety, quality, and efficacy. Additionally, we perform product stability testing to monitor the safety, quality, and efficacy of our products over the course of their approved shelf life. We record, assess, and evaluate any potential quality defects as identified in batch testing and if necessary, recall products from our distribution network in consultation with local regulatory authorities. Our quality assurance SOPs require root cause analysis of identified quality defects, and ensure processes are updated to mitigate any potential reoccurrence.

## Social – Our Products



### Product Quality Program (cont'd)

Additionally, we cooperate with inquiries by applicable regulatory authorities and if requested, make our manufacturing facilities, distribution facilities, and pharmacovigilance system and data available for inspection and review. Internally, we evaluate feedback provided by regulatory authorities and make updates to our facilities and processes as needed.

### List of products listed in the Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database

SASB: HC-BP-250a.1

None of our products are listed in the Medwatch database, nor any human medicines databases globally.

### Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System

SASB: HC-BP-250a.2

We actively monitor product safety and risk associated with the use of our products. We have an enterprise-wide Pharmacovigilance system that captures reported adverse events related to use of our products. All reported adverse events, independent of whether it is product-related or not, are collected, documented, and evaluated by Elanco, then submitted to appropriate regulatory authorities in accordance with reporting requirements. Many regulatory authorities, including the FDA and EMA, publish reported information through dashboards on their applicable websites for animal health medicines and vaccines. Globally, employees and contractors, as applicable, receive regular training on adverse event reporting requirements, assessment, and management processes.

Additionally, we monitor relevant scientific literature and generate periodic safety summaries for our products, to evaluate the safety and efficacy profile of our products or fulfill legal obligations, as necessary.

### Number of recalls issued, total units recalled

SASB: HC-BP-250a.3

We record, assess, and analyze any potential quality defects associated with our products. If assessment were to determine a quality concern, we would promptly and voluntarily recall the product from the supply chain and cooperate with local regulatory authorities.

Our quality assurance process requires root cause analysis and evaluation, ensuring appropriate mitigating and preventative actions are implemented.



### Total amount of product accepted for take-back, reuse, or disposal

SASB: HC-BP-250a.4

We are not able to report on this metric per SASB methodology but will assess the opportunity to provide this disclosure in future reports.

In the U.S., our commercial policies allow for return of product if certain criteria are met, as outlined in our Products Return Policy and in our commercial contracts. Credit for returns varies based on brand, dating, and condition of the product to be returned.

When returned product is received at designated facilities, either at third-party partners or within Elanco, standard operating procedures (SOPs) for disposal and waste management are applied. Our Health, Safety, and Environmental (HSE) organization maintain SOPs detailing appropriate processes for management and disposal of both waste and hazardous waste material.

In rare instances, we may evaluate a product for reintegration into the supply chain. In such circumstances, our U.S. Affiliate Quality (USAQ) team would apply SOPs to assess the product's suitability for reintegration into the supply chain.

For markets outside of the U.S., our affiliates have local commercial policies, which define return procedures with respect to local regulations. Affiliate commercial policies are currently undergoing revision to harmonize legacy Elanco and legacy Bayer guidelines.

### Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type

SASB: HC-BP-250a.5

Our Global Quality Assurance Team tracks interactions with relevant applicable regulatory authorities, including the FDA, as it relates to potential inspection findings, recalls, warning letters and infraction/advice letters. The Elanco Manufacturing Policy Lead Team and the Elanco Executive Committee, as well as the Audit Committee of the Board of Directors, are briefed on regulatory authority interactions for Elanco and our supply chain partners, as appropriate.





## Counterfeit Drugs

### Topic

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#### Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting

SASB: HC-BP-260a.1

Counterfeits are identified through a combination of internal and external processes designed to protect our customers. If suspected, counterfeits may be evaluated through an internal assessment process conducted by technical experts. Analytical testing may be performed if further information is needed.

#### Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products

SASB: HC-BP-260a.2

While each case is unique, there may arise circumstances which warrant communication to customers, distributors and/or consumers, where Elanco reinforces the importance of acquiring products through authorized distributors of our products as a mechanism to ensure product safety and quality.

#### Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products

SASB: HC-BP-260a.3

Notification regarding counterfeits to legal or regulatory authorities depends on local requirements and specific circumstances. Our procedures ensure notification to local authorities occurs when required. If notification is not required, but authorities are receptive to reports of counterfeits, we evaluate the circumstance to determine if reporting will occur. In circumstances where regulators or law enforcement officials receive information related to counterfeit products, Elanco may or may not be informed of raids, seizures, arrests, and/or filing of criminal charges.



## Responsible Marketing

### Topic

**Total amount of monetary losses as a result of legal proceedings associated with false marketing claims**

*SASB: HC-BP-270a.1*

We disclose information about material legal proceedings in our [Annual Report on Form 10-K](#).

**Description of code of ethics governing promotion of off-label use of products**

*SASB: HC-BP-270a.2*

The Elanco Global Quality Standard for Promotional Materials ensures that the development, review, approval, and lifecycle management of promotional, educational, and technical materials are consistent with the Elanco brand, industry standards, and existing local laws. All materials provided by Elanco to animal health or nutritional health professionals and consumers worldwide are reviewed to be accurate and balanced based on science and/or technical information, consistent with the approved label and aligned with established ethical, regulatory, legal, and professional/scientific requirements. Elanco sales, marketing, technical and regulatory teams are trained on, and must comply with, local and global policies with respect to labeling and promotional activities. Compliance with local and global standards is subject to periodic internal audits and policy violations may result in disciplinary action.





