

Elanco™

2023 ESG Report

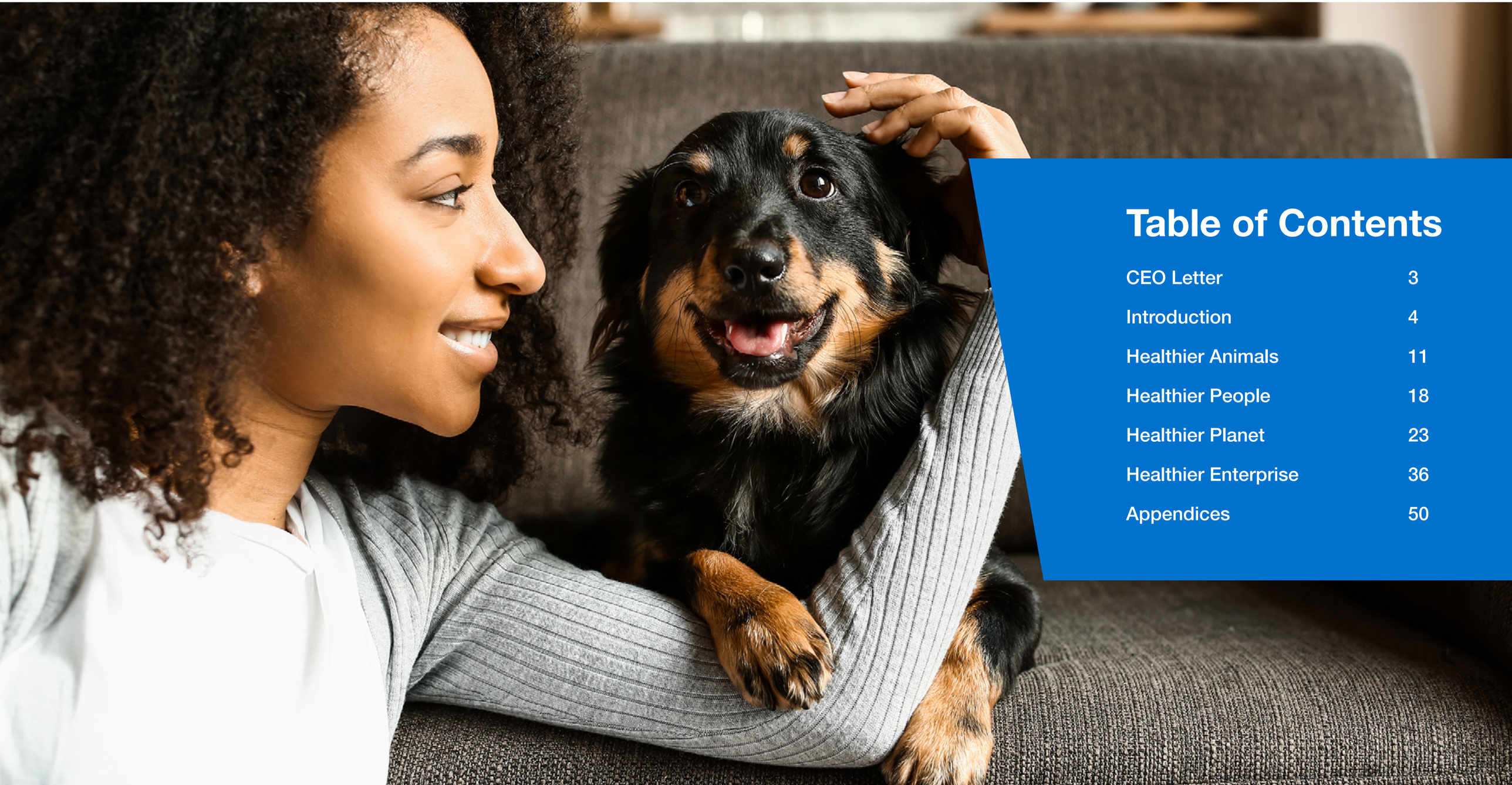


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About This Report

This report describes initiatives, goals and performance related to Elanco's Healthy Purpose™ — our global approach to sustainability and managing our most important environmental, social and governance (ESG) issues. Unless otherwise stated, data and other information in this report corresponds to the fiscal reporting period ending December 31, 2023.

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

ESG Issue Briefs

Sustainability Accounting Standards Board (SASB) Index

Task Force on Climate-related Financial Disclosures (TCFD) Report

United Nations Sustainable Development Goals (U.N. SDGs) Index

U.N. Global Compact Communication on Progress

ESG-Related Policies and Statements

ESG Key Performance Indicators (KPIs)

Elanco ESG and Sustainability Website

Corporate Annual Reports

ESG External Recognition



A Letter From Our CEO

As Elanco enters our seventh decade as a leader in animal health, our company's belief that making life better for animals makes life better continues to unite and energize our colleagues around the world.

The four interconnected pillars of Elanco's Healthy Purpose sustainability framework reflect our commitment to deliver healthier outcomes for **animals**, **people**, the **planet** — and our **enterprise**. From product development to commercialization, our global organization is integrating sustainable practices every step of the way. We're developing new goals to stretch our ambition and hold ourselves accountable — exemplified by a new target for global greenhouse gas emissions reduction and a renewed focus on employee inclusion, diversity, equality and accessibility. And we're finding new ways to help our customers and other stakeholders in our value chain advance toward their own sustainability initiatives.

Collectively, we're making a difference.

Our comprehensive portfolio and focused pipeline continue to shape the industry — and we continue to deliver innovations that improve the lives of veterinarians, pet owners and the animals within their care. In 2023, we launched:

- the first treatment for parvovirus — the world's deadliest disease in puppies. Elanco is committed to save 1 million puppies from parvo by 2030.
- the first oral once-daily tablet to treat cats with diabetes, eliminating the need for daily injections.
- the first drug to control anemia associated with chronic kidney disease in cats, which significantly impacts cats quality of life, and
- a new over-the-counter oral treatment making it easier than ever for European pet owners to give their cats and dogs needed protection from fleas and ticks

As leaders and pioneers in the livestock sustainability market, we're helping advance our customers' environmental stewardship goals with game-changing products like Bovaer®[1] that help put producers on a path to achieve climate neutral farming within the next decade. We offer a portfolio of products and platforms that enable producers to achieve and measure emissions reductions. We're also collaborating with corporate and governmental stakeholders to help establish the first of its kind livestock carbon marketplace that rewards producers for their sustainability efforts. This is just one example of the convergence of OneHealth, with animal health, human health and environmental health coming together to solve some of our greatest challenges.

Our governing processes and practices, underpinned by the integrity and innovation of our products and our desire to help leave this world better than we found it, put sustainability and the management of ESG issues at the core of our business success and ability to create long-term value.

We remain committed to pushing boundaries in companion and farm animal health — introducing solutions that years ago might have seemed impossible. Together, with our customers, suppliers, business partners, shareholders, employees and other stakeholders we're proving that healthier animals can positively impact major global issues like food security, mental health, social isolation and environmental sustainability.

Thank you for joining us on this remarkable journey toward a healthier and more sustainable future.



Jeff Simmons

President and Chief Executive Officer, Elanco



Our Business

Elanco is an independent global animal health leader with a unique ability to reach the world's animals through a diverse, durable product portfolio sold in more than 90 countries. With a deep 70-year history, we are at the forefront of innovation serving veterinarians, farmers, pet owners and the animals in their care.

Our corporate vision, "Food and Companionship Enriching Life," connects the animal health outcomes we support to the positive environmental, social and economic impact we create. Our products and services help veterinarians and pet owners improve care for pets and enable farmers to raise healthier livestock more sustainably — creating value for farmers, pet owners, veterinarians, community stakeholders and our shareholders.



Pet Health

Our comprehensive pet health portfolio includes a breadth of parasiticides, vaccines and therapeutics. Our products help veterinarians and owners better care for pets by preventing and treating disease — helping pets live longer, healthier, more active lives. We also work closely with veterinarians to provide technical support and case management for our products. Our next era of pet health innovation is focused on large market spaces where we will leverage our unique market approach and platform capabilities, such as monoclonal antibodies — MAb, while being opportunistic toward emerging spaces of unmet need.

Farm Animals

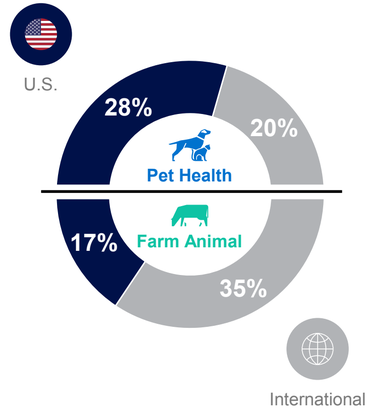
Our broad farm animal portfolio consists of products designed to help farmers improve animal health and well-being, and raise livestock more sustainably — primarily focused on cattle (beef and dairy), swine, poultry and aquaculture[2] (cold and warm water species). Our products include medicated feed additives, injectable antibiotics, vaccines, insecticides, enzymes and other solutions that enhance animal welfare and productivity, reduce the spread of disease to humans and help increase the safety of our food supply.

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

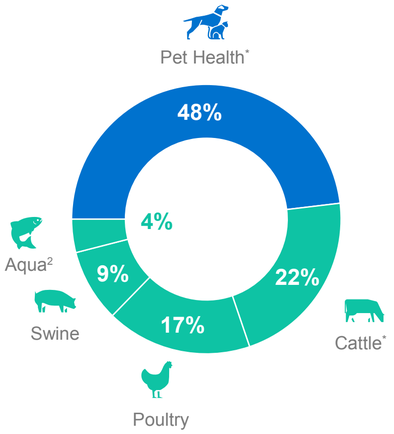
We also offer solutions that enable producers to deliver more food while using fewer resources, ultimately helping make food more affordable and accessible to consumers across the globe. Our next era of farm animal innovation is focused on livestock sustainability — helping reduce livestock emissions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

PORTFOLIO DIVERSITY ACROSS GEOGRAPHY AND SPECIES

REVENUE CATEGORY BY GEOGRAPHY



REVENUE BY SPECIES



*Data as of Dec. 31, 2023. Revenue breakdown excludes contract manufacturing, which represented approximately 1% of total 2023 revenue. Pet health revenue represents dogs and cats. Cattle revenue represents all ruminants, inclusive of beef and dairy cattle, sheep and goats.

Percentages may not add to 100% due to rounding.



Performance Summary

Our progress is anchored by our strategic Innovation, Portfolio, and Productivity framework.

In 2023, Elanco returned to full year revenue growth, significantly increased the contribution from new innovation and successfully paid down debt. We have momentum in many parts of our business and took strategic actions to sharpen our focus to support our long-term value proposition.



Last year we made significant progress in our commitment to delivering consistent high-impact innovation, as we substantially advanced our late-stage pipeline. Notably, we received U.S. Department of Agriculture (USDA) conditional approval to launch our groundbreaking Canine Parvovirus Monoclonal Antibody — the first and only parvo treatment in the U.S., which offers a novel therapeutic option to veterinarians and pet owners for the management of this highly contagious and potentially fatal disease in dogs. In Europe we launched AdTab®, a new over-the-counter (OTC) oral parasiticide for pets, establishing Elanco's presence in this emerging market space and improving accessibility for pet owners.

In May 2024, the U.S Food and Drug Administration (FDA) completed its review of Bovaer, a feed ingredient for methane reduction in cattle — enabling Elanco to market the product for use with lactating dairy cows in the U.S. In addition, we expanded our collaboration with dsm-firmenich, giving Elanco additional rights to market Bovaer for beef and dairy cattle in Canada and Mexico. We're also preparing for the launch and commercialization of two late-stage potential blockbuster products: Zenrelia™[3] for dermatology in dogs and Credelio Quattro™[4], a broad spectrum (internal and external) parasiticide for dogs.

We continue to deliver customer value through targeted lifecycle management and are advancing our next wave of innovation, focused on first and best in class opportunities expected to contribute meaningfully in the second half of the decade.

Improving cash conversion remains a critical priority across our organization. We've driven cross-functional efforts to improve networking capital performance, particularly on balance sheet inventory management.

The momentum in our business and return to constant currency revenue growth of 1% in 2023 can be attributed to the stabilization of our core portfolio facilitated by our enhanced commercial capabilities, our global omnichannel approach and increased contribution from new innovation. Our focused investment in critical commercial capabilities and expanded share of voice is expected to maximize our current portfolio and new launches in 2024 and beyond.

Innovation

- Delivered $275M in sales from new products in 2023, more than doubling 2022
- Late-stage pipeline: Credelio Quattro and Zenrelia submitted and under FDA regulatory review
- Canine Parvovirus Monoclonal Antibody launched and manufacturing capacity expansion complete
- FDA review of Bovaer completed in May 2024

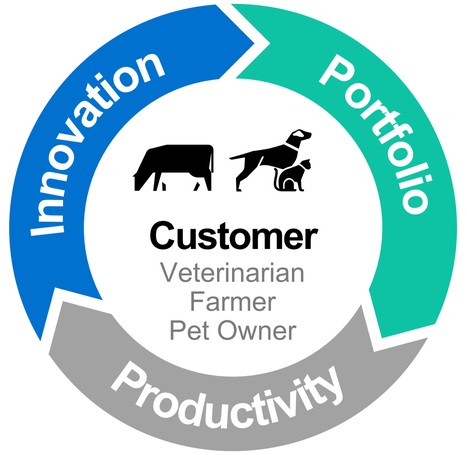
Productivity

- Debt pay down of $76M for full year; year-end net leverage* at 5.6x
- Focus on improving net working capital, namely inventory, which became a source of cash in Q4 2024
- ERP system integration completed, resulting in operational efficiencies and reduced costs, expected to free >$100M of cash for debt paydown in 2024

Portfolio

- Full year price growth of 4% in both pet health and farm animal
- Improved supply for vaccines in cattle and pet health, and expanded capacity in poultry contributed to growth
- First verified carbon credits purchased in livestock inset carbon marketplace

2023 HIGHLIGHTS



REVENUE

$4.42B

ADJUSTED EBITDA*

$979M

ADJUSTED EARNINGS PER SHARE*

$0.89

RESEARCH AND DEVELOPMENT INVESTMENT IN THE LAST THREE YEARS (2021-2023)

~$1.017B

*Non-GAAP financial measure. See page 58 for more information regarding non-GAAP financial measures.

Our Approach to ESG and Sustainability

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

Elanco's HEALTHY PURPOSE™

Our Vision: Food and Companionship Enriching Life

Healthier Animals, page 11

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

- **Companion Animal Welfare**
- **Farm Animal Welfare**
- **Research Animal Welfare**

Healthier People, page 18

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

- **Antimicrobial Stewardship**
- **Farmers, Producers and Food Systems**

Healthier Planet, page 23

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

- **Energy and Emissions**
- **Operational Waste**
- **Water and Biodiversity**
- **Sustainable Packaging**
- **Supporting Producer Emissions Reductions**

Healthier Enterprise, page 36

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

- **Employee Inclusion, Diversity, Equity and Accessibility (IDEA)**
- **Employee Training and Development**
- **Employee Health, Safety and Well-Being**
- **Employee Engagement**
- **Employee Volunteerism**
- **Human Rights**

ESG and Sustainability Governance

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



Our Board and executive leadership team consider the management of ESG issues and related sustainability efforts an important priority for Elanco. On a quarterly basis, the Board Corporate Governance Committee reviews activities and practices regarding ESG matters significant to Elanco — including our strategy to manage ESG risks, opportunities and policies, as well as sustainability-related programs and goals. The Compensation and Human Capital Committee periodically evaluates applicable ESG issues, such as our policies and strategies related to workforce inclusion, diversity, equity and accessibility (IDEA) (page 37) and human capital management. The Innovation, Science and Technology Committee assists the Board in oversight of research and development initiatives and associated regulatory developments. The Audit Committee oversees policies and practices related to employee health and safety.

Our Global Head of ESG and Sustainability oversees internal management of Elanco's ESG and sustainability program — including associated risks, strategy, programs, goals and disclosures. In 2022, we established a centralized ESG and sustainability oversight team, which includes a Global ESG and Sustainability Advisor and a Global ESG Reporting Lead. These individuals, who report to the Global Head of ESG and Sustainability, help identify and drive internal understanding of ESG-related risks, accelerate measurement and progress across current and future sustainability initiatives, contribute to the development of incremental targets and enhance data collection for disclosure. The team works to demonstrate Elanco's broad commitment to sustainability, while seeking to address the increasingly sophisticated expectations of regulators, shareholders, employees and customers.