# Social – Our People

**Our people shape the Elanco culture and everything we do for our customers. Our Employee Promise states that together, we 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.**



## Talent Management

### Topic

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#### Recruiting Efforts

We believe having a consistent flow of new talent at Elanco is an important part of building a leading animal health company. We recruit talented and diverse individuals for roles across functions, levels, and countries in the organization.

From a campus recruiting perspective, we maintain an active internship program across functions in the U.S., with the intent to convert interns to full-time employees. Our internships allow students to work with key stakeholders in the business on real-world projects, take part in an active curriculum to build skills, and receive formal mentoring, all with an opportunity to impact the success of our business. In 2020, we successfully shifted our internship program virtual and honored all offers that were in place for qualified candidates.

We maintain recruiting partnerships with many colleges and universities in the U.S., including partnerships with several Historically Black Colleges and Universities (HBCUs) to increase the diversity of our talent pool. Additionally, we partner with several minority affinity groups to make connections with talented individuals interested in the animal health industry, including Minorities in Agriculture, Natural Resources, and Related Sciences (MANRRS), Latinos in Agriculture, Society of Hispanic Professional Engineers (SHPE) and the National Sales Network, with a focus on minority individuals interested in sales careers.

Recruitment of experienced talent was a key focus area as we built out operations across Elanco since our separation from Lilly in 2018. We worked quickly to expand our capabilities in disciplines such as Finance, IT, Legal, and Marketing, adding valuable diverse experiences and perspectives to the company. We continue to look for experienced talent to supplement our campus recruiting efforts.



### Employee Development

Employee development is a key part of our talent management strategy for all employees around the world. This begins with our robust onboarding curriculum for U.S.-based new hires, which includes a multi-day introduction to our mission, vision, and Elanco's core business areas, laying the foundation for a successful integration into the company. The introduction program combines a focus on functional understanding with personal enrichment. The Bayer Animal Health acquisition significantly expanded our global employee footprint and in 2021 we dedicated resources to develop a global onboarding strategy.

Our various business areas, functions, and affiliates provide role and location specific training and development programs. In our commercial organizations, sales force employees are equipped with training on sales foundations, field force effectiveness and species-specific courses to support their success. In Manufacturing & Quality, employees receive continuous training related to quality, systems, operations, and safety. In R&D and Regulatory, specific training is available to all employees with respect to policies, procedures, systems, and safety.

Managers and employees review and discuss employees' development opportunities on a quarterly basis as part of the Elanco Way of Execution. We support a variety of development options for employees, such as specific on-the-job areas of focus, assignment to special projects, or through external learning and training opportunities. We offer a curriculum of foundational instructor-led courses to help employees better understand our common leadership language and develop skills to expand their leadership toolkit.

In 2020, we launched two leadership development tools available to all employees:



- **Wealth of Elanco Learning and Leadership or “The Well”**, is an online platform offering leadership-focused training courses, podcasts, assessment tools, discussion planners, simulations, and more. The platform supports core Elanco trainings by reinforcing leadership topics including coaching, decisions-making, managing through change, and fostering innovation.
- **Leadership Mirror**, is a 360-degree feedback assessment tool available to help leaders gain greater clarity on how they are perceived by others through Elanco's leadership competencies, Values, and Behaviors. Insights gained from the assessment are used to focus and accelerate professional development plans.

Additionally, our internal online learning platforms support all employees to ensure role-specific training is received as well as offer opportunities to pursue individual development goals with a broad curriculum for self-study.



### Leadership Development

#### Leadership Development

Elanco offers a progressive set of signature global leadership development programs tailored for specific career points and development needs.



The **Emerging Leaders Program (ELP)** focuses on developing top talent individual contributors into future leaders with the confidence and skills to influence without a position of authority. The curriculum is focused on core leadership essentials, receiving feedback, strategies for handling crucial conversations, influencing strategies, and modelling the Elanco culture.



The **Leadership Essentials and Development (LEAD)** program is focused on enabling the Elanco leader to master the skills to create a high performing team. The program targets leaders new to a supervisor role or experienced supervisors new to the company to equip them with the core foundation of leadership skills, including inclusive leadership, and tactical tools to manage challenging conversations and increase team performance. The curriculum includes coaching, performance assessment, development planning, conscious inclusion, emotional intelligence, and leadership communication.



Our longest running program, in place since 2004 is the **Accelerated Leadership Development program (ALDP)**. It builds on the foundation delivered in ELP and LEAD and is focused on our top-level leaders. This comprehensive two-week program covers a wide array of critical topics, including leading through adversity and change, expanding business acumen, and driving team effectiveness. By the end of the program, leaders develop a well-crafted recipe to leave the leadership legacy they desire.

**In 2020, 59% of ALDP  
and ELP & 47% of LEAD  
participants were women  
in these global programs**

# Key Drivers of Engagement

 Job

 Inclusion

 Supervisor

 Well-Being

 Confidence

 Cause

 Execution

 Growth

 Reward and Recognition

 Ways of Working

Employee Engagement

We believe employee engagement is a key performance indicator and an important metric to track regularly.