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

Further oversight is provided by the Elanco Healthy Purpose Steering Committee, a cross-functional group comprised of senior representatives from across our business including: communications; enterprise risk management; finance (accounting, controls, financial reporting and treasury); government affairs; health, safety and environment (HSE); human resources; internal audit; investor relations; legal and compliance; manufacturing and quality; marketing; procurement; R&D, risk management and other functions — chaired by our Executive Vice President, General Counsel and Corporate Secretary. This steering committee meets approximately monthly and, among other obligations, monitors our managerial approach and progress toward leading ESG issues and goals, helps accelerate progress toward current goals and assists in the development and approval of new targets. The committee also oversees the disclosures that communicate our progress and works to integrate consideration for ESG and sustainability issues throughout organizational decision making.

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



2023 Progress Toward Goals

● **Complete a TCFD-aligned climate scenario risk assessment which includes potential climate-related business impact from supplier to customer**

In 2023, we completed a TCFD-aligned climate scenario risk and opportunity assessment across Elanco-operated locations and key stakeholders in our value chain. We publicly disclose findings from this effort in our TCFD Report.

▶ **Refresh our ESG material topics assessment to align with the dynamic, double materiality requirements of upcoming ESG disclosure regulations, as well as leading standards and framework**

In 2023, we refreshed Elanco's ESG material topics assessment to identify current stakeholder impacts related to our most important ESG matters. In preparation for upcoming ESG disclosure regulations in the EU and other jurisdictions, in 2024 we seek to complete the double materiality component of our analysis — considering financial risks and opportunities related to these topics.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Establish a perpetual ESG materiality assessment process — aligned with regulatory expectations across the jurisdictions where Elanco operates — that will be considered as part of our ongoing global enterprise risk management and strategic planning processes

BOARD OF DIRECTORS

Corporate Governance Committee

Reviews activities and practices regarding ESG matters significant to Elanco — including our strategy to manage ESG risks, opportunities and policies, as well as sustainability-related programs and goals.

Receives quarterly ESG and sustainability updates from our Global Head of ESG & Sustainability.

Compensation and Human Capital Committee

Periodically evaluates applicable ESG issues, such as our policies and strategies related to workforce inclusion, diversity, equity and accessibility (IDEA) and human capital management.

Audit Committee

Oversees policies and practices related to employee health and safety.

Innovation, Science and Technology Committee

Assists the Board in oversight of research and development initiatives and associated regulatory developments.

ELANCO EXECUTIVE COMMITTEE

Comprised of our Chief Executive Officer and direct reports. Receives regular updates on ESG and sustainability strategy and performance.

Executive Vice President, General Counsel and Corporate Secretary

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

HEALTHY PURPOSE STEERING COMMITTEE

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

Legal / Compliance | Corporate Communications | Treasury | Corporate / Government Affairs | Human Resources | Supply Chain | Audit / Financial Controls

ESG & Sustainability | Investor Relations | Accounting / SEC Reporting | Health Safety & Environment | Procurement | Marketing | Research & Development | Risk Management

Global Head of ESG & Sustainability

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

GLOBAL ESG & SUSTAINABILITY TEAM

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

Healthier Animals focus areas

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

Healthier People focus areas

- Antimicrobial stewardship
- Farmers, producers and food systems

Healthier Planet focus areas

- Energy and emissions
- Operational waste
- Water and biodiversity
- Sustainable packaging
- Supporting producer emissions reductions

Healthier Enterprise focus areas

- Employee Inclusion, Diversity, Equity and Accessibility (IDEA)
- Employee training and development
- Employee health, safety and well-being
- Employee engagement
- Employee volunteerism
- Human rights

2023 ESG and Sustainability Highlights

In 2023, Elanco advanced sustainability efforts across the business — including support for our employees, customers and communities, as well as progress toward reducing our environmental impact.



Elanco became a participant in the U.N. Global Compact, demonstrating our commitment to upholding international human rights

~2.3M

metric tons of GHG emissions (CO_2e) avoided by our dairy and beef customers in 2023 through the use of Rumensin®, cumulatively avoiding ~9.5M metric tons (2020-2023)

>23.6K

Employee volunteer hours in 2023, with an estimated value of ~$790K — up from ~12.8K hours in 2022

91%

of waste generated in 2023, including production wastewater, was reused or recycled

~12%

Progress toward our 2030 goal to purchase renewable electricity equivalent to 100% of our global electricity consumption

~40%

Year-over-year reduction in emissions associated with a pilot project to optimize shipping modes for transportation managed through freight forwarding services

~49%

Increase in year-over-year participation in our optional employee development program, Everyone LEADS

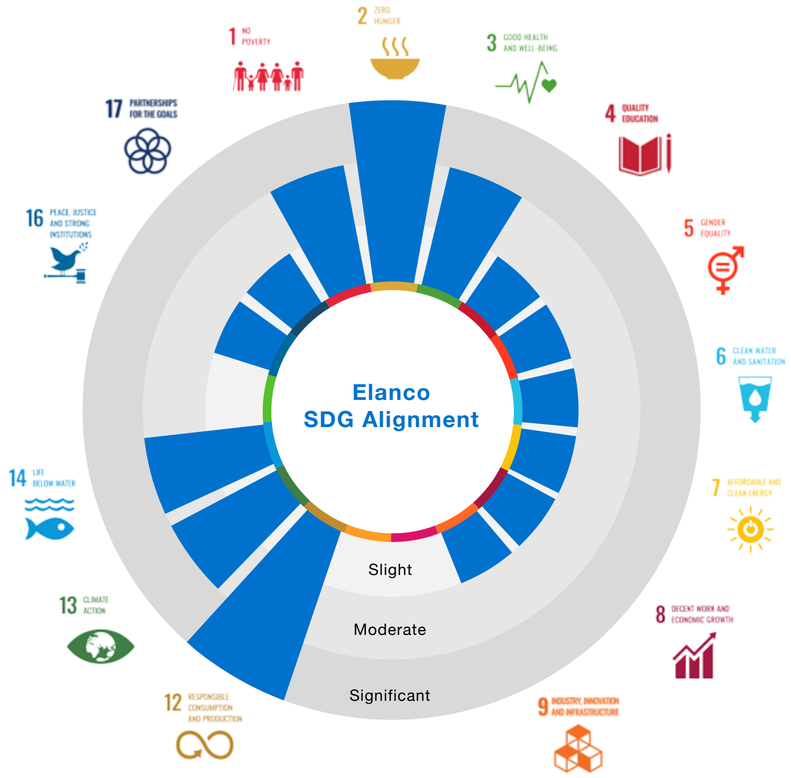
>$3.7M

in corporate, Foundation and employee charitable and community giving



Contributing to Sustainable Development

Elanco's efforts to support animal health and productivity positively impact a number of global concerns, such as food security and nutrition, human health and well-being, and environmental sustainability. We use the United Nations (U.N.) Sustainable Development Goals (SDGs) to help frame how Elanco's initiatives and commitments contribute to global sustainable development objectives. Elanco is also a participant in the U.N. Global Compact and works to support the Ten Principles on human rights, labor, environment and anti-corruption.



Aligning with the SDGs

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

Our most significant contributions are related to:

Zero Hunger

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

SDG 2 Target 2.3
Double agricultural productivity of small-scale food producers.

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

SDG 2 Target 2.4
Ensure sustainable and resilient agriculture and food production systems.

Numerous Elanco products and services align with Target 2.4 by improving the sustainability of animal agriculture (page 34).

Responsible Consumption and Production

We align with SDG 12 through continuous improvement in resource efficiency within our operations and in interactions with customers and suppliers.

SDG 12 Target 12.3
Reduce global food waste throughout the supply chain.

We contribute to Target 12.3 by helping livestock producers upstream in the food value chain reduce losses to disease (page 21).

SDG 12 Target 12.4 and 12.5
Manage wastes to minimize adverse impacts, and substantially reduce waste generation through prevention, reduction, recycling and reuse.

We contribute to Targets 12.4 and 12.5 in our manufacturing operations by working to reduce waste generation while responsibly managing waste streams in our manufacturing processes, promoting sustainable packaging practices, and continuous improvement in wastewater reductions at our largest facility. In addition, Elanco products and services help livestock producers reduce emissions such as methane and ammonia (page 34).

SDG 12 Target 12.6
Encourage companies to adopt sustainable practices and integrate sustainability information into their reporting cycle.

We contribute to Target 12.6 through efforts to support customer environmental sustainability initiatives — such as the reduction of livestock emissions — and by engaging with suppliers and other members of our value chain (page 33).

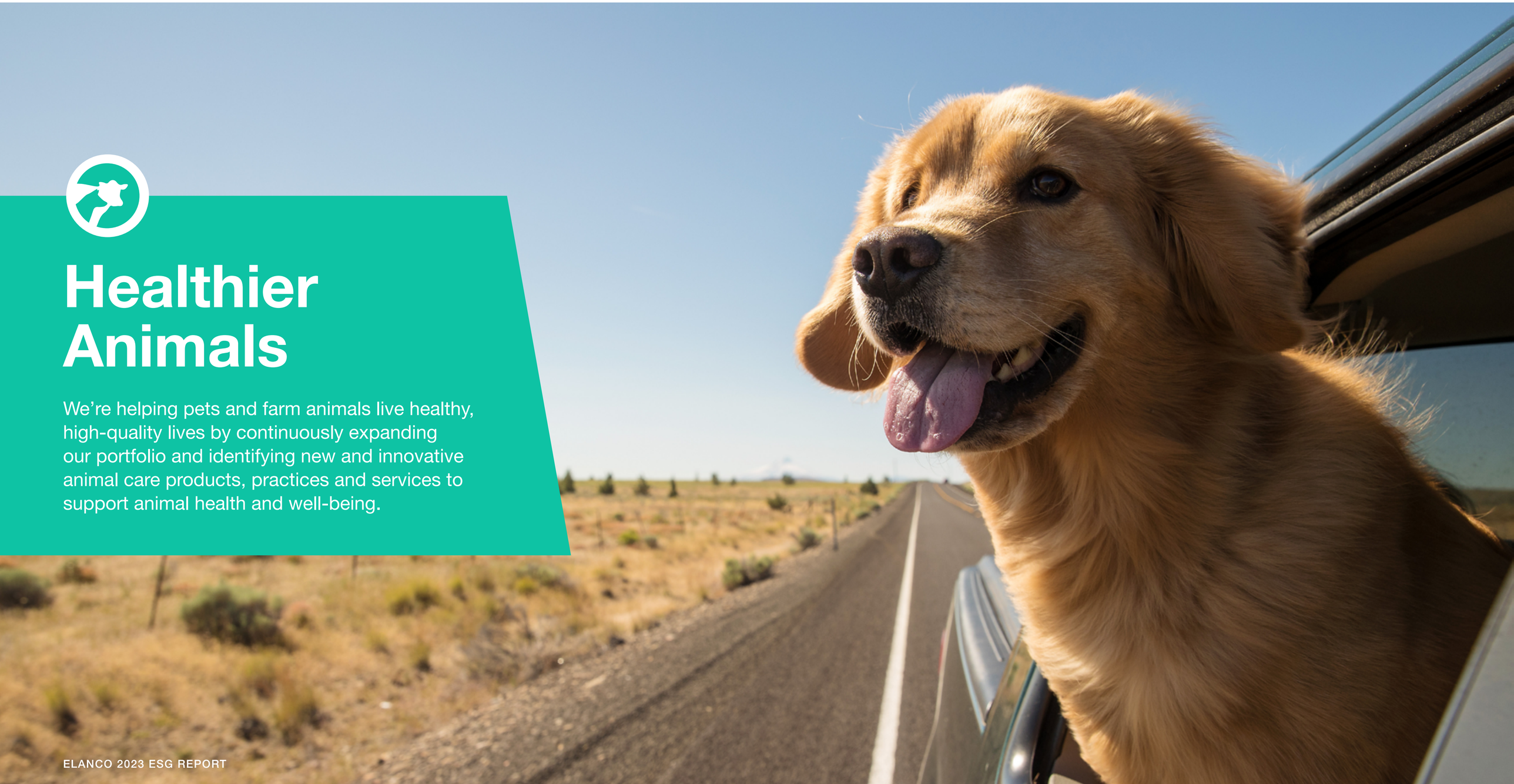
For additional detail on Elanco's identified impacts to the SDGs and supporting targets, see our U.N. SDG Index.

Committing to the U.N. Global Compact

Elanco is a participant in the U.N. Global Compact (UNGC), a voluntary initiative that calls companies to align strategies and operations with universal principles on human rights, labor, environment and anti-corruption — and to take actions that advance societal goals. Elanco supports the Ten Principles of the UNGC and commits to aligning with these principles as part of our company's strategy, culture and day-to-day operations. See our UNGC Communication on Progress.

Healthier Animals

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



Animal Welfare

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



2023 Progress Toward Goals

▶ Obtain independent accreditation of animal welfare compliance by the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) for our acquired research facility, which was not previously accredited

We began the process to obtain AAALAC certification for our one remaining facility in 2023 and anticipate final certification in 2025

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Undergo renovation improvements for research facilities to enhance the standard of care for resident companion animals

→ Develop new partnerships with third-party re-homing organizations for retired research dogs

→ Continue working toward AAALAC accreditation for our third research facility in 2025

The world's first canine parvovirus outbreak heat map

PARVOTRACK powered by Elanco

EST. 2024 DEFEND PUPPIES SAVING 1 MILLION PUPPIES BY 2030 Elanco DEFEAT PARVO

LEARN MORE

Defend Puppies. Defeat Parvo.

In early 2024, Elanco launched the "Defend Puppies. Defeat Parvo." initiative and goal to enhance awareness of and education about canine parvovirus, while increasing veterinarian access to our canine parvovirus monoclonal antibody (CPMA). We established the Elanco's Defenders Fund, offering up to $1 million in rebate incentives to veterinarians who purchase CPMA to help treat the disease.

In addition, like-minded industry leaders and advocates have come together to form the Parvo Defenders Task Force, to raise awareness about parvo and treatment options.

In support of our mission to save 1 million puppies from this disease by 2030, all dog owners, veterinarians and pet lovers can take the "Defend Puppies. Defeat Parvo." pledge to help spread awareness about parvo's signs and symptoms.

We've also launched ParvoTrack - *powered by Elanco*, the first and only canine parvovirus outbreak heat map. Users can click within the interactive tracking tool to self-report, locate outbreaks across the U.S. and help prevent exposure.

Companion Animals

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

Better Care for Pets Through Product Innovation

Elanco is committed to delivering consistent high-impact innovation to help pets live longer, healthier, more active lives. We've developed several differentiated, potential blockbuster products in key markets that provide veterinarians and pet owners much-needed diversity of choice when addressing companion animal health concerns.



Elanco offers the first and only approved therapeutic solution proven to treat canine parvovirus. Caring for a puppy with parvovirus can come with a significant financial and emotional burden, both for pet owners and veterinary care teams. Each year, an estimated 330,000 dogs are diagnosed with canine parvovirus — one of the most deadly viruses a dog can contract — resulting in up to a 91% mortality rate without supportive care.[5]

Our Canine Parvovirus Monoclonal Antibody (CPMA) received a conditional license from the USDA in May 2023. CPMA not only helps puppies feel better faster, but can also alleviate some of the stress for pet owners and veterinary care teams that comes from treating a puppy with a parvovirus infection. The first shipments of CPMA started in July 2023, utilizing our innovative freezer box containing Enviro Ice™ gel packs, which are drain safe and easily recyclable into plant food (page 32). To raise awareness about how CPMA can help dogs and their owners, we launched the "Defend Puppies. Defeat Parvo." campaign to help save one million puppies from parvo by 2030 (page 12).

Elanco product innovations also include treatment options available to cat owners and their veterinarians. In early 2023, we launched Bexacat™ (bexagliflozin tablets)[6] — the first oral once-daily prescription tablet to improve glycemic control in otherwise healthy cats with diabetes mellitus not previously treated with insulin. Diabetes mellitus affects an estimated 600,000 cats in the U.S. Prior to Bexacat, cat owners needed to administer daily insulin injections — a major challenge for many. Research indicates up to 17% of cats diagnosed with feline diabetes are euthanized because of the intensive at-home daily injection protocol.[7] Bexacat provides an innovative alternative to the traditional standard of care requiring daily injections — significantly improving the experience for both cat and owner and strengthening the human-animal bond.