For the last decade, we have tracked global employee engagement through a formal 'Voice of the Employee' survey. In 2020, the survey was conducted in three waves: shorter pulse surveys in the first and second quarters and a more comprehensive survey in the fourth quarter. Our survey questions represent statistically significant key drivers of engagement at Elanco and relate to the Employee Promise.

**Our total engagement score from our fourth quarter 2020 survey was 77%.**

This survey included colleagues from legacy Bayer Animal Health in most areas of the world. In 2021, we expect all Voice of the Employee surveys will be available to our entire global workforce. We will continue reporting employee engagement annually and believe our fourth quarter 2020 survey represents an appropriate baseline for the combined organization.



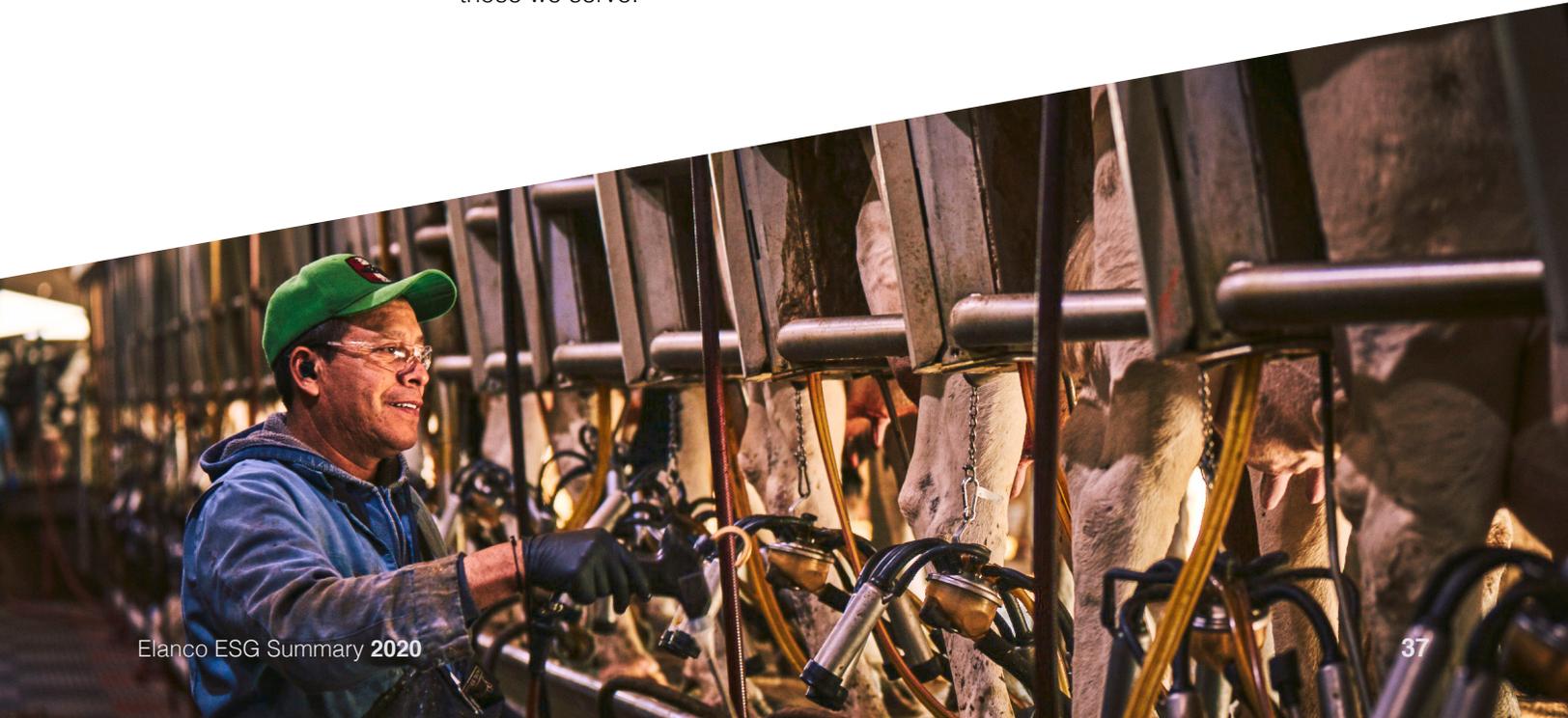
### Employee Performance Reviews

In line with the “Elanco Way of Execution”, all employees start the year by agreeing with their supervisor on their goals and expectations, including career development plans. This helps ensure that company goals are cascaded throughout the organization and each employee’s goals are aligned with the overall Elanco Essential Wins. Employee and supervisor review these goals together on a quarterly basis and agree to adapt them or to establish new goals as required. These quarterly evaluations cover both **what** was accomplished and **how** it was accomplished, according to our Values of Integrity, Respect, and Excellence and four Behaviors of Involve, Deliver, Innovate, and Own). The conversation between employee and supervisor is vital, to foster continuous coaching to ensure employees receive timely feedback, guidance, and support while adapting to the changing needs of the business throughout the year.