Chronic kidney disease is also a challenge for pet owners seeking to care for their cats as they age. In May 2023, Elanco received conditional FDA approval for Varenzin™-CA1 (molidustat oral suspension), the first drug to control non-regenerative anemia associated with chronic kidney disease (CKD) in cats. CKD-related anemia can dramatically affect a cat's quality of life, potentially causing lethargy, reduced appetite, a rapid heart rate and/or difficulty breathing. Non-regenerative anemia can be fatal for a cat when its bone marrow is not able to produce enough red blood cells to replace older or damaged red blood cells, resulting in a lack of proper oxygen levels in the body.[8] Legacy therapies to address this condition often include off-label use of human drugs. Varenzin-CA1 helps produce erythropoietin, which stimulates the bone marrow to produce more red blood cells resulting in stabilized oxygen levels in the body. Varenzin-CA1 is setting the new standard of care for cats suffering from the debilitating effects of the disease - providing a solution that enhances cats' quality of life. The first customer orders of Varenzin-CA1 shipped to our distributors in September 2023.

Elanco is a global leader in OTC parasiticides and we're committed to maximizing physical access to our products globally. In 2023, we received approval from the European Medicines Agency (EMA) to launch AdTab® (lotilaner), a non-prescription oral monthly flea and tick product for both dogs and cats. We are increasing accessibility and convenience for pet owners by offering AdTab in European pharmacies, pet shops and online.

In 2023, Elanco proudly began supporting the Human Animal Bond Research Institute (HABRI), recognizing the powerful relationship between people and animals, as well as the positive impacts on the health and well-being of both. Through our sponsorship of HABRI, Elanco is championing scientific research that helps strengthen the essential connection between humans and animals. Our collaboration with HABRI underscores Elanco's dedication to innovation, advancing animal health and the human-animal bond — reflecting our belief that pets and people are better together.



LEARN MORE

Domino's Story

Caring for a cat with diabetes can be challenging, often involving frequent monitoring of glucose levels and regular insulin injections. Bexacat was developed to help simplify the treatment process for both cats and their owners.

Domino, a cat surrendered to the Kentucky Humane Society, recently benefited from Bexacat. Domino was brought to the shelter showing signs of excessive water consumption and urination. Blood work and urinalysis confirmed a diagnosis of diabetes mellitus due to extremely high glucose levels. Domino's veterinary team opted for Bexacat — a needle-free, insulin-free, once-daily tablet specifically designed for newly diagnosed diabetic cats.

The medication proved highly effective for Domino, maintaining stable blood glucose levels while alleviating his excessive drinking and frequent litter box use. This advancement eliminates the discomfort associated with traditional diabetes treatments — helping make diabetic cats more adoptable, as owners can easily administer the medication through a simple treat. Domino has been adopted into a permanent home and his family continues to manage his diabetes with Bexacat.

Caring for the Pets and People Within Veterinary Medicine

Many Elanco colleagues witness the emotional demands of veterinary care as they interact daily with veterinary customers. Animal care providers often struggle with compassion fatigue, mental health concerns and burnout. These individuals are highly trained to give care, but not to take time to care for themselves. A tenet of Elanco's veterinary advocacy effort is that practicing self-care is an ethical imperative. If animal caregivers aren't successful in addressing their personal emotional needs, they potentially endanger — or lose the ability to optimally care for — the animals that depend on them.

Elanco trains veterinary professionals on emerging practices to combat work-related stressors and embrace the job's inherent rewards. In 2023, we trained 50 Elanco customers including veterinarians, veterinary technicians and veterinary office managers to become Mental Health First Aiders (MHFA). Our collaboration with customers on mental health is an extension of our ongoing work to certify MHFAiders within the Elanco employee population (page 45).

Elanco also works to support the well-being of veterinarians through our Betterinary Series — through which we promote better outcomes, outlooks and overall well-being for veterinary professionals. Workshops in the series cover topics including empathetic exhaustion, well-being, resilience, flourishing, mental health and suicide, burnout, culture, bereavement and communication. New topics and presentations are created as needs in the community are identified.

In 2023, we delivered more than 150 presentations to over 2,000 veterinary professionals in the U.S. We also reached more than 150 professionals in Australia for the first time and plan to advance the program to other countries in 2024.

Better Care for Pets Through Community Collaboration

Elanco understands that pets enrich our lives by providing companionship, enhancing mental health and providing essential services for people with disabilities —among many other benefits. Through our community efforts, we're committed to supporting, enhancing and extending the connection between pets and pet owners.

Elanco Canada is a proud partner of Community Veterinary Outreach (CVO) which provides pro bono support to homeless people and their pets — including veterinary care and, through partnerships with community health partners, human health care services. For many years, Elanco has provided veterinary products to CVO and our employees actively support the organization through fundraising and volunteerism at clinics. These contributions allow CVO to dramatically increase its impact each year. And in 2023, more than 750 pets received Elanco-donated products as part of their care from CVO.

Elanco is the official preventative health products sponsor for Dogs Inc® (formerly Southeastern Guide Dogs) — an organization that provides animals at no cost to individuals with visual deficits, as well as to disabled military veterans who may benefit from emotional support following their time in service. In addition, the organization supplies owners with many of the necessities to care for a dog throughout its life, easing the financial burden that can come with a disability. In 2023, Elanco provided Trifexis® (spinosad + milbemycin oxime), a tablet to kill fleas, prevent flea infestation, and to treat worm-based infections, to nearly 600 active guide dogs and service dogs across the U.S.



LEARN MORE

Supporting Pet Adoptions in Brazil

Adopting from shelters helps reduce the number of animals euthanized, by giving the animals a home and freeing shelter space for other animals in need. However, worldwide approximately one in ten adopted pets leave their adoptive home within six months.[9] Lifestyle incompatibility between a pet and its owner, such as a need for more outdoor space, exercise requirements or health-care issues for the pet or its owner can lead to an unsuccessful adoption.

As part of Elanco Brazil's responsible adoption initiative, we launched the Cãobinado mobile app to help match adoptable companion animals with people looking for pets. The app helps facilitate positive outcomes by recommending matches between people and pets based on the adopter's lifestyle, home, habits and needs.

Two animal shelters successfully piloted the app in 2023, with over 220 subscribers. We plan to leverage key learnings to enhance functionality as we expand the app to more regions and animal shelters across Brazil.

Farm Animals

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



DATA AND INSIGHTS FOR FARM ANIMAL WELFARE

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

BEEF CATTLE

Each year our Benchmark® database for beef producers incorporates measures for more than 71,000 feeding locations and approximately 10.4 million head of cattle, accounting for approximately 40% of the U.S. beef industry. The database houses data for more than 225 million total head of cattle, helping Elanco deeply understand the needs of our beef customers and develop products to meet those needs, while providing customers with valuable insights to evaluate the health and environmental footprint of their herds.

>71K
Feeding locations (from large feedlots to small farmers) utilize Benchmark each year

~10.4M
Head of cattle measured in Benchmark annually

~40%
U.S. beef industry represented in Benchmark

>225M
Total head represented in Benchmark database

DAIRY COWS

Our Dairy Data Access System (DDAS) is an analytics platform that supports decision-making for dairy producers. In 2023, DDAS helped customers manage more than 360 herds globally — including approximately 11% of U.S. dairy cows — providing weekly reports across key areas of health and milk production.

In 2023, we also introduced DDAS Plus, which provides farm-level data including milk shipments, milk shipment components and quality — as well as feed delivery data at the pen level.

Elanco's dRisk App is designed to assist dairy veterinarians managing the Vital 90 Days® of heifers and cows around the critical time of calving. dRisk is supported by on-site walkthroughs to provide customized insights on factors like nutrition and the cows' environment. In 2023, more than 680 dRisk external users performed assessments representing nearly 100 dairy herds.

>360
Herds supported by DDAS globally (up from 260 in 2022)

~11%
U.S. dairy cows represented in DDAS (up from 3% in 2022)

POULTRY

Health Tracking System (HTSi™) is a broiler health platform Elanco developed in 1996 that's used globally as a method of flock health surveillance. HTSi is designed to help optimize potential through greater understanding and management of intestinal integrity and broiler health. In 2023, approximately 400 poultry customers utilized HTSi, representing more than 11,000 farms globally.

~400
Poultry customers utilized HTSi in 2023

>11K
Farms globally represented in HTSi in 2023



LEARN MORE

Animal Welfare at Elanco Brazil

Elanco Brazil has been recognized by FairFood as an Animal Welfare Friendly Company for poultry, pigs and cows — and we're the first animal health company in the Brazilian market to receive the certification for pets. Recognition is awarded to companies that are aligned with the FairFood mission to promote, increase or guarantee animal welfare through their products or services.

Elanco Brazil was additionally awarded the Agroleite Trophy in the animal welfare category. This recognition, created by Castrolanda Cooperative in Castro (PR) — one of the biggest farm animal stakeholders in Latin America, is awarded to brands that stand out in the dairy production food chain, as determined by public vote and market professionals.

The award reflects the impact of Elanco's Vital 90 Days campaign, which highlighted the benefits of using Catosal™ and Calfon™ — two of Elanco's flagship products for the critical first 90 days of a cow's lactation period. Our campaign demonstrated how these products can enhance animal health and productivity, leading to increased dairy farm efficiency and output. Additionally, Elanco was recognized for animal welfare training on local farms, addressing animal handling practices and administration of products such as: Baycox™, Catosal™, Calfon™ and Agita™.

The Agroleite Trophy is considered by the Brazilian dairy market as the "Oscar of Milk."

Training Solutions for Farm Animal Welfare

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

We regularly enhance and evolve our training programs to fit the individual needs of our customers. In 2023, we developed the final module in our swine welfare series which was created in 2022 as part of the Elanco Pig Academy. The series supports customers with training on swine welfare topics including handling, transportation, evaluations, documentation and indoor production systems. The final module provides best-practice guidance on swine welfare during each stage of production, helping swine producers manage animal welfare across their farms.

We also continued our work supporting the livestock industry with Spanish translations of important guidance documents — such as the Meat Institute's animal welfare guidelines and audit tool, as well as veterinarian-developed modules for their clients. Furthermore, we participated in and contributed towards industry working groups and committees focused on animal welfare initiatives, such as the:

402
total on-farm training and consultation sessions delivered in 2023

- Calf Care Quality Assurance (CCQA) Program
- Meat Institute Animal Welfare Committee
- International Poultry Welfare Association (IPWA)
- U.S. Roundtable for Sustainable Beef (USRSB)
- Global Roundtable for Sustainable Beef (GRSB)

We also provide an extensive number of trainings and consulting sessions for customers, veterinarians, and nutritionists, such as:

- Heat stress
- Handling
- Animal welfare
- Product-related training/services
- Animal care and management
- Employee development/engagement
- Site evaluations
- Crew-specific job roles
- Farm safety

Solutions for Improved Farm Efficiency

In addition to managing platforms that help farmers and producers better understand their herds, our EKS team develops tools that help customers make better on-farm decisions. In 2023, Elanco released PenPoint™ Sort, a data-driven tool that helps feedlots optimize feeding cohorts by objectively measuring and sorting cattle. This platform can help conserve feed inputs by identifying heavier, more finished animals and moving them into earlier harvest groups, while allowing more time for lighter, less finished cattle to grow. PenPoint Sort uses a camera system to capture compositional metrics to inform sorting decisions, even when internet connections might be unreliable at rural feedlots. The platform reduces the need for hard-to-find feedlot sorting talent, improving the efficiency of feed and labor inputs. By optimizing sorting risk and avoiding costly quality grade discounts, Elanco estimates this technology can positively impact producer revenues, helping them generate an additional $10-$40 per head.



LEARN MORE

Swine Welfare Education in Action

Managing animal welfare across every stage of production can be challenging for farmers. In 2023, Elanco's swine welfare training modules were utilized in a series of "train-the-trainer" sessions for our swine customers around the world. The lead veterinarian for one of our largest customers participated in virtual training sessions with Dr. Michelle Calvo-Lorenzo, Elanco's Chief Animal Welfare Officer. Through this training series, the customer acquired knowledge and resources to train all their staff veterinarians and employees on swine welfare principles and best-practices, helping lead to better on-farm outcomes.

In addition to the swine welfare series, Elanco delivered a custom training session to help the customer address specific welfare concerns. The 3-hour session provided education and discussion opportunities for the farm's entire veterinary team, to help them navigate their specific welfare challenges.

Research Animals

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

Certifying Our Practices

The Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) is an international group that provides accreditation for animal welfare in research facilities. Recognizing the importance of independent verification of our animal welfare practices, Elanco is committed to obtaining AAALAC certification across all our research facilities. In 2023, we began a multi-year accreditation process for an acquired research facility which was not previously accredited. We anticipate accreditation for this location by 2025.

Finding Forever Homes for Retired Animals

Retired research animals make excellent pets and we nurture partnerships to facilitate their adoption. In 2023, we established a program with a minimum-security prison through which incarcerated individuals provide training for retired research dogs, to help ready them for adoption through a local animal shelter. The dogs are leash trained, house (potty) trained, kennel trained and exposed to different people and environments — including plenty of outdoor space. Program participants also teach basic instructions, such as “sit” and “stay”. The program helps prepare dogs for their future forever home, and also helps build connection between the prison and local community. Involvement in dog training initiatives has been shown to benefit incarcerated individuals and the community by reducing recidivism rates among participants.[10]

Engaging Our People on Animal Welfare

The Elanco Golden Heart Awards celebrate exceptional advancements in the field of animal welfare, spotlighting groundbreaking designs in research animal housing that prioritize the well-being and natural behaviors of the animals. In 2023, we recognized innovative enclosures which enhance the living conditions of research animals while also facilitating better scientific outcomes. Additionally, the 2023 awards acknowledged pioneering developments in the administration of medications that significantly minimize stress — delivering a more humane and compassionate approach to animal care. These progressive treatment methods reflect Elanco's commitment to improving the lives of animals through thoughtful, science-driven welfare practices.

Elanco is committed to upholding the 3Rs of animal research:

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

READ MORE ON ANIMAL WELFARE

- Animal Welfare Issue Brief
- Elanco Animal Welfare Policy



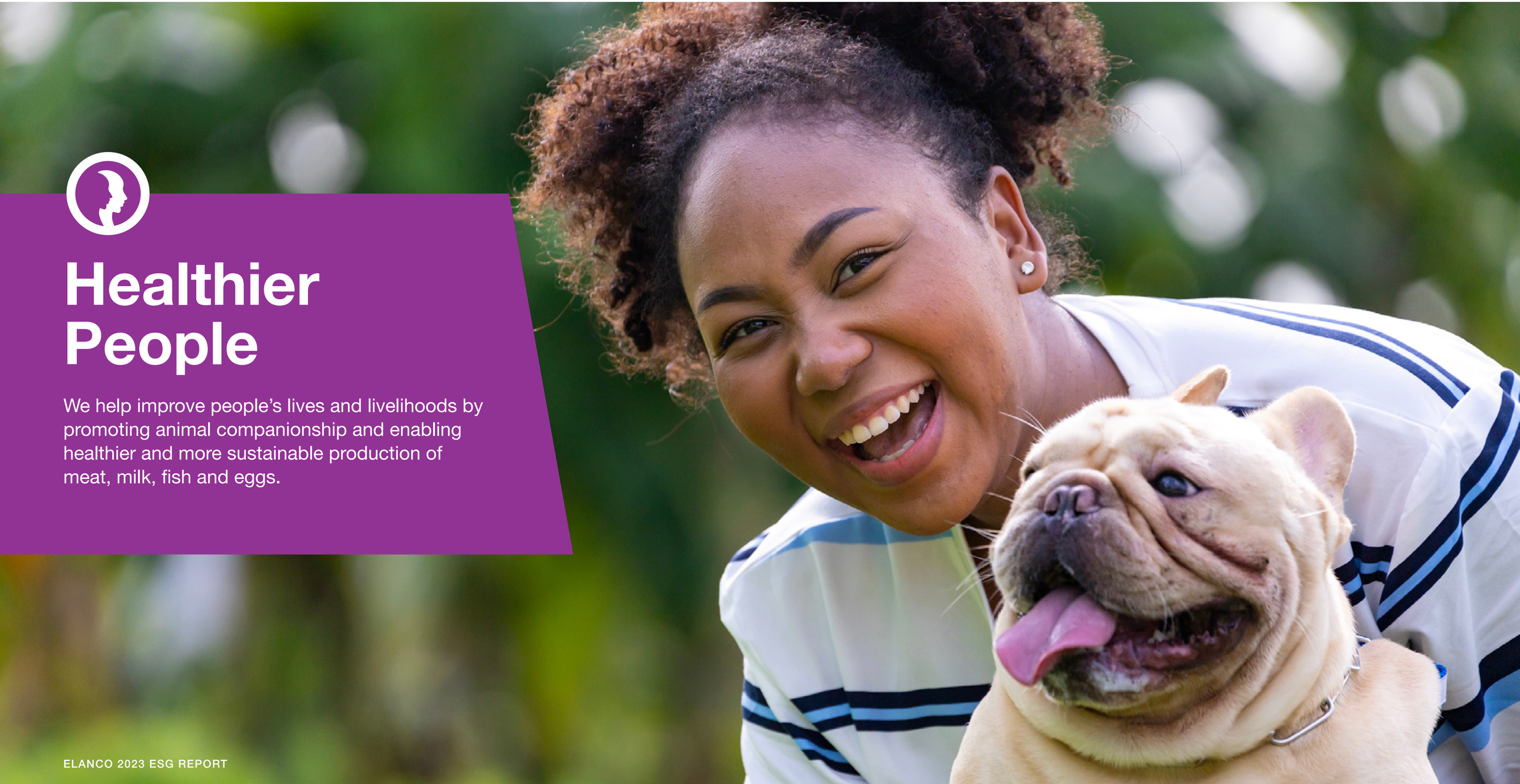
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Openness and Transparency in Animal Research

In alignment with our longstanding effort to build awareness and understanding regarding the critical role of research animals in pharmaceutical research, Elanco is proud to be an inaugural signatory to The Openness Agreement on Animal Research and Teaching in Australia. Additional signatories include universities and medical research institutions. The agreement outlines key commitments aimed at enhancing public understanding of the purpose and methods behind animal use in research and teaching:

- Ethical Guidelines
- Code of Care and Well-being Guidelines
- Best Practice Methodology Identification
- Code of Practice for Small Research Animals
- Royal Society for the Prevention of Cruelty to Animals (RSPCA) Policies on Euthanasia

By joining as a signatory, Elanco seeks to help inform the broader community about how and why animals are used in research. Our involvement supports fostering a deeper understanding and appreciation for the invaluable and necessary contributions animals make to scientific progress in veterinary teaching and animal healthcare.