### Grievance Escalations and Reporting

Our Values of Integrity, Respect and Excellence guide our decisions. Our Code of Conduct includes specific responsibilities and ways of operating we believe are necessary to deliver on our Promises and hold one another accountable for our actions.

We foster a culture of Integrity and doing the right thing in the right way. Because Elanco is committed to acting legally and ethically, we encourage employees, as well as contractors or suppliers, to report any known or suspected violation of our Code of Conduct, policies, procedures, or laws that regulate our business without fear of retaliation. We expect supervisors to create an environment where employees can raise concerns directly and we also offer Elanco’s [IntegrityLine](#) as a convenient, confidential and anonymous way for employees, contractors or suppliers to report issues, concerns or behaviors that could harm Elanco or those we serve.





### Discussion of talent recruitment and retention efforts for scientists and research and development personnel

SASB: HC-BP-330a.1

As an innovation-based company, we understand the value of recruiting, developing, and retaining our research and development (R&D) team members and we employ a variety of programs to support these efforts.

#### Technical Talent Assessment Path

We employ a career path and level structure in R&D that is distinct from the rest of the organization. Our annual technical promotion process is focused on ensuring appropriate opportunities for advancement based on internal and external scientific contributions.

#### Mentorship

Elanco's Scientific Advisory Board of senior scientists provides mentorship programs for junior scientific talent to foster support, match employees with development opportunities, and build community within the organization.

#### Development

Scientific career development is fostered by offering opportunities for informal job share, cross-functional job training, and on-site rotations. Additionally, stretch assignments for R&D talent are a part of regular talent management discussions within the R&D Leadership Team.

#### Knowledge Sharing

We have many Scientific Communities of Practice (COPs) that foster knowledge sharing, enhance the visibility of scientific talent across the organization, and help R&D employees stay at the forefront of knowledge in specific scientific areas.

#### Succession Management

As in all areas of our organization, our R&D leadership team reviews succession management plans annually for key roles to ensure continuity of the organization and to identify talent gaps, resulting in the creation of development and training opportunities.

#### Culture

Our R&D organization is focused on creating a psychologically safe environment where teams feel safe for interpersonal risk-taking. We believe this is critical to foster an inclusive work culture that ultimately leads to the collaboration and creativity necessary to bring true innovation to the marketplace. Cultivating psychological safety in cross-functional project teams is embedded in R&D leadership training and accountability. Additionally, individuals selected for leadership development opportunities receive expert training on psychological safety and are deployed as advisors throughout the organization to conduct education sessions and facilitate workshops with teams.

**(1) Voluntary and  
(2) involuntary turnover  
rate for: (a) executives/  
senior managers,  
(b) mid-level managers,  
(c) professionals and  
(d) all others**

SASB: HC-BP-330a.2

In August of 2020, Elanco completed the acquisition of the animal health business of Bayer and subsequently announced a significant restructuring program designed to reduce duplication, drive efficiency, and optimize our footprint in key geographies. As part of our restructuring plan, in September 2020, we announced the elimination of approximately 900 positions across 40 countries, primarily in the commercial and marketing functions, but also in R&D, Manufacturing and Quality, and General and Administrative support functions. These actions significantly contributed to the reported total turnover for 2020 of 15.6%.

This turnover rate represents the global workforce of both legacy Elanco and legacy Bayer employees. Due to certain data limitations associated with the acquisition, this year we are not able to provide comparable historical data, or a turnover breakdown as recommended by the SASB framework. We will assess our ability to provide additional detail for this disclosure moving forward.





### Diversity, Equity & Inclusion

#### Topic

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#### Diversity, Equity & Inclusion Programs

Elanco has a broad view on diversity, including gender, race, ethnicity, sexual orientation, religion, nationality, skill set, educational background, and disability/ability, among other aspects. Our employees' unique experiences and backgrounds allow us to meet challenges effectively and perform efficiently at a global level. Our Diversity, Equity & Inclusion (DEI) strategy is led by our Executive Director of Global Talent Management, reporting to our Executive Vice President of Human Resources, Corporate Affairs, and Administration. Within this team we have established a position solely focused on advancing our DEI efforts across the company. Additionally, beginning in 2020, we established a role within R&D charged with understanding barriers and opportunities for increased DEI specifically within this function.

In partnership with our dedicated team members, the Elanco Global DEI Council promotes a healthy enterprise by helping to make our Employee Promise of an inclusive culture come to life at Elanco. The employee-led and leadership-supported group influences the strategic direction of diversity, equity, and inclusion efforts at Elanco. By serving as a key partner and advocate for all employees, the council serves as internal business consultant and DEI Champion (building DEI partnerships across Elanco), furthers community building through the annual Multi-cultural Summit and other events, and acts as a recruiting and retention resource for diverse talent.

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 acknowledge the continued needs of our diverse workforce through the evolution of our benefits, including holidays and parental leave.

Our DEI strategy is reviewed annually by the Nominating & Corporate Governance Committee of the Board of Directors. On a quarterly basis, the Elanco Executive Committee reviews progress on our initiatives, including our workforce gender metrics and race and ethnicity representation, as well as the impact of DEI events and activities throughout the organization. With the addition of the legacy Bayer Animal Health employees in August of 2020 and therefore a new composition of our workforce, our global talent management team is in the process of rebasing our gender and ethnic workforce diversity aspirations.