Healthier People

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

Antimicrobial Stewardship

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



Elanco aligns with a One Health approach and we consider a wide range of factors that contribute to the health of food animals and pets, in support of positive health outcomes for both humans and animals.

The first course of action is to ensure the health of animals to reduce the chances of an infectious disease, consequently lessening the need for therapeutic antimicrobial use. However, when antimicrobials are necessary, Elanco is committed to working closely with stakeholders to ensure responsible use in veterinary medicine. Additionally, we work closely with international organizations and local regulatory agencies to help ensure appropriate guidelines are in place for responsible antimicrobial use.

2023 Key Achievements

- We acquired the marketed product portfolio for NutriQuest® in 2023 and began bringing these nutritional products to new markets. These products offer alternatives to antibiotics.
- We received 40 vaccine approvals for existing Elanco vaccines in new jurisdictions. Improving disease prevention is one of the best actions to reduce the need for antibiotics.

Looking Ahead

In 2024 and beyond we expect to:

→ Update our 5-year antimicrobial stewardship plan as part of our ongoing commitment to responsible antibiotic and broader antimicrobial use

→ Publish reference articles describing the methodology and impact of Elanco's Dairy Antibiogram (DAB) initiative

READ MORE ON ANTIMICROBIAL STEWARDSHIP

– Antimicrobial Stewardship Issue Brief



LEARN MORE

Advancing Sustainable Aquaculture Through Immunology

One of the best ways to promote animal health is by preventing illness from occurring in the first place, through the use of preventative approaches like vaccination. At the 21st International Conference on Diseases of Fish and Shellfish, senior Elanco technical team member Ragnar Thorarinsson presented research for a DNA-based vaccine approved for Atlantic salmon.

Our thought leadership efforts in aquaculture health extended to the Elanco Aqua[2] Immunology Week in Chile - aimed at strengthening fish health in the salmon farming industry. The conference brought together a distinguished group of international immunologists and immunopathologists to discuss the current and future state of fish immunology, immunopathology, autoimmunity and melanosis, mucosal immunity and microbiota, as well as the roles of vaccines and immunomodulation.

Elanco's guiding principles for the responsible use of antibiotics include:

- **Food chain stakeholder engagement:** Help stakeholders across the food chain better understand and implement guidelines for responsible antibiotic use.
- **Global antibiotic classifications:** Consider World Health Organization, World Organisation for Animal Health, national and regional ranking recommendations regarding importance to human health.
- **Disease treatment:** Support the administration of an antibiotic to an individual or a group of animals showing clinical signs of an infectious disease.
- **Disease control:** Support the administration of antibiotics for disease control (metaphylaxis) in animals identified by a veterinarian.
- **Disease prevention:** Support the administration of antibiotics for disease prevention (prophylaxis) where determined by a veterinarian that animals are likely to get sick. Support the use of vaccination as disease prevention.
- **Utilization of risk assessments:** Following a risk assessment process and where regulations allow, support the use of non-medically important antimicrobials for performance indications.
- **Concomitant use:** Two medically important antibiotics of different classes should not be used concomitantly for the same disease indication (unless approved by the applicable regulatory agency, or supported by scientific evidence and/or veterinarian experience).
- **Aquaculture:** Antibiotic use in aquaculture is supported where environmental exposure of the antibiotic can be sufficiently controlled to avoid environmental impact or risk of resistance development.
- **Recording of antibiotic therapy:** Antibiotic use in farm animals should be recorded and kept by the veterinarian and/or farmer.

Elanco's approach to antimicrobial stewardship also includes localized scientific monitoring to provide support for antimicrobial selection to reduce negative consequences for human health. Elanco supports stewardship by promoting best practices identified per the European Union (EU) Commission Guidelines for the prudent use of antimicrobials in human health nutrition, hygiene and husbandry, stress avoidance and preventative treatments such as vaccines. For example, Elanco salmonella vaccines are licensed in 78 countries to treat poultry in the food supply — helping reduce possible disease transfer to humans.

Our strategy to reduce the need for therapeutic antimicrobial use includes supporting intestinal integrity, to help maintain good health. This reduces the chance of disease, thereby reducing the need for antibiotics. As part of that strategy, we acquired the marketed product portfolio of NutriQuest, which includes feed ingredients that help maintain animal health for dairy, poultry and swine.

For additional information, please see the Elanco antimicrobial stewardship web page and issue brief, which includes a list of publications by Dr. Shabbir Simjee, Elanco Chief Medical Officer, Global Regulatory and Technical Senior Advisor.



Dr. Shabbir Simjee, Ph.D., FISAC

Chief Medical Officer and Global Regulatory & Technical Senior Advisor — Microbiology & Antimicrobials



LEARN MORE

Targeted Antibiotic Use in Dairy Herds

As part of Elanco's emphasis on antimicrobial stewardship to combat antibiotic resistance, we're working to help veterinarians and dairy producers identify the right treatment for the right pathogen. Antibiograms are a valuable tool in this effort — providing essential information profiling the susceptibility of identified pathogens to specific antimicrobials.

Elanco's Dairy Antibiogram (DAB) initiative — a collaboration between Elanco and New Zealand dairy farms – is enhancing the ability to select the most appropriate antimicrobial for treating mastitis in dairy cows, a painful udder infection which can be caused by a number of different pathogens.

This initiative identifies levels of antibiotic resistance in bacteria from each farm to develop a herd-level profile. Elanco technical veterinarians assist their professional colleagues in the field to interpret these evidence-based insights to inform holistic mastitis management plans that are efficacious. Enabling the visibility of antimicrobial susceptibility in this way can increase the effectiveness of both treatment and prevention — benefiting cows, dairies and public health by resolving infections efficiently and promoting responsible antibiotic use behaviors.

At the national level, Elanco is curating a growing repository of temporal DAB data and valuable learnings which can be delivered back to the veterinarians and producers in the form of peer reviewed journal publications to inform better, evidence based advice.

Farmers, Producers and Food Systems

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

2023 Progress Toward Goals

▶ **By the end of 2026, reach more than 450,000 small-scale producers in Uganda and Nigeria with training on tick-borne diseases, Integrated Tick Management and responsible use of acaricides**

We launched our efforts by "training the trainer" — preparing 16 employees from our regional acaricide distributors to deliver training in 2024 to small-scale producers and veterinary shop staff.

▶ **By the end of 2026, grow sales to more than 29 million acaricide doses per year in Uganda and Nigeria, combined**

In 2023, we sold approximately 12 million acaricide doses in Uganda. Since the MAHABA program launched in 2022, we've sold approximately 47 million cumulative doses in Uganda. We do not yet have acaricide sales in Nigeria, as we await regulatory approvals.

● **Launch a mobile app and in-person training with resources on tick control for small-scale producers in Uganda and Nigeria**

In 2023, we piloted the Tick Academy™ educational app. The app was formally launched in early 2024, in both English and Luganda languages.

▶ **Continue to support last mile product availability for small-scale producers and others in Kenya, Tanzania and Uganda**

We continue to work toward developing new distribution channels that meet capacity requirements, and expect to finalize these pathways in 2024.

▶ **Register 30 products in Nigeria and commence last-mile delivery of products and training efforts**

We received regulatory approval for two products in Nigeria and filed applications for five more — including four acaricides — in early 2024.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Continue preparing staff from local distributors to deliver training to small-scale producers in Uganda

→ Train more than 1,000 animal health professionals to enhance their knowledge and skills in managing and preventing tick infestations

→ Increase the number of acaricide doses sold, as the MAHABA program continues to mature in Uganda and we gain future regulatory approval for our acaricide products in Nigeria

→ Continue to develop the Tick Academy mobile app over time with additional educational materials, support for the Runyakitara language in Uganda and a future launch in Nigeria

→ Develop relationships with distribution partners to help build capacity for Elanco non-acaricide products in Kenya, Tanzania and Uganda

→ Continue to pursue additional product registrations in Nigeria, to meet our target of 30 total products



LEARN MORE

Supporting Dairy Farm Management Practices Around the World

The global dairy industry is about more than cows producing milk. It includes the farmers who raise and care for their herd as part of an agricultural legacy that impacts the livelihoods of families and people in their community. Vinton Smith, Executive Sales Representative in Elanco's farm animal business, regularly volunteers in Africa to help overcome the challenges of hunger in the developing world. He has seen the impact one cow, a few goats, a few chickens or even a hive of honeybees can make in people's lives.

On a recent trip to Ethiopia, Smith spent two weeks working at Yaya Dairy Farm — which serves as a model farm — teaching farmer Yared Abebe and his employees how to observe their cows and identify opportunities to improve the farm's operations. Through the engagement, Smith helped the team implement several dairy farm management best practices, including increasing access to water, feeding a total mixed ration (TMR), adopting a more hygienic and improved milking technique, and implementing a new herd record keeping system.

Smith recalls, "I feel privileged to wake up every day with a goal to help dairy farmers here in the U.S. I feel even more privileged to help dairy farmers in the developing world. The impact on their families and communities is so much greater."

Over the past year, with continued remote support from Vinton, Yaya Dairy Farm now produces 21 liters of milk per cow per day — nearly double the 11 liters they were producing in February 2023. The incremental production is enough to provide a serving of milk to more than 600 children every day.

Yared and the local veterinarian, Dr. Lemi Korso, have spread the word — providing training on the feeding and milking management practices Smith recommended to more than 100 additional farms in the region. During 2024, Smith will also support the Value for Dairy project of FrieslandCampina WAMCO in Nigeria, as part of Elanco's ESG commitment to the region. For more information on Vinton Smith and One Cow at a Time, visit: https://onecowatatime.wordpress.com or follow on Instagram at @OneCowAtATime

MAHABA: Supporting Small-Scale Producers in Nigeria and Uganda

The Managing Animal Health and Acaricides for a Better Africa (MAHABA) initiative is a collaboration between Elanco and The Global Alliance for Livestock Veterinary Medicine (GALVmed), with support from the Bill & Melinda Gates Foundation. MAHABA aids small-scale beef and dairy producers in Uganda and Nigeria dealing with tick infestations in their herd, with plans to enter the poultry market in Nigeria. Elanco training and product information supports Ugandan and Nigerian communities by helping producers reduce losses from ticks and tick-borne diseases.

Training and Education for Small-Scale Producers

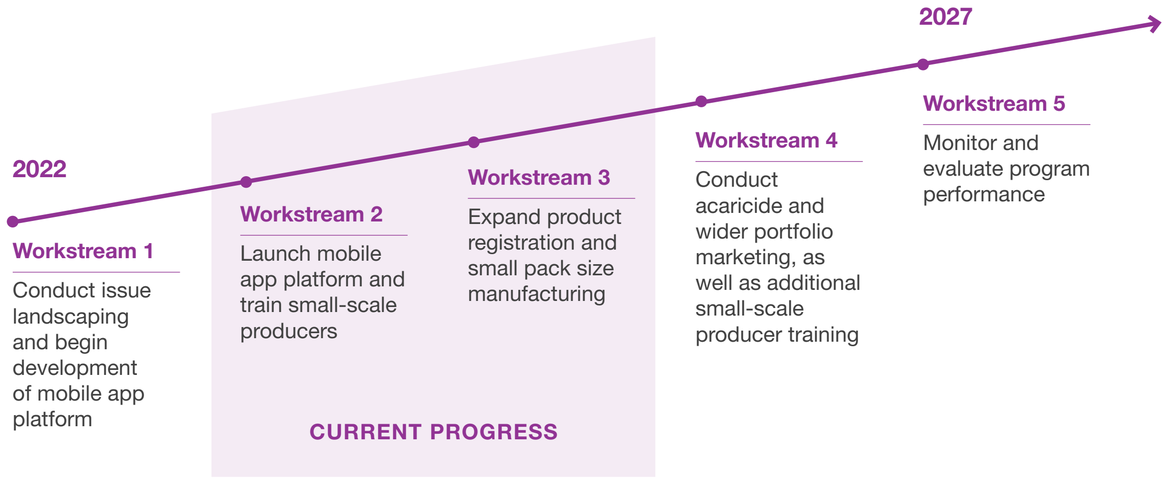
The MAHABA initiative seeks to train small-scale beef and dairy producers on tick-borne diseases, integrated tick management and responsible use of acaricides. Building upon previous landscape studies, in 2023 Elanco collaborated with Ugandan experts to develop educational presentations, brochures and posters. Work to translate these materials into the local languages of Luganda and Runyakitara is underway in 2024.

We're utilizing a "train the trainer" approach to educate employees at our regional distributors on the effective use of acaricides for tick management. These new trainers will lead efforts to educate local farmers and veterinary shop staff, and the distributors' feedback is being incorporated into the development of future educational materials.

In 2023, we piloted Tick Academy, an educational mobile app for farmers which presents content on integrated tick management, as well as contact information for nearby service providers and licensed veterinary retailers. We formally launched the app in early 2024, in both English and Luganda languages.

Looking ahead, we will continue to roll out Tick Academy app in new regions, add new features and expand educational content. We will also offer additional local language support, such as Runyakitara.

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





LEARN MORE

Collaborating to Address Tick Control in Uganda

In December 2023, key stakeholders of Elanco's MAHABA initiative convened in Uganda to address the impact of ticks and tick-borne diseases (TBDs) in the country's livestock industry. Uganda experiences an aggregated annual loss (direct and indirect) of approximately $1.1 billion due to ticks and TBDs.[11]

During the meeting, veterinarians, extension staff, farmers, processors and government representatives identified several key areas of focus for tick control in the region. These include sensitization and training for field personnel and farmers, development of a multi-stakeholder platform for collaboration, strengthening diagnostic infrastructure for tick resistance testing, and facilitating access to affordable financing to help farmers purchase quality acaricide application equipment.

To assist farmers in managing tick infestations, the MAHABA initiative pre-launched the Tick Academy app during the meeting. The app, available on both the Google Play and Apple app stores, provides educational content — including videos — to empower farmers and extension staff with knowledge on tick control.

Healthier Planet

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



Energy and Emissions

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

2023 Progress Toward Goals

▶ **Source renewable electricity equivalent to 100% of our electricity consumption by 2030**

We achieved approximately 12% attainment toward our 2030 renewable electricity goal. We're considering opportunities for on-site solar at locations that could support such installations. And we continue to explore investment opportunities for large-scale third-party projects, to support our renewable electricity progress in regions where on-site or grid-based solutions aren't available, or feasible.