To learn more about our DE&I efforts, see our [Diversity, Equity, and Inclusion](#) page.



Diversity, Equity & Inclusion

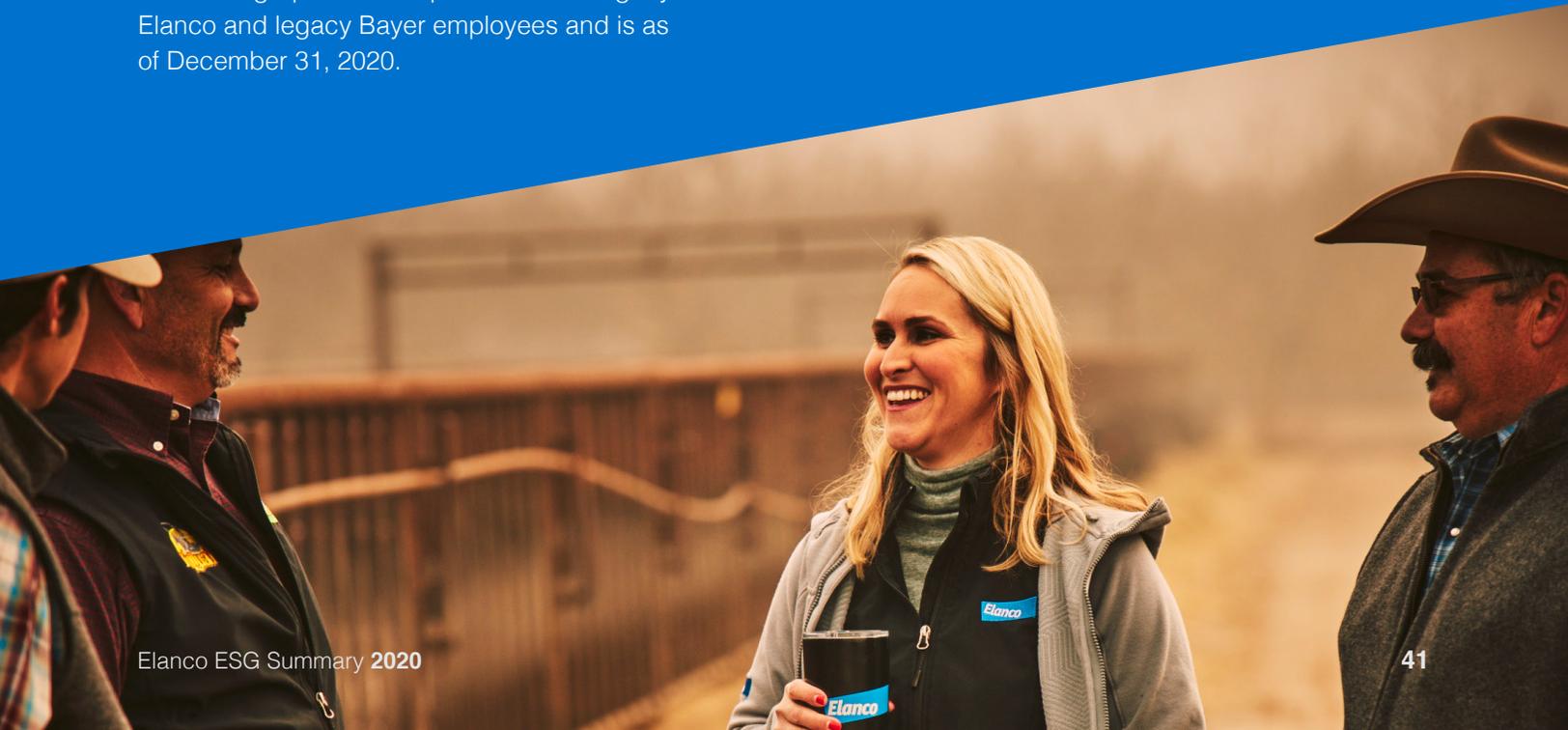
# Workforce Demographics

EEO Category	Exec/Sr. Manager	Mid-Level Manager	Professionals	All Others
Female	30%	32%	42%	45%
Male	70%	67%	57%	57%
Undisclosed		1%	1%	2%

## U.S. Ethnicity

White	73%	81%	86%	84%
Black/African American	5%	2%	3%	4%
Hispanic/Latino	9%	4%	2%	4%
Asian	7%	8%	4%	3%
Two or More Races	3%	1%	2%	1%
All Other	3%	4%	3%	4%

The demographic data represents both legacy Elanco and legacy Bayer employees and is as of December 31, 2020.