▶ **Implement programs to reduce Scope 1 and Scope 2 (GHG) emissions**

As part of our aspiration to reduce our GHG emissions, we seek to progress renewable electricity purchasing; refine global fleet policies and composition — including additional integration of hybrid and electric vehicles, where practicable; and conduct assessments at key sites, to understand additional energy efficiency and emissions reduction opportunities.

▶ **Continue reporting Scope 3 GHG emissions and engage categorically across our value chain to help reduce emissions where possible**

Elanco began reporting Scope 3 emissions as of FY2021. We continue to refine and advance our methodologies — to enhance accuracy and demonstrate emissions reductions in strategic areas, such as transportation and logistics.

▶ **Enhance monitoring of supplier energy and emissions management initiatives through the launch of a new third-party due diligence platform**

In 2023, we launched a third-party due diligence platform to aid in monitoring supplier performance across multiple ESG topics. While our initial supplier measures have focused on matters such as human rights and modern slavery, in 2024 we expect to begin assessing supplier environmental programs, goals and reported emissions data — to enhance the accuracy of our Scope 3 reporting and inform future goals and supplier engagement.

▶ **Strengthen our logistics continuous improvement program and conduct workshops with our leading freight forwarders**

Our 2023 collaborations with freight forwarders focused on consolidation activities and enhancements in emissions reporting capabilities.

▶ **Further develop our mode of transportation conversion from air to sea/rail/road for international freight forwarding**

An additional 5% of the total air transportation volumes have been converted to sea, road or rail in 2023

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Report revised 2022 and 2023 Scope 1 and Scope 2 GHG emissions

→ Establish a Scope 1 and Scope 2 GHG emissions reduction goal

→ Further optimize our international freight transportation flows, domestic warehousing footprint and distribution to further reduce related GHG emissions

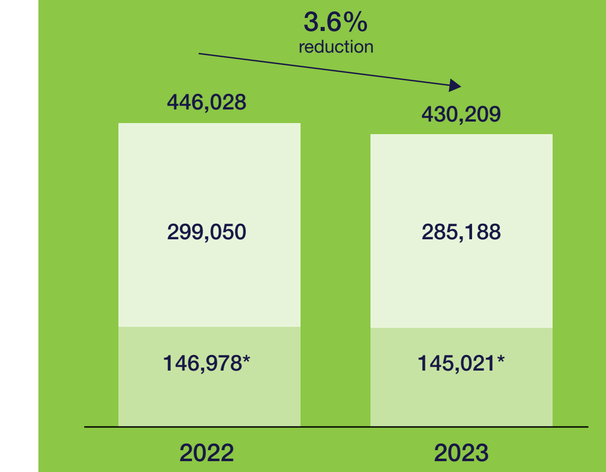
→ Develop a GHG emissions reduction target for transportation and logistics

→ Identify goals related to the additional integration of hybrid and electric vehicles in our fleet, where practicable

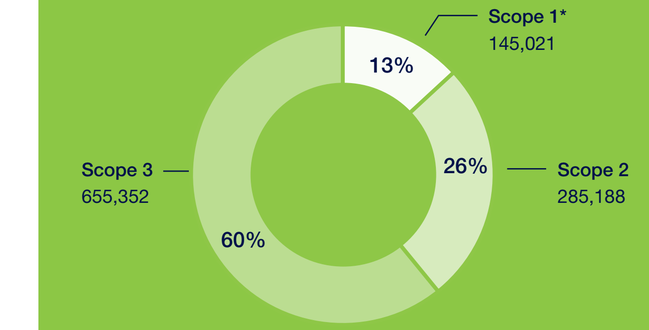
→ Conduct assessments at key sites, to understand additional energy efficiency and emissions reduction opportunities

OUR EMISSIONS
(metric tons)

SCOPE 1 & 2 EMISSIONS



2023 SCOPE 1, 2 & 3 EMISSIONS



*Scope 1 includes biogenic emissions from production fermentation processes

Percentages may not total 100% due to rounding.

Note that 2022 Scope 2 emissions have been restated from previous reporting based on a corrected emission factor. Please see the ESG Key Performance Indicator page on elanco.com for more detail on our emissions reporting.

Increasing Renewable Electricity Use

We continue working toward our 2030 goal to source renewable electricity equivalent to 100% of our electricity consumption.

In 2023, we achieved approximately 12% attainment toward our renewable electricity goal. This is slightly down from 13% attainment in 2022, illustrating that progress in this space is complex.

Elanco's sites in Fort Dodge, Iowa; Huningue, France; Kiel, Germany and Macquarie Park, Australia continue to operate on renewable electricity. At our Fort Dodge facility, the utility provider uses a combination of wind and solar solutions to generate electricity for the grid. Because these inputs are highly dependent on the weather — requiring sunny and/or windy days — in 2023 the utility wasn't able to certify 100% of its electricity was from renewable sources, as it did in 2022. This was the primary driver for our slight year-over-year decrease in global attainment.

Around the globe, we're analyzing arrangements with our utility providers, to understand where additional grid-sourced renewable electricity is available. We're also reviewing agreements with landlords to understand renewable electricity options where our electricity purchases are part of a lease.

Additionally, we're considering opportunities for on-site solar at our Clinton, Indiana manufacturing site and other locations. We're also working to ensure that, upon completion, our new headquarters under construction in downtown Indianapolis will operate on 100% renewable electricity. And we continue to explore investment opportunities for large-scale third-party projects, to support our renewable electricity progress in regions where on-site or grid-based solutions aren't available, or feasible.

~12%

Renewable electricity use in 2023, working toward a goal of 100% by 2030

Driving Emissions Reductions

We're advancing multiple initiatives to enhance operational efficiency and reduce emissions across the business.

We are committed to reducing Scope 1 and Scope 2 emissions across our business by:

- Progressing toward our existing 2030 goal to purchase renewable electricity equal to 100% of our electricity consumption
- Refining global fleet policies and composition — including additional integration of hybrid and electric vehicles, where practicable
- Conducting assessments at key sites, to understand additional energy efficiency and emissions reduction opportunities

Our global fleet management efforts are demonstrating progress. Across our European operations, approximately 20% of our fleet vehicles are fully electric or plug-in hybrid.

- Our U.K. and Ireland affiliate has set a goal to remove internal combustion engine vehicles from the region's fleet by 2030. In the U.K., 100% of newly-purchased fleet vehicles must be electric or hybrid.
- In our Belgian affiliate, 100% of newly-purchased fleet vehicles must be fully electric.



LEARN MORE

An Award-Winning Approach to Sustainability

As with the rest of the company, our UK and Ireland affiliate is committed to enhancing the health and well-being of animals, people and the planet. This regional team has demonstrated commitment by driving key initiatives focused on reducing greenhouse gas emissions, achieving high rates of recycling and implementing a strategic travel plan to reduce the impact of logistics operations. These efforts were recognized by the Investors in the Environment (iiE) 2023 Sustainable Transport Champion award. The award recognized:

- The region's commitment to transition its company car fleet to electric, ending use of internal combustion engines by 2030
- Car salary sacrifice and cycle to work schemes
- A sizable reduction in CO_2e emissions from employees' business-related travel in personal vehicles, since 2019
- The region's 'Elanco Summer challenge', sustainable travel competition

In 2023, our UK and Ireland head office in Hook, UK also advanced from Bronze to the Silver category of recognition by iiE, demonstrating our ongoing commitment to improve our environmental performance. Through leadership commitment, employee engagement and strategic partnerships, this region has made significant strides in reducing its environmental footprint while contributing to a more sustainable future for animals, people, and the planet.

Transportation and Logistics Initiatives

Continuous Global Logistics Improvement

In 2023, our global logistics team implemented tighter controls on the use of air freight and expedited air shipments managed by our freight forwarding partner(s). A freight forwarder is a person or company that coordinates and organizes the movement of shipments on behalf of a shipper. By reducing air shipments from 11% of our overall shipping volume to 6%, we significantly reduced associated Scope 3 carbon emissions. More specifically, for one pilot project, changing select transportation shipment modes from air to sea, road or rail helped reduce year-over-year emissions managed through freight forwarding services by approximately 40%.

TRANSPORTATION MODE FOR INTERNATIONAL SHIPMENTS VIA FREIGHT FORWARDING SERVICES

	2022	2023
Air	11%	6%
Sea, road, rail	89%	94%

~40%

year-over-year reduction in CO_2e emissions associated with a pilot project to optimize shipping modes for transportation managed through freight forwarding services

In 2023, we conducted network design studies to optimize international freight transportation flows, our domestic warehousing footprint and domestic distribution flows. Through this effort, we identified multiple future opportunities to further advance logistics efficiency.

In addition, we enhanced our logistics reporting capabilities and tools to gain more granular visibility into Scope 3 emissions generated from our collaboration with freight forwarders. This provides us with ongoing, automated emissions calculations instead of an after-the-fact view. As we further develop visibility with our freight forwarders, we may identify additional opportunities to reduce emissions and improve efficiency in this area.

Distribution Center Management

- **Domestic (U.S.) distribution:** Over the last 3 years, Elanco has been working to improve the structure and coordination of our domestic distribution network. By refining our network of warehouses and distribution centers, we've optimized transportation modes and flows — maintaining service levels while reducing shipping distance and carbon emissions.
- **International freight:** We continue to optimize our international freight operations from Germany to the U.S., to reduce cost as well as our carbon footprint. In some markets, we've transitioned from small volume/high frequency shipments by individual facilities to a model that aggregates material at a mother hub before distributing from that location in bulk. Such consolidation has helped optimize shipping routes and overall trip count, reducing emissions approximately 29%, to date.
- **EMEA network:** Based on the success of our U.S. and international distribution efforts, we're exploring a similar hub-and-spoke approach to serve Elanco affiliates across the EMEA region — to help improve service levels, while reducing cost and transportation-related emissions.

Transport Mode Optimization

- **Transport management system:** In 2023, we implemented automation software to inform strategic decisions across air, sea and road transportation modes at one pilot site. This platform helps select the most time efficient, cost effective and environmentally friendly shipping approach — which is good for both our bottom line and environmental footprint. We measured approximately a 40% year-over-year reduction in CO_2e emissions associated with this pilot project and plan to extend this program to all Elanco sites in 2024 and 2025.

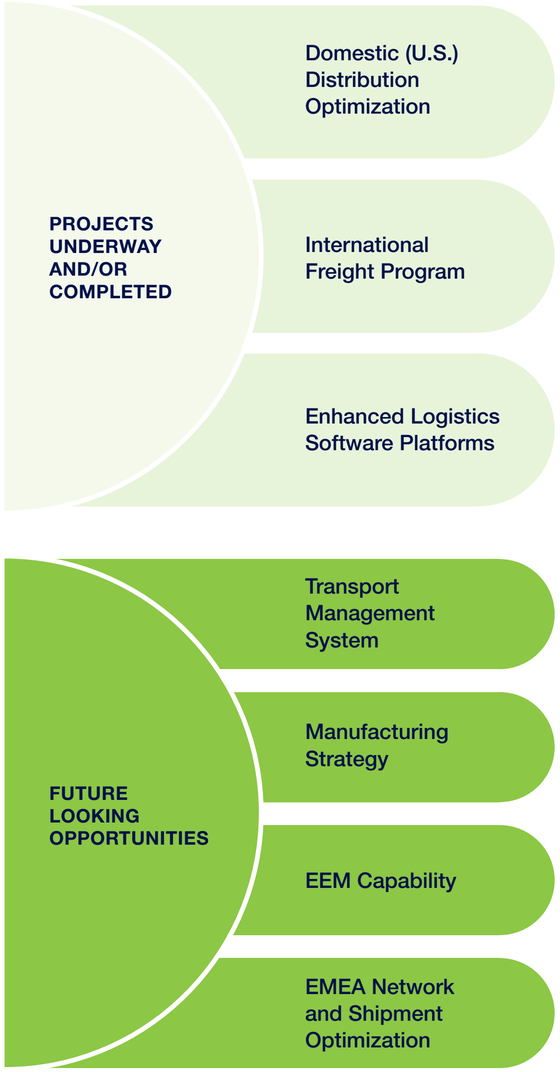
Manufacturing Optimization

- **Manufacturing strategy:** We're reviewing our manufacturing approach to identify, reduce or eliminate backtracking shipments — to further optimize our manufacturing process and reduce emissions.
- **Elanco External Manufacturing (EEM) capability:** This approach involves making informed, sustainable choices for fuel, contributing to a reduction in our carbon footprint. Our goal is to combine operational efficiency with environmental responsibility, ensuring that our manufacturing processes align with our commitment to sustainability. For example, we can optimize product carbon footprints for livestock feed ingredient premixes by planning logistics to prevent backtracking and by diluting the mix as late as possible in the process, to keep volume and weight down.

Truckload Size Management

- **Shipment optimization:** We're evolving our legacy focus on shipping timelines to consider road transportation service costs and reduced emissions. In some areas, utilizing multiple smaller shipment sizes in a single truck or a multi-stop truck can lead to better utilization, while in EMEA we're moving from less-than-truckload to full-truckload shipments.

PROJECT STATUS



Operational Waste

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

Elanco recognizes the byproducts generated by our business operations and we're committed to managing waste through a variety of best practices such as reuse, recycling and conventional waste management. We're dedicated to evaluating the various impacts of our operational waste to enhance outcomes related to human and public health, environmental integrity of land and water, and the mitigation of global warming.

We acknowledge the substantial role that packaging waste plays in contributing to global waste streams. Through initiatives focused on sustainable packaging and logistics, Elanco is actively working to reduce waste and the associated greenhouse gas (GHG) emissions. Beyond typical office waste, our manufacturing activities and the procurement of raw materials from suppliers result in a diversity of solid and liquid waste. Our health, safety, and environmental (HSE) organization upholds standard operating procedures that prescribe the appropriate management and disposal of both nonhazardous and hazardous waste materials, which may encompass packaging from acquired raw materials or byproducts of our manufacturing processes.

Elanco's Global Environmental Standard (Standard) mandates that employees responsibly dispose of hazardous and non-hazardous waste while striving to reduce the total volume of waste produced by our operations. For instance, our Standard advocates for the destructive disposal of expired or unsold medications, such as through incineration, rather than landfill deposition. Furthermore, we proactively donate products that are otherwise unused — aiding non-profit animal shelters, clinics and other organizations globally — thereby diminishing our waste footprint. The Standard is subject to regular reviews to ensure it remains a robust directive for our employees.

Elanco adheres to stringent hazardous waste management protocols to guarantee the safe handling and disposal of hazardous substances. Our comprehensive waste management system encompasses waste characterization, segregation, storage, transportation and disposal. Our approach to hazardous waste management includes meticulous labeling, containment and storage within designated areas equipped with appropriate spill protection measures. We rigorously comply with all regulatory practices concerning the generation, handling, transportation and disposal of hazardous materials.

In 2023, Elanco's total waste generated decreased approximately 11% year-over-year, largely due to improvements in process controls at one of our largest manufacturing sites which resulted in fewer dumped fermentors — which in turn, also allowed us to reduce fresh water consumption at the site by approximately three million gallons.

We're also working to reduce waste on our packaging line. When product tablets are sealed into blisters, sometimes the blister does not seal correctly, resulting in wasted product. We modified our process to divert rejected packages — allowing us to recover and repackage the product, avoiding unnecessary pharmaceutical waste.

91%
of waste generated in 2023, including production wastewater, was reused or recycled

2023 Progress Toward Goals

- ● **Pursue composting programs for our Puerto Varas, Chile and Manakau, New Zealand manufacturing sites, as well as our headquarters cafeteria — including food waste as well as compostable utensils and to-go containers**

  In 2023, our Puerto Varas, Chile site recorded approximately 2,800 kg (6,300 lbs) of composted waste. And our headquarters location recorded more than 2,900 kg (6,500 lbs) of composted waste. Local guidelines preclude us from establishing a program at our Manakau, New Zealand location at this time.

- ▶ **Enforce amendments to our Global Environmental Standard, including guidelines requiring disposal mechanisms other than landfill for expired or unused medicines**

  We conduct regular training on enhancements to policies such as our Global Environmental Standard. Our HSE organization conducts audits of Elanco facilities every three years and each individual site assessment is performed to new standard requirements, helping ensure compliance. Also, Elanco is completing the environmental capability assessment for each of the Manufacturing and R&D sites in 2024 to provide a technical review of environmental processes at a facility.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Continue advancing the scale of our laptop sustainability pilot



LEARN MORE

Minimizing Electronic Waste

If technology is difficult, expensive or impossible to repair, it often has to be replaced. This has traditionally been the case with corporate laptops. When damage or failure occurs to screens, keyboards or other major components, the end user is generally given a completely different machine. Typical corporate refresh programs which replace all devices every 2-3 years, aren't a great solution. Outgoing units might be functional enough for donation to charitable organizations — but in many cases, the outdated hardware is simply discarded. This can result in significant corporate expense and unnecessary e-waste.