## Employee Health & Safety

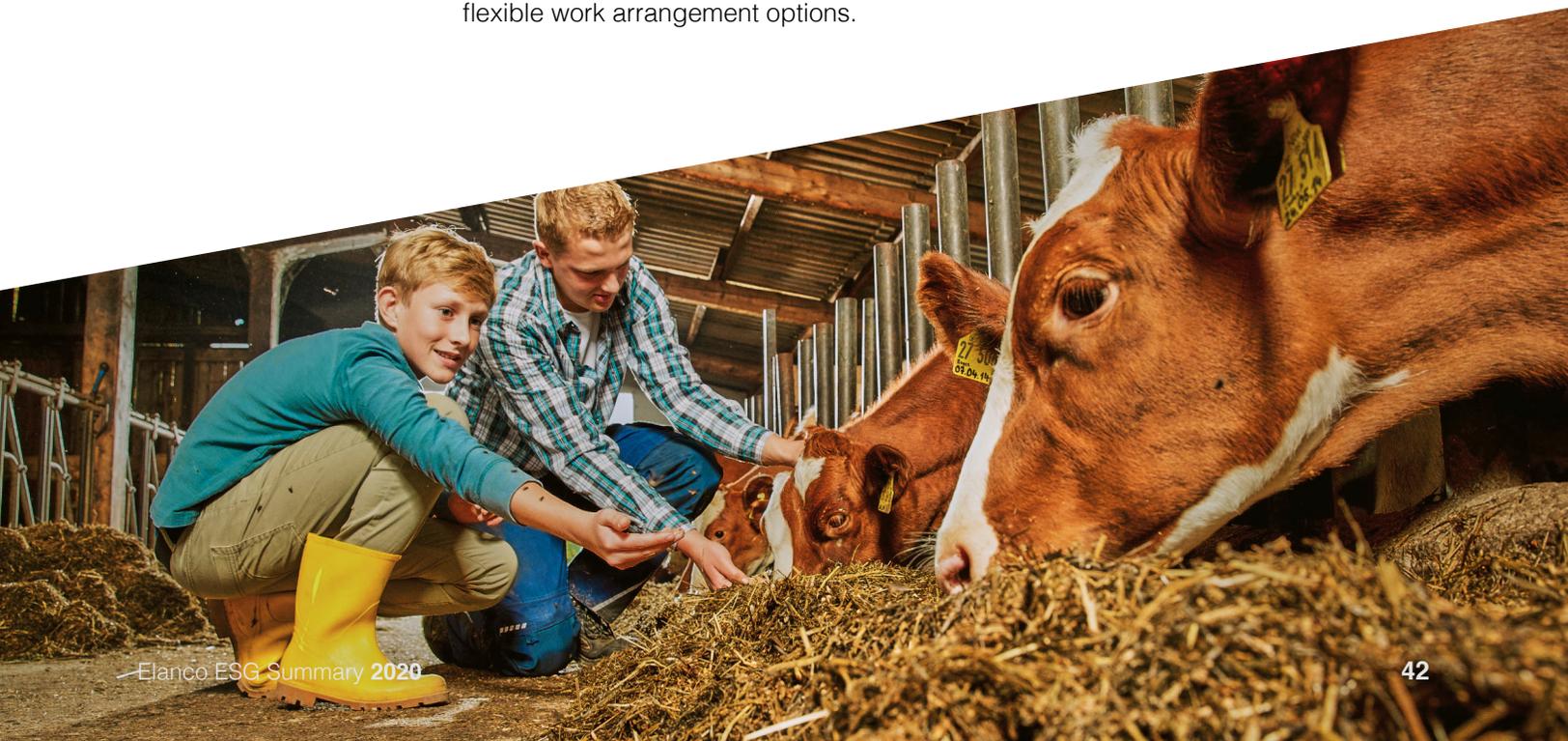
### Topic

#### Health & Safety Program

Every day, across all our locations, we strive to ensure a safe environment for employees, contractors, and visitors. Our global HSE standards and procedures provide guidance on expectations for all our sites. Our company-wide approach prioritizes safety, well-being, and the growth of all employees. We continually assess our safety performance across our enterprise, utilizing leading and lagging indicators. As a part of our HSE program, we regularly conduct audits of internal sites and certain contract manufacturing partners based on risk.

In addition to the performance metrics below, we actively track leadership safety engagement, employee safety observations, and “Voice of the Employee” engagement survey feedback on management commitment to safety. These leading indicators allow us to enhance our culture and reduce risk through continuous improvement. We continually implement corporate and employee-driven improvements, including facility and engineering upgrades, ergonomic improvements, and root cause analysis to reduce event recurrence.

2020 was a unique year as the spread of COVID-19 posed a public health challenge throughout the world. We continued to focus on reducing the number and severity of workplace injuries while implementing global hygiene control measures to mitigate COVID-19 risks for employees. This included transitioning many employees to remote or flexible work arrangements and implementing significant safety protocols and restrictions in our facilities. We are approaching return-to-office timelines on a country-by-country basis and evaluating longer-term flexible work arrangement options.



## Social – Our People

### Health & Safety Metrics

We track three key health and safety metrics: recordable injury and illness rate, lost-time injury and illness rate, and work-related fatalities. All metrics are tracked monthly at all sites and for field and remote employees. We are pleased to report that we exceeded our 2020 goals for legacy Elanco health and safety metrics.

Due to the impact of COVID-19, 2020 was a unique year for our workforce. While our manufacturing and R&D employees remained actively working on-site, most of our corporate office and field-based employees worked remotely. While these unique circumstances likely impacted 2020 figures, our programs and efforts continued to improve the safety of our employee and we achieved our 2020 goals. We look forward to integrating legacy Bayer data into future reports to establish new baselines and goals for these key metrics for the combined company.

Metrics	2018	2019	2020	2020 Goal
<b>Recordable Injury and Illness Rate<sup>1</sup></b>	0.90	0.75	0.44	<b>0.70</b>
<b>Lost-Time Injury and Illness Rate<sup>1</sup></b>	0.40	0.27	0.21	<b>0.25</b>
<b>Work-related Fatalities</b>	0	0	0	<b>0</b>

Note: Data includes legacy Elanco operations and excludes legacy Bayer Animal Health operations. Data covers personnel that are directly supervised by Elanco, including full-time equivalents (FTEs), fixed-duration employees (FDEs), interns, co-op students and augmented staff contractors.

(1) Rate metrics are aligned with standardized base rate calculations as advised by the Occupational Safety and Health Administration (OSHA), utilizing the following formula: (number of injuries or illnesses \* 200,000) / Employee hours worked = Incidence rate.



# Governance

**Our Values guide the way we work at every level and we know that a strong system of corporate governance is critical to delivering long-term value for our shareholders and society.**



## Corporate Governance

### Topic

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Corporate  
Governance

Our leadership believes strong corporate governance is the foundation for financial integrity, investor confidence, and sustainable performance.

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

## Sustainability Governance

### Topic

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Sustainability  
Governance

#### **The Role of the Board of Directors**

The Elanco Board of Directors and Executive Committee identified Elanco's Healthy Purpose™, including our sustainability and ESG efforts, as an important priority for the company.

The Nominating and Corporate Governance Committee of the Board of Directors provides oversight and guidance for our overall sustainability program. On an annual basis, the Nominating and Corporate Governance Committee reviews our activities and practices regarding ESG matters significant to Elanco, including our material initiatives and policies related to these matters and the progress of our Healthy Purpose-related sustainability and broader ESG commitments. For additional information about how the committee oversees ESG, see our [2021 Proxy Statement](#) and the [committee charter](#).

#### **The Role of the Elanco's Senior Management**

At Elanco, our Healthy Purpose framework and sustainability goals are embedded in our everyday work, beginning with our Executive Committee members, who drive the necessary mindset throughout their respective areas of the organization. In early 2021, we implemented our formal sustainability governance structure to strengthen its integration into our business and coordinate efforts across the organization. Elanco Executive Committee members appointed functional representatives to serve on the Healthy Purpose Sustainability Committee, our central accountability group, chaired by the Senior Vice President of Corporate Affairs and Administration. To further support our 2030 Pledges, we established workgroups aligned with the Pledges to foster cross-functional collaboration and tracking of key performance indicators toward achievement our long-term goals. These workgroup members are key advocates integrating our sustainability initiatives into our everyday business decisions.



## Business Ethics

### Topic

#### Ethics & Compliance Program

At Elanco, all employees have a shared responsibility as owners of our company to embrace a culture of doing it right every day. To support employees in this effort, Elanco's Ethics and Compliance Center of Excellence team, led by our Chief Ethics and Compliance Officer, designed, implemented, and continuously monitors Elanco's Ethics and Compliance program. Additionally, Elanco has a global network of Ethics and Compliance Partners and Champions that support program implementation and execution locally. Elanco's Integrated Controls Committee, comprised of cross-functional senior leaders, provides program oversight. The Chief Ethics and Compliance Officer provides quarterly reports to senior leaders, Executive Committee, and the Audit Committee of the Board of Directors.



On an annual basis, all Elanco employees receive training on our [Code of Conduct](#), which addresses the key principles of our 11 company policies, including anti-corruption and third-party management, ethical interactions with external parties, and data privacy. These topics are supported by global standards and procedures that address risks to Elanco's business, and employees may receive additional targeted training as a function of their role and responsibilities. Our internal Do It Right: Elanco Everyday campaign allows for communication of important information relevant external laws, regulations, and industry codes along with the internal policies, standards, and procedures that govern our business.

Our Ethics and Compliance Program includes assessments of key risk areas throughout the business and risk-based monitoring conducted independently and objectively by the Ethics and Compliance team globally. In the event monitoring results in findings, root cause analysis is conducted, and corrective and preventive action plans are implemented by the business.

We foster a culture of Integrity and doing the right thing in the right way and we encourage employees, contractors, or suppliers to report any known or suspected violation of our Code of Conduct, policies, procedures, or laws that regulate our business without fear of retaliation. Elanco's IntegrityLine is a convenient, confidential, and anonymous way for employees, contractors, or suppliers to report issues, concerns or behaviors that could harm Elanco or those we serve. We have an established process to investigate reported concerns. If the investigation confirms that a violation has occurred, we determine appropriate

## Governance



### Ethics & Compliance Program (cont'd)

disciplinary consequences. Elanco does not tolerate any form of retaliation against individuals who report a concern or those who participate in an investigation.

For more information, please visit our [Ethics and Compliance Program](#) page.

### Monetary losses as a result of legal proceedings associated with corruption and bribery

SASB: HC-BP-510a.1

Not reported.