In 2023, Elanco began a partnership with Framework, a company focused on building modular laptops that not only last, but are easily repaired. If a user's screen or keyboard fails, they can easily self-install a new one. If the user wants to change a port from USB-A to USB-C, they can self-perform a simple swap. And if it's time to update a processor but the rest of the machine remains in good working order, the performance of the machine can easily be upgraded without discarding the entire unit. This new approach has the potential to break the traditional hardware refresh cycle — simultaneously minimizing e-waste as well as the recurring cost for thousands of completely new machines.

During our trial, initial user impressions have been good. The hardware is performing well and we're continuing to test the interoperability of processors and other components with our enterprise systems.

Water and Biodiversity

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



Water

2023 Progress Toward Goals

▶ **Complete a water scarcity evaluation and establish a global water use reduction target**

As part of the climate risk and opportunity scenario analysis Elanco completed in 2023, we identified five company-operated locations in water-stressed areas, representing ~2.7% of our global water use/intake.

We're continuing to assess water use across our global sites, to inform future initiatives and reduction goals.

● **Establish an internal, global water community of practice to help advance water-related best practices and the development of performance metrics and public goals**

In the first half of 2024, we launched two global sustainability communities of practice focusing on our manufacturing and R&D operations, as well as our administrative and affiliate offices. These groups will collaborate and share best practice to inform new goals and initiatives relating to the reduction of emissions, waste, energy and water use.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Continue working with our manufacturing sites and other global locations to identify opportunities for water use reduction and associated future goals

→ Collect geographic information about global biodiversity impacts for our owned facilities, to establish a baseline view and inform future initiatives and goals

Water Reuse Measures

Although Elanco's Yarrandoo R&D site in Kemps Creek, Australia withdraws approximately 3.4 million gallons (13,000 kL) of water annually, the site's advanced treatment systems allow us to recycle and repurpose wastewater — fully eliminating the need for off-site wastewater discharge. This not only conserves water but also significantly reduces our environmental footprint.

The facility's integrated land application program relies on treating and utilizing wastewater from our own livestock lots. This wastewater is rich with nutrients that support plant growth and contribute to the local ecosystem's health. This method of land application on local grasslands is carefully managed to adhere to strict environmental regulations, ensuring we meet all compliance standards.

Our Clinton, Indiana manufacturing site generates a process water effluent stream low in contaminants and high in nutritional value. Each year, more than 20 million gallons of wastewater are applied to farm fields surrounding the facility, as well as to lawns on-site.

Additionally, our Wusi, China manufacturing facility has established a new steam condensing water reuse project. Condensation from steam emissions is captured and reused to feed boilers for our production process. This process is expected to yield more than 9% water savings per year for the site.



LEARN MORE

Review of Water Stressed Areas

In 2023, Elanco completed a comprehensive climate risk and opportunity scenario analysis, including evaluation of water scarcity impacts to Elanco owned and operated sites.

We utilized third-party high-resolution climate data to identify areas of high water stress, based on regional supply to demand ratios and drought risk scores. Our analysis also incorporated an estimated 1.5-3% annual increase in water consumption, informed by International Water Association trend data, from a base year of 1995 through 2050.[12]

We identified five company-operated locations in regions identified as water stressed. Our 2023 intake for these facilities measured 144,700 cubic meters — approximately 2.7% of our global annual water consumption.

We'll continue monitoring water withdrawal at these locations, as we continuously identify and implement water efficiency enhancements across our portfolio.

Water Saving Measures

For more than a decade our Clinton, Indiana manufacturing site has been dramatically reducing water use — decreasing well water withdrawal from 2.31 billion gallons in 2008 to less than one billion gallons in 2023. The site continues to realize incremental water savings each year, long after the largest, most obvious projects have been implemented. While some of the projects are new, refinement of existing projects offer benefit on an on-going basis.

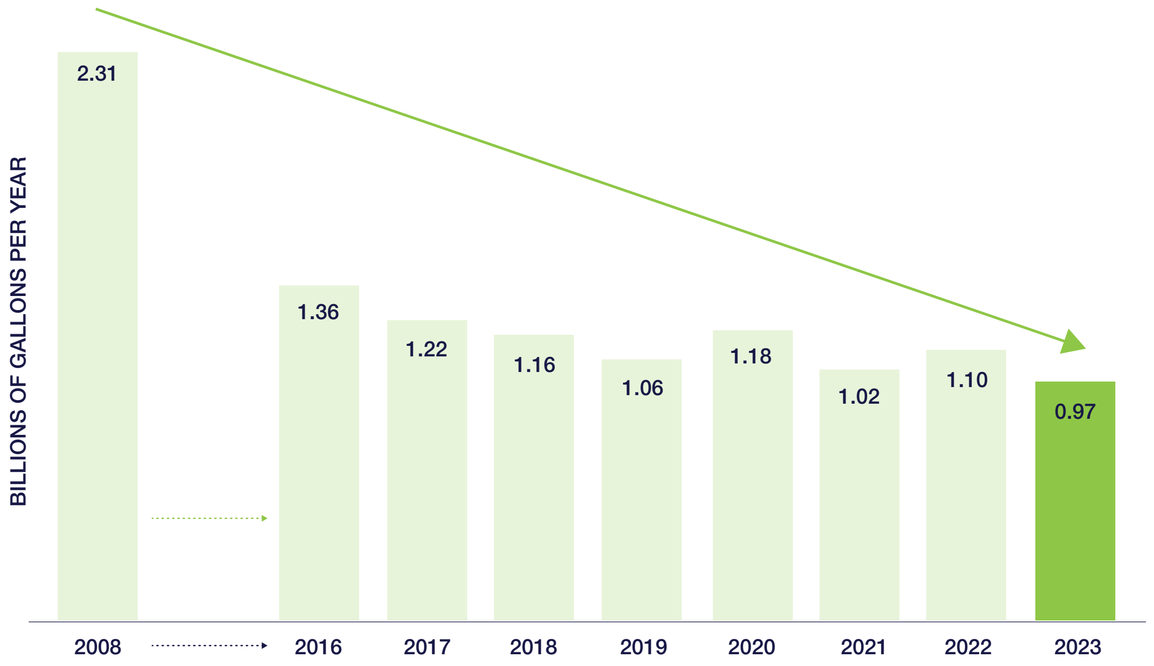
Project highlights include:

- **Boiler feed water preheating system:** Following this process enhancement, the facility uses boiler feed water instead of well water to cool manufacturing process wastewater before it enters the site's treatment plant. This saves energy by preheating the water feeding the site's boilers — while saving approximately 150 million gallons of fresh well water annually, previously used exclusively for wastewater cooling.
- **Cooling tower maintenance and controls:** Tighter operational controls on anti-scale chemical use have reduced Elanco's effluent phosphorous content, increased cycles of concentration in cooling tower systems and improved mechanical seal maintenance practices — reducing the well water necessary for cooling towers by more than 90 million gallons of water per year.
- **Instrument air compressor cooling water sourcing:** By recycling cooling tower water with adjusted chemistry control through the instrument air compressor cooling system, we're saving approximately 30 million gallons of water per year — while simultaneously experiencing improved equipment reliability.
- **Production process controls:** Improvements in production process controls have yielded efficiencies resulting in fewer dumped fermentors — reducing annual fresh water consumption by approximately three million gallons.
- **Underground fire main header repair:** We're saving more than one million gallons per year through enhanced maintenance and repair of underground piping and headers.
- **Systems enhancements:** After installing variable frequency drives on pump motors, as well as distributed control systems for reservoir holding, we're saving more than 500,000 gallons of water per year.

These improvements have not only helped our Clinton facility reduce groundwater withdrawal, but have reduced chemical use volume, as well as energy consumption and costs.



WATER USE AT ELANCO CLINTON LABS



Biodiversity

Biodiversity is critical to the health of ecosystems. Elanco regularly assesses how our manufacturing processes could interrupt biomes by altering air or water quality because a large percentage of active pharmaceutical ingredients are derived from molecules found in natural products.

We seek to extend the positive impact of our internal mitigation efforts by working with organizations focused on restoring natural landscapes and preventing biodiversity loss. Through these collaborations, we're complementing our sustainability-focused customer outreach with broader initiatives that promote healthy and resilient ecosystems.

Grassland restoration provides an essential role in carbon sequestration. Globally, grasslands are estimated to store about one-third of the world's terrestrial carbon, making them significant carbon sinks and vital in the global carbon cycle.[13] The potential of grassland soils to sequester carbon is influenced by various factors such as climate, soil type, and management practices. Restoring grasslands supports high levels of biodiversity, which offers the benefits of abundance of soil mycelium (increased soil carbon sequestration and soil stability), native habitat promotion for flora and fauna, beneficial water management due to erosion prevention and soil health, and appropriate aquifer recharge.

Grassland plants typically have deep root systems that contribute to the storage and stabilization of carbon in the soil. These root systems are optimized by species diversity seen in healthy ecosystems. Restoring native grasslands creates a cyclical ecosystem life cycle benefit.

Since 2021, the Elanco Foundation has contributed a cumulative $150,000 to support Ducks Unlimited in reseeding working lands in western Kansas. This grassland restoration initiative is part of the SAFE (State Acres for Wildlife Enhancement) project — a collaboration between the USDA Farm Service Agency and Ducks Unlimited, with the goal to restore grasslands and protect embedded playa wetlands in western Kansas. Through the conclusion of Elanco's three-year engagement, more than 5,400 acres of habitats have been restored — sequestering nearly 3,000 metric tons of CO_2e and recharging approximately 41 million cubic feet of aquifer water — roughly equivalent to the interior volume of the Houston Astrodome.

In 2024, Elanco is preparing to collect geographic information about global biodiversity, starting with all owned facilities, to help determine a baseline of impact. This review will allow Elanco to make informed decisions in policy and practice regarding:

- Threatened Species located on the IUCN Red List of Threatened Species
- Protected areas as identified by the World Database on Protected Areas (WDPA)
- Identified Key Biodiversity Areas (KBA), which include terrestrial, freshwater and marine ecosystems.

The RestaurAmazônia project aims to foster low-carbon agriculture and combat deforestation on family farms along the Transamazon Highway in Brazil's Amazon. It employs a multifaceted approach that includes productive forest restoration using cocoa-based agroforestry systems, sustainable cattle ranching intensification, forest preservation, and the creation of a supportive business environment. Additionally, it emphasizes building local agricultural technical

assistance capacities. The initiative supports smallholder farmers by introducing sustainable cocoa and livestock production practices, improving market access, and implementing strategies to lower greenhouse gas emissions. The long-term success of these sustainable practices is underpinned by the creation of local enterprises that offer integrated technical assistance and facilitate market linkages for family farmers.

This transition to low-carbon agriculture is yielding significant benefits, including more efficient land use, deforestation-free production, increased system profitability, higher family incomes, improved marketing practices, and substantial reductions in carbon emissions. The support from the JBS Fund and the Elanco Foundation has been crucial in scaling this agricultural model, aiming to assist 1,500 families in four municipalities over five years.

PROGRESS FROM DUCKS UNLIMITED PROJECT 2021-2023

RESTORATION YEAR	GRASSLAND RESTORED (ACRES)	WETLAND RESTORED (ACRES)	TOTAL RESTORED (ACRES)	TOTAL SEQUESTERED CO_2E (METRIC TONS)	AQUIFER RECHARGE (CUBIC FEET)
2021	1,524	653	2,177	1,069	12,875,000
2022	798	689	1,487	473	9,163,000
2023	1,262	546	1,808	1,440	19,080,000
Total	**~3,584**	**~1,888**	**~5,472**	**~2,982**	**~41,118,000**

2023 Progress

▶ **The Elanco Foundation contributed $450,000 between 2021-2023 to collaborate with the JBS Fund in support of the following goals of the RestaurAmazônia project:**

- **Engage 1,500 families in the Transamazon area**
- **Increase rural farm income in the region 30%**
- **Reach 75,000 hectares within small production farms with improved agricultural practices**

As reported by RestaurAmazônia:

- More than 1,277 families have been engaged (up from 730 in 2022), with an approximate 9.6% increase in rural farm income.
- More than 88,000 additional hectares are utilizing pasture management best practices in 2023.
- More than 31,000 hectares of forest were conserved with the partnering properties.

● **Through our collaboration with Ducks Unlimited and the USDA Farm Service Agency State Acres for Wildlife Enhancement (SAFE) program, Elanco pledged $150,000 over three years (2021-2023) to support playa re-seeding efforts in western Kansas working lands.**

In 2023, the SAFE program restored more than 1,800 acres of habitat, including more than 1,250 acres of grassland and nearly 550 acres of wetland.

Approximately 1,440 metric tons of CO_2e were sequestered and aquifers were recharged with more than 19 million cubic feet of water.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Prepare for the collection of geographic information about global biodiversity, starting with all owned facilities, in order to determine a baseline of impact.

READ MORE ON WATER AND BIODIVERSITY

– Water and Biodiversity Issue Brief



Sustainable Packaging

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

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

We met our commitment to formalize a Sustainable Packaging Guideline in 2023. This guideline confirms our commitment to reduce the impact of packaging on the environment while maintaining compliance with strict regulations applicable to pharmaceutical products. Further, it offers guidance to packaging designers and engineers regarding the sustainability implications of design decisions, as they seek to imbue sustainability principles throughout their processes.

2023 Progress Toward Goals

▶ **Finalize a baseline assessment of our packaging footprint — including weight, volume and other indicators**

We continue to progress toward a baseline of our packaging footprint, as we enhance the capabilities of our purchasing systems and data availability. We expect comprehensive data availability by the end of 2024.

● **Publish a global sustainable packaging guideline**

We published our Sustainable Packaging Guideline in 2023, to outline the key elements of Elanco's sustainable packaging program and describe where and how sustainability considerations influence engineering, design and sourcing decisions related to product packaging.

▶ **Formalize an action plan identifying opportunities for secondary and tertiary packaging innovation across legacy product families and opportunities to integrate sustainable packaging into new product design and approval processes**

In 2023, we began evaluating secondary and tertiary packaging for legacy products, identifying examples of packaging approaches where innovation can be applied or where sustainability can be improved. We expect to continue this effort on an ongoing basis.

As an example of this work, in early 2024 we introduced fiber based secondary packaging for our Seresto product range. This more eco-friendly packaging initiative was initially rolled out to specific markets.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Continue advancing our packaging data and platform maturity to inform development of a global packaging reduction goal



LEARN MORE

Sustainable Packaging Advancements for Our Products

In 2023, we completed efforts to redesign the secondary packaging for our Seresto® flea and tick collar, to reduce its environmental impact. As Elanco's best-selling product, Seresto is a meaningful focus area for our sustainable packaging innovations. Our new packaging features a molded fiber carton — in the familiar Seresto shape — made from Forest Stewardship Council-accredited sources. This new material has 70% less global warming potential[14] compared to Seresto's legacy tin packaging. We launched this new packaging in the UK and expect to expand distribution to additional markets in the coming years.

Sustainable Packaging Initiatives

Select Manufacturing and Packaging Innovations

Our sustainable packaging efforts extend to primary, secondary and tertiary packaging. 2023 efforts include:

- **Paper:** We removed reminder stickers for our pet health parasiticide brands, instead providing information online via SMS or mobile app — eliminating the need for 15 metric tons of siliconized paper each year
- **Plastic:** We removed the reflector pieces for Seresto collars in the U.S. market, reducing plastic consumption by 21 metric tons per year
- **Cardboard:** We modified our carton manufacturing process for several products, reducing the rejected amount from 20% to 3-5% annually, by carton count
- **PVC and aluminum:** We modified our blister pack tooling process to reduce the number of empty blisters between roll changes, reducing 360 kg (790 lbs) of PVC and 50 kg (110 lbs) of aluminum waste per year

Cold-Chain Packaging Innovation

Through innovations and partnerships across our value chain, Elanco seeks to reduce the environmental impact associated with transporting our products around the world.

In 2023, we transitioned away from expanded polystyrene (EPS) foam, which is not recyclable, for outgoing shipments from our largest distribution centers. We replaced more than 7,500 EPS coolers with cornstarch-based shipping containers and began using nitrogen-based cooling gel packs, which can be repurposed by the recipient as fertilizer. In addition, our Winslow, Maine manufacturing site replaced approximately 10 metric tons of legacy cooling packs for international shipments with these nitrogen-based packs.

In 2023, we transitioned select refrigerated product shipments away from EPS coolers. And we launched our canine parvovirus monoclonal antibody, which requires temperature-controlled shipping, utilizing more environmentally friendly packaging from the start. Through year end 2023, we replaced more than 11,000 EPS coolers with cornstarch-based containers. It is estimated that by switching from EPS to ClimaCell®, Elanco avoided approximately 31 metric tons of CO_2e in 2023 alone.



SUSTAINABLE PACKAGING GOVERNANCE

SUSTAINABLE PACKAGING STEERING TEAM

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

SUSTAINABLE PACKAGING TECHNICAL STEERING TEAM

Executes action plan through coordination within and across workstreams.

WORKSTREAMS

Action plan development

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

Commercialized products

Implementing sustainable packaging action plan and initiatives across existing products

New products

Incorporating sustainable packaging strategy and action plan across products under development

Tracking and disclosure

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

Supporting Producer Emissions Reduction

Environmental sustainability is just as important to livestock producers as it is to Elanco. We're committed to supporting reduced customer emissions through innovative products and services designed to meet the unique needs of livestock and poultry producers, food companies and consumers.

2023 Progress Toward Goals

▶ **Through our products, innovation, services and tools, help our customers avoid 21 million metric tons of GHG emissions by 2030 (2020 base year)**

In 2023, our U.S. dairy and beef customers avoided an estimated 2.3 million metric tons of GHG emissions (CO_2e) using Rumensin. Cumulatively, between 2020 and 2023, they've avoided an estimated 9.5 million metric tons using Rumensin — approximately 45% attainment toward our 2030 goal. This is equivalent to taking more than 2.2 million passenger cars off the road for a year.[15]

● **Finalize approval for the first Elanco product carbon credit protocol**

In 2023, we received approval for the first carbon credit protocol for an Elanco product — for use of Rumensin in dairy cattle. And in January 2024, Athian, a carbon inset marketplace, announced the first customer sale of carbon credits based on Rumensin use.

READ MORE ON REDUCING CUSTOMER EMISSIONS

– Livestock Sustainability Web Page

● **Continue along our path toward commercialization of Bovaer in 2024**

In May 2024, the FDA completed its review of Bovaer. We expect to begin selling Bovaer in the U.S. in Q3 2024. In addition, we expanded our collaboration with dsm-firmenich, giving Elanco additional rights to market Bovaer in Canada and Mexico.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Bring value chain participants together to reduce CO_2e emissions through the use of Bovaer and Rumensin.

→ Continue advancing additional emissions-reducing Elanco products for approval of carbon credit protocols



LEARN MORE

Supporting Stakeholder Dialogue

The agriculture industry is continually seeking ways to produce safe, nutritious and affordable food while minimizing negative impacts on the environment. Elanco joins organizations at events around the world to drive conversation about leading livestock sustainability challenges and opportunities.

In October 2023, Elanco collaborated with the EU poultry producer association AVEC to present "Achieving Science-Backed Sustainability in Poultry Production in the EU"— reinforcing the importance of taking a holistic approach to sustainability, by paying attention to animal welfare, food safety, affordability and environmental protection.

Inspired by the AVEC event in Brussels, Elanco initiated an awareness campaign emphasizing how Hemicell® can assist feed manufacturers and producers in accomplishing sustainability objectives and minimizing their carbon footprint.

In May 2024, we supported the 68th annual public meeting of the European Feed Manufacturers' Federation (FEFAC), where the focal topic was "How to boost EU feed autonomy and strengthen the circularity of the EU livestock sector." This event brought together public policy representatives and organizations across the value chain to discuss a resilient and competitive EU livestock sector.

Such dialogue is crucial for Elanco, as we strive to increase awareness of important industry, market and sustainability issues impacting our customers — and our business. These events also allow us to help customers and industry stakeholders understand how Elanco products and services may present potential solutions.

Our Livestock Sustainability Strategy

Reducing Emissions and Creating Value

According to the U.N., the world's population has until 2030 to curb GHG emissions or deal with irreversible impacts to the planet.[20] In response, about two-thirds of Fortune 500 companies have set significant emissions reduction goals.[21]

Reducing enteric methane emissions from cattle — naturally generated through fermentation in the digestive process — represents a key opportunity. Methane lasts approximately a decade in the atmosphere and is much more potent than carbon dioxide at trapping heat — so smaller reductions of methane create an outsized impact.[22] By reducing the production of methane from cattle, the livestock industry can help reduce the rate of climate warming and help food companies and retailers to make meaningful progress toward their Scope 3 emissions reduction goals.

Elanco's livestock sustainability strategy is focused on helping customers and the dairy value chain achieve, measure and monetize greenhouse gas emissions reductions.

Our four-pillar approach includes:

- **Innovation:** Through research, development and strategic partnerships, we offer products and services that can directly lessen emissions.
- **Analytics:** Uplook™ by Elanco is an insights-based engine designed to quantify GHG emissions reductions, using on-farm data and peer-reviewed science to identify key drivers of an operation's carbon footprint and track the progress of sustainability efforts.
- **Value creation:** As a co-creator and seed investor in Athian, the first-of-its-kind livestock carbon inset marketplace, we're helping create an opportunity for farmers to monetize their emissions reductions.
- **Advocacy:** We're working across species and borders to help the livestock industry change the narrative and demonstrate that livestock can be part of the path to achieving sustainability goals across the value chain. Additionally, Elanco has been at the forefront of securing U.S. government incentives for the adoption of innovative enteric methane-reducing feed ingredients, demonstrating industry leadership and advocacy.

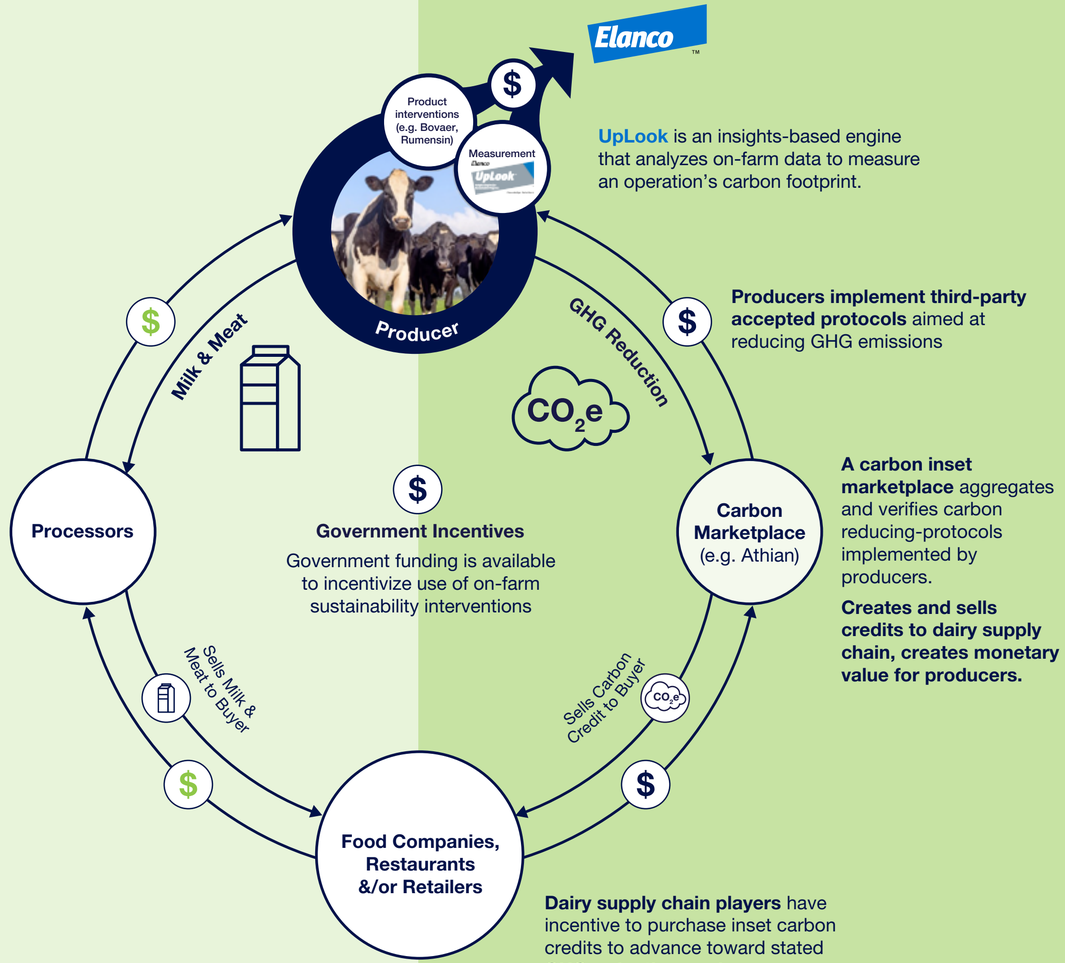
Our goal is to help the producer reduce emissions and create value for their sustainability efforts.



Traditional Value Stream

New Value Stream

Producers implement third-party accepted protocols aimed at reducing GHG emissions



UpLook is an insights-based engine that analyzes on-farm data to measure an operation's carbon footprint.

Producers implement third-party accepted protocols aimed at reducing GHG emissions

A carbon inset marketplace aggregates and verifies carbon reducing-protocols implemented by producers.

Creates and sells credits to dairy supply chain, creates monetary value for producers.

Dairy supply chain players have incentive to purchase inset carbon credits to advance toward stated **GHG reduction goals**



LEARN MORE

Insetting Marketplace

Collectively, food companies and retailers have made public commitments to reduce their GHG emissions more than 100 million metric tons by 2030. However, reducing Scope 3 emissions for these companies — which come from the production of raw materials in their supply chain, like milk — has been a significant challenge.

Carbon marketplaces like Athian provide companies in the animal protein value chain the opportunity to purchase carbon inset credits — minted from the verified GHG emissions reduction efforts of dairy producers — to advance progress toward their corporate Scope 3 GHG reduction goals.

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

Portfolio Supporting Producer Emissions Reduction

- **Bovaer:** Bovaer is a first-in-class methane-reducing product for beef and dairy cattle approved in Europe, Brazil, Canada, Chile, Mexico and other jurisdictions around the world. Bovaer consistently reduces enteric methane emissions up to 30% for lactating dairy cows.[16]

  In May 2024, the FDA completed its review of Bovaer, enabling Elanco to market the product for lactating dairy cows in the U.S. In addition, we expanded our collaboration with dsm-firmenich, giving Elanco additional rights to market Bovaer in Canada and Mexico.

- **Rumensin:** Rumensin is approved by the FDA to help beef and dairy farmers produce more meat and milk using fewer natural resources, when used according to its approved label. Because it reduces feed requirements, Rumensin positively impacts resource utilization and reduces methane, while preventing and controlling disease. Rumensin continues to be one of Elanco's best-selling[17] products, representing approximately 6% of our revenue in 2023.

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

- **Hemicell®:** Hemicell helps animals get the most out of their feed by helping break down beta-Mannans, a type of highly anti-nutritive fiber found in numerous feed ingredients in pig and poultry diets. Promoting health can lead to a reduction in GHG emissions associated with raising the animal, due to the reduction in feed inputs and emissions associated with feed production.



LEARN MORE

Cattle, Methane and Bovaer

Dairy producers have always been stewards of the land and their animals. But like many industries today, the dairy industry is facing mounting regulatory and reputational challenges around multiple sustainability topics — including land use, nutrient management, water conservation and GHG emissions.

Methane, a greenhouse gas 27 times more potent than carbon dioxide at trapping heat[18], is one of the leading contributors to global warming. And enteric emissions from dairy cattle are one of the leading sources of methane.

Enteric fermentation is a natural part of the digestive process of ruminants (like cattle) — where microbes begin breaking down food present in the first stomach of the digestive tract, or rumen. Enteric methane is one byproduct of this process and is expelled by the animal through burping.

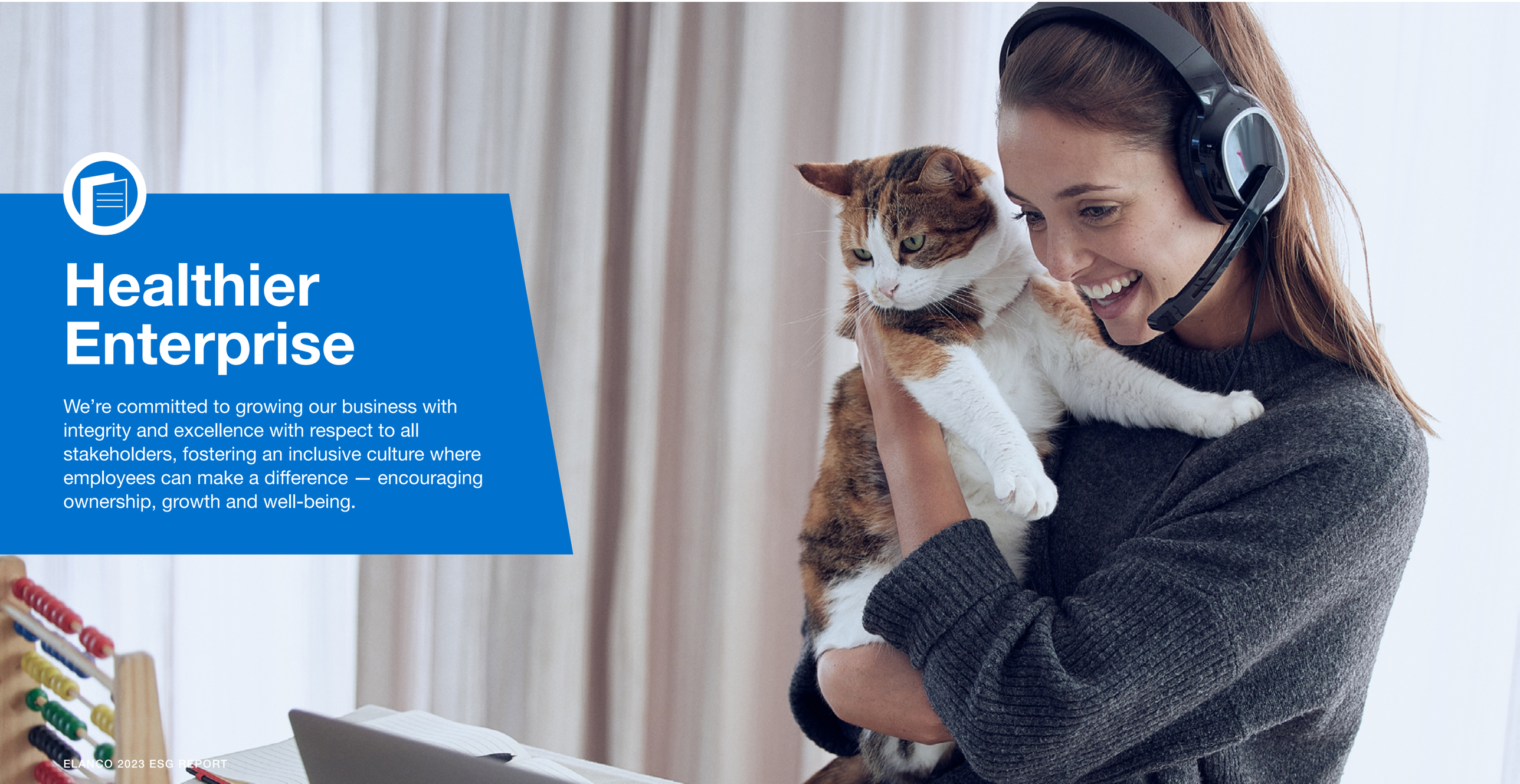
To help dairy producers reduce the methane produced by their herd, Elanco has secured North America commercialization rights from dsm-firmenich for Bovaer. Bovaer is the only FDA-reviewed feed ingredient with a methane-reduction claim for lactating dairy cows. Bovaer has proven to be safe for animals, producers and consumers.

No other feed ingredient for methane reduction has been studied more. More than 70 peer-reviewed studies and 100 on-farm trials in 20 countries show Bovaer consistently reduces enteric methane emissions approximately 1.2 metric tons of CO_2e per lactating dairy cow, per lactation period.[19]

Using Bovaer to reduce enteric methane emissions from cattle can deliver a quick response to help mitigate global warming. Elanco is excited to help bring this new product to dairy producers in the U.S. and cattle farmers across Canada and Mexico.