### Description of code of ethics governing interactions with health care professionals

SASB: HC-BP-510a.2

As a supplement to our Code of Conduct, we maintain procedures guiding our employees on ethical interactions with external third parties, including Animal Health Professionals (AHPs), government officials, and others. AHPs include any customers involved in prescribing, recommending, dispensing, purchasing, supplying, or administering animal health products during his or her professional activities. Our procedures cover ethical conduct with AHPs as it relates to gifts, meals, and entertainment, among other topics. Our procedures indicate that our interactions should be transparent and appropriate, avoiding any situation that may be perceived as an inappropriate way of obtaining business, maintaining business, or obtaining an inappropriate advantage. We expect all interactions to comply with applicable laws, regulations, industry codes, policies, standards, and procedures governing our business. Additionally, Elanco is committed to compliance with transparency and disclosure requirements globally. Our annual, global Code of Conduct training ensures employee awareness of these topics. When a concern is reported, Elanco has an established process to investigate those concerns. If the investigation confirms that a violation occurred, we determine appropriate disciplinary consequences. We also conduct a root cause analysis and implement actions to correct and prevent violations.



## Supply Chain Management

### Topic

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#### Supply Chain Management Approach

Our suppliers and supply chain partners are integral to our ability to deliver safe, quality products to our customers. We maintain the [Elanco Business Partner Code of Conduct](#) to provide expectations for suppliers and third parties conducting business on our behalf.

We are a member of the [Pharmaceutical Supply Chain Initiative \(PSCI\)](#) organization. Through our membership, we are committed to furthering responsible supply chain management and sustainable business practices across our network of Elanco facilities and our external key suppliers.

We require our key contract manufacturers and active pharmaceutical suppliers 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 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 or virtual 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 verify supplier integrity with our Business Partner Code of Conduct. Our risk-based audits and assessments cover not only contract manufacturing partners, but also, Contract Research Organizations (CROs), universities, and governmental institutions, using animals on our behalf.

Additionally, through PSCI, Elanco helps key suppliers build capability. We proactively educate suppliers on health, safety, and environmental issues and help them build expertise on responsible business practices. In 2020, Elanco Health, Safety, and Environment (HSE) professionals led two PSCI technical committees, directly participated in the India and China capability building conferences and supported the PSCI topic webinar training series. Due to the COVID-19 pandemic, much of the capability work was performed virtually in 2020, however, our regional staff worked directly with suppliers on open findings and collaborated to close out many of the open findings from previous assessments.



**Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the RX-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for the integrity of supply chain and ingredients**

SASB: HC-BP-430a.1

Elanco maintains a targeted risk-based external supplier auditing program. We will continue to evaluate this metric for future reports.





## Supplier Diversity

### Topic

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Supplier Diversity Program

Elanco believes in creating a culture of people with purpose, including an inclusive safe harbor where employees can bring their whole self to work and have the opportunity for personal growth. We support suppliers that also share this perspective. To foster this, we seek out and provide measurable economic empowerment opportunities to diverse and minority-owned or operated suppliers throughout our supply chain. We believe business can be a unique force for good, and at Elanco, we believe we have the opportunity and responsibility to help tackle key societal challenges. Our collaboration with diverse stakeholders helps us to better understand and anticipate the needs of the customers we serve and deliver innovative animal health products, while accelerating diversity, equity, and inclusion. In the near future, we look forward to providing further detail about our Supplier Diversity program in the [Supplier](#) section of our website.

## Public Policy Advocacy

### Topic

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Public Policy Advocacy

We engage with governments around the world on public policy issues that are core to our business, including access to medicines, innovation, and trade. We maintain company standards on political contributions and register our advocacy efforts in several countries and jurisdictions. We are committed to conducting our engagement in a transparent and constructive manner.

Further information about our advocacy efforts and contributions can be found in our [Public Policy Advocacy and Political Contributions](#) disclosure.



## Information Security

### Topic

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#### Information Security Program

Elanco prioritizes trust and confidence of our customers and workforce. Our dedicated Chief Information Security Officer is responsible for leading an information security team to prevent, identify, and appropriately address cybersecurity threats. The team focuses on developing and implementing strategies and processes to protect the confidentiality, integrity, and availability of Elanco's assets.

As a standalone company, Elanco has built a risk-based, fit-for-purpose, and innovative information security program. Our information security architecture is designed to accept and embrace the realities of modern working with a cloud heavy footprint and extended remote workforce. Overall, our program leverages and aligns with various frameworks and good practices including the National Institute of Standards and Technology (NIST) Cyber Security Framework, ISO 27000 family of Standards, Information Technology Infrastructure Library (ITIL) Processes, and other good practice control methods. We expect to continue to mature and enhance our information security program as we progress.

Employees play a key role in maintaining our information security. We invested in a security awareness program that promotes a culture of security via trainings and security exercises. Additionally, we augment our Information Security team with strategic cybersecurity partners. We utilize a 24x7 managed detection and response (MDR) service for escalation of critical events as well as a risk-based vulnerability management service. We perform ad-hoc monitoring of our vendors and business partners to validate the security of information in our supply chain. We practice cyber resilience through documented incident response plans and associated playbooks based on industry standards (including NIST 800-61) customized for Elanco and our operating environments.

The Audit Committee of the Board of Directors has oversight for the company's program, policies, and procedures related to information security, as it relates to financial reporting and internal controls. Broad oversight is maintained by the full Board of Directors. On a quarterly basis, the information security program is reviewed by the Board, alternating between the Audit Committee and the full Board each quarter. Additionally, Information Security is evaluated annually as a part of the company's Enterprise Risk Management program.

**Elanco's**  
**HEALTHY PURPOSE™**

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

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**Elanco**

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