Healthier Enterprise

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



Inclusion, Diversity, Equity and Accessibility (IDEA)

We're working to build a diverse global workforce supported by a culture that fosters a sense of belonging, values unique differences and experiences. Elanco wants to ensure individuals are treated fairly and equitably and wants to encourage people to bring the best version of themselves to work every day.

It's important our workforce reflects the communities and world in which we live and conduct business. Our colleagues' unique experiences, backgrounds and geographies contribute perspectives that help us address challenges more holistically and perform more effectively at a global level. We have a broad view of employee diversity — including gender, gender identity, race, ethnicity, sexual orientation, religion, nationality, skill set, educational background and disability/ability — as well as other aspects protected by local or regional law.

2023 Progress Toward Goals

■ **Increase representation of women in leadership globally to 42% by end of year 2023.**

Globally, women in leadership measured 36.6% at the end of 2023 (up from 35.8% in 2022).

■ **Increase People of Color representation in U.S. leadership to 20% by end of year 2023**

People of Color in U.S. leadership measured 17% at the end of 2023 (down from 17.4% in 2022).

● **Introduce an inclusion awards program to recognize employees and leaders who serve as examples and champions of IDEA at Elanco**

During our 2023 Multicultural Summit, we introduced the Excellence in Inclusion, Diversity, Equity and Accessibility Awards, recognizing individuals and teams that promote an inclusive and welcoming workplace.

● **Establish a program to recognize employees leading our Employee Resource Groups (ERGs)**

In 2023, our ERG and Global IDEA Council leaders each received a Top Performer Award, which includes monetary recognition for outstanding contributions.

● **Pilot an initiative in our human resources organization to strengthen IDEA across our recruiting practices**

We successfully launched a pilot that created behavior changes for hiring managers and recruiters, encouraging them to actively source and build qualified diverse talent pools at the beginning stages of the hiring process.

▶ **Refresh our leadership diversity goals beyond 2023**

We're resetting our aspirational goals through 2026, to further our commitment to attract and retain high quality talent from a variety of sources.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

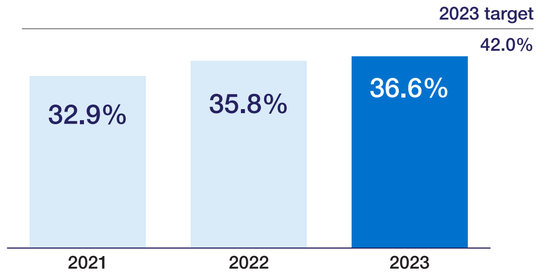
→ Refresh the structure of our Global IDEA Council with a focus on functional and regional champions working to embed IDEA across the enterprise, including the launch of a global allyship program

→ Update the structure and governance of our ERGs and align ERG strategic plans to three pillars: Culture and Belonging, Talent and Community

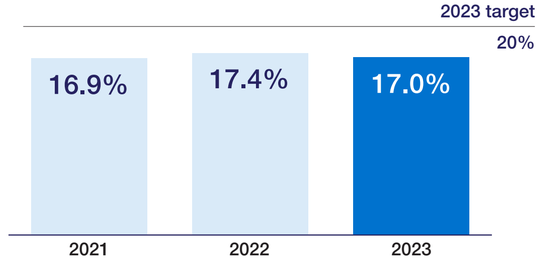
→ Expand our "Create the Slate" program to U.S. Pet Health in 2024



WOMEN IN LEADERSHIP GLOBALLY*



PEOPLE OF COLOR IN U.S. LEADERSHIP*



*Leadership is defined as: executives, senior managers, mid-level managers and professionals.

Aspirational Goals

We remain focused on enhancing diversity across our business — especially in leadership.

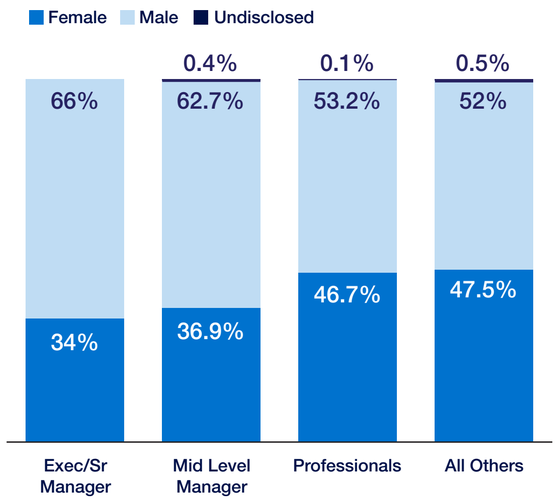
Despite our efforts, we fell short of our year-end 2023 goals to increase global representation of women in leadership, as well as People of Color represented in U.S. leadership. Globally, representation of women in leadership increased to 36.6% in 2023 (up from 35.8% in 2022). People of Color represented in U.S. leadership measured 17.0% in 2023 (down from 17.4% in 2022).

Insights behind these results have provided valuable learning and we are in the process of resetting our aspirational goals through 2026 to maintain focus on recruiting high quality talent from a variety of sources for development of a robust leadership talent pipeline.

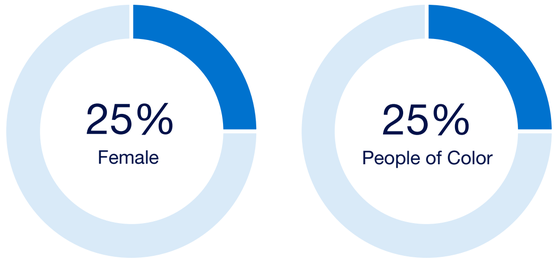
Two of our key initiatives, the global Women Leadership Program and the Global Mentoring Program, are designed to mentor and develop talent for leadership roles. And we continue to strengthen our recruiting strategies to attract high quality talent from diverse backgrounds.

We believe these steps will bring us closer to our goal of representation equality in leadership.

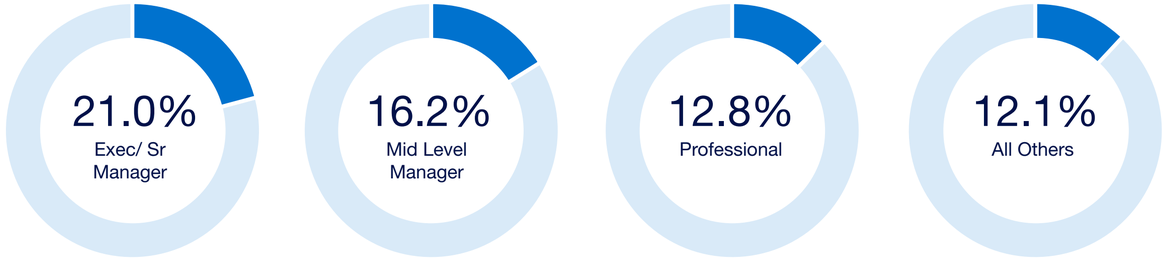
GENDER BY JOB CATEGORY GLOBALLY



BOARD DIVERSITY



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





READ MORE ABOUT INCLUSION, DIVERSITY, EQUITY & ACCESSIBILITY

- Human Capital Management and IDEA Issue Brief
- Inclusion, Diversity, Equity and Accessibility Web Page

Committed to IDEA Every Day

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

In partnership with our dedicated team members, the Elanco Global IDEA Council (Council) promotes a healthier enterprise by helping make our Employee Promise of an inclusive culture come to life. This employee-led and leadership-supported group influences the company's strategic IDEA direction and initiatives. As a key advocate for all employees, the Council acts as an internal business consultant and IDEA champion — establishing partnerships across the organization, building community through our Multicultural Summit and other events, and serving as a recruiting and retention resource for diverse talent.

In 2024, the Council will serve as a vital connection point for functional and regional IDEA champions, facilitating the exchange of best practices and innovative strategies for creating inclusive workspaces. The Council will drive allyship by promoting understanding, respect and collaboration across our diverse employee community. By sharing resources, insights and experiences, Council members will be empowered to implement inclusion strategies in their respective regions and functions — contributing to our vision of a culture where everyone feels valued, heard and inspired to perform their best.



External Recognition for Our IDEA Efforts

Our IDEA efforts are often recognized by external organizations, highlighting our commitment to an inclusive and welcoming workplace.

In 2023, Elanco was included on Seramount's list of 100 Best Companies. Recognized companies must provide inclusive benefits for families, including paid gender-neutral parental leave, subsidized childcare, bereavement leave after miscarriage, reimbursement for fertility expenses and enhanced mental health benefits for employees.

Additionally, two employees were recognized as 2023 Seramount Working Parents, acknowledging their exemplary work-life integration efforts. For Elanco, this validates that we're creating a workplace that values work-life integration — supported by our processes, policies and total rewards.

Elanco was also recognized in 2023 as a certified inclusive workplace on the Thailand LGBTIQ+ Inclusive Workplace Index. And we received a 2023 HR Asia Diversity, Equity & Inclusion Award for efforts to embrace all people within our organization — regardless of race, gender, disability, medical or other need.

Elanco Brazil received the São Paulo Municipal Seal of Human Rights and Diversity, for the completion of an accessibility project at its site — creating an even more inclusive space for employees. 2023 reflects the third time we have been recognized with this award.



READ MORE ON INCLUSION, DIVERSITY, EQUITY & ACCESSIBILITY

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Enhancing IDEA Awareness

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

Our nine Employee Resource Groups (ERGs) lead the way for inclusion at Elanco. They represent and celebrate dimensions of difference, provide resources for their members' unique needs, serve as change catalysts to help educate colleagues and drive Elanco's promise of an inclusive culture. Any employee is eligible to join any ERG.

Our 2023 Multicultural Summit, hosted by our Elanco Young Professionals ERG, helped shine a spotlight on "Excellence in Giving, Culture and Wellness" — showcasing various ways our employees give back to their communities. The event also explored the impact of generational gaps on our work dynamics and emphasized the importance of well-being at both work and home. Powerful keynotes from global DEI thought leaders encouraged ambition and the pursuit of excellence — while delivering practical tools for fostering diversity and inclusion, such as being intentional about generational representation on project teams.



Elanco's inaugural Excellence in IDEA Awards were presented during the 2023 Multicultural Summit. Twelve individual and team awardees were recognized for promoting an inclusive and welcoming workplace, sparking increased interest in IDEA across the organization:

- Two Sponsor Awards were given to senior leaders who have shown exemplary support for an inclusive culture, both through personal behavior and the expectations they set for their direct reports.
- Nine Influencer Awards, selected by each Elanco Executive Committee member, were presented to individuals within their organizations who not only embody IDEA values, but also inspire others to join the journey toward creating an inclusive workplace.
- Three IDEA Affiliate/Site Awards were presented to an Elanco location or region that has demonstrated a commitment to IDEA through site-side behaviors, activities and processes.

OUR EMPLOYEE RESOURCE GROUPS

ELANCO AFRICAN AMERICAN NETWORK (EAAN)
Empower and serve Elanco's African American and Black community globally while driving diversity and inclusion throughout the organization through employee engagement, talent recruitment and business partnership.

ELANCO EAST ASIAN NETWORK (EEAN)
Promote employee engagement and better business decisions through diversity and unity. Advocate for Chinese and East Asian communities in Elanco.

ELANCO DISABILITY AWARENESS NETWORK (EDAN):
Raise awareness and increase understanding of seen and unseen disabilities across Elanco, within our local communities and globally. Strive to advocate for and advise on issues of importance to our members and serve as a conduit between Elanco and the disability community across the globe.

ELANCO INDIA NETWORK (EIN)
Create value for the company and our members by forming strategic internal and external partnerships that support diversity initiatives and business objectives.

ELANCO PRIDE:
Help inspire, create, nurture and celebrate an open and safe inclusive community where every employee (LGBTQ+, allies, colleagues, leaders and all others) can bring their whole self to work by providing an avenue for connectivity, advocacy, mentorship and resources.

ELANCO VETERANS NETWORK (EVN)
Create a sense of community, make connections and build awareness for topics important to military veterans and those wishing to show support for those who have served.

ELANCO WOMEN'S NETWORK (EWN)
Strengthen Elanco's future by accelerating gender parity through understanding, leveraging and developing the capabilities of engaged women to better harness their diverse talents and create a competitive edge for Elanco.

ELANCO YOUNG PROFESSIONALS (EYP)
Guide new employees and early career professionals to be more grounded in themselves, their relationships with their colleagues, and their purpose within the organization, helping ensure the future of Elanco remains bright.

ORGANIZATION OF LATINOS/HISPANICS AT ELANCO (OLHE)
Contribute to Elanco's business outcomes by leveraging the Hispanic and Latino strengths, cultural awareness and business perspectives.



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IDEA Support at Elanco

Measurable Elanco Executive Committee (EEC) sponsorship of IDEA was new in 2023. EEC members identified opportunities to support efforts to drive inclusion, diversity, equity and accessibility across the organization throughout the year. Assessing, then rating their progress quarterly using a change leadership framework of express-model-reinforce, EEC members demonstrate accountability and continued commitment to building inclusive workplaces where employees feel safe and empowered to bring the best version of themselves to work each day.

Employee Training and Development

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

Elanco welcomes U.S.-based new hires with a comprehensive onboarding curriculum. This includes a multi-day introduction to our mission, vision and core business areas — laying the foundation for successful integration into the company. The program seeks to build functional understanding while providing opportunities for relationship building, personal enrichment and community volunteerism.

Ongoing development is a key part of our global talent management strategy and we support individualized development journeys for all employees. Our training and development programs incorporate content customized for different segments of our workforce — including courses universal for all employees, training specific to job functions and self-directed, self-paced content for additional skills growth. Furthermore, each business function and regional affiliate provides role- and/or location-specific training that complements company-wide learning and development programs.

In 2024, we launched a fully integrated platform enabling employees to register for and access compliance and development training resources via a single dashboard.

2023 Progress Toward Goals

▶ **Optimize utilization of global learning and development resources to increase consulting and program awareness across business functions**

We engaged 12 external facilitators beyond our internal learning and development team — doubling our capacity to offer development opportunities to our employee population, in time zones around the world.

● **Customize Learning Journeys for employees through an online learning platform that prioritizes content for users based on their most relevant needs and career intentions**

We created customized employee Learning Journeys based on profiles (such as New Employee, New Leader, Emerging Leader), as well as a Learning Journey highlighting IDEA content. We're establishing baseline utilization metrics in 2024, to inform utilization growth efforts in 2024 and beyond.

▶ **Elevate mid-level manager capabilities in the areas of coaching, leading in a hybrid work environment and creating actionable feedback**

We're working to continually elevate mid-manager capabilities and in 2023 targeted training on the future of work, hybrid work and building strong teams.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Leadership Development

Building critical leader and employee capabilities is essential to improving operational performance. In late 2023, we launched the Elanco Ways of Leading framework — designed to grow leader capabilities while simplifying and clarifying the *why, what* and *how* of leadership at Elanco:

- **Leading Self:** building self-awareness and learning agility
- **Leading Others:** developing coaching, effective communication and trust-building skills
- **Leading the Business:** enhancing business acumen and change management capabilities

Under this framework, we're delivering facilitated and self-paced learning content and development experiences for all leader audiences — including front line, mid-level and senior leaders. The framework will also drive adjustments in content across our multiple leadership development programs.

LEAD ON

Elanco's LEAD ON program helps provide career-long continuing education for people managers. Program participants have expressed appreciation for training on talent management processes and building effective teams. In 2023, our LEAD ON trainings expanded to include employee engagement training and development plan training — to help managers better guide their teams toward meaningful employee development goals and career plans. In the future, we plan to offer courses designed for all employees, including topics such as: Leading Self, Leading Others and Leading the Business.



Women Leadership Program

Our Women Leadership Program (WLP) operates at the intersection of IDEA and employee learning and development. In 2023, 30 participants from 18 countries completed our pilot WLP cohort. Feedback from participants suggests the curriculum is already having the right impact. Nearly all participants (95%) expressed they've applied learnings from the program to their daily work. Furthermore, participants cumulatively rated all classes in the program greater than four, on a five-point scale.

In the future, our WLP will become a core learning and development offering, expanding to three cohorts per year. Each future cohort will bring together colleagues from the same geographic region, to allow for better connection and access for participants across fewer time zones (time zone coordination was an improvement opportunity identified through the 2023 program pilot). Each participant will attend virtual classes, have an Elanco coach assigned to collaborate on their development journey and experience peer connections through Lean In Circles embedded throughout the curriculum. All participants will join the pilot cohort in an alumnae network, to help stay connected and foster ongoing learning.

Looking Ahead

In 2024 and beyond we expect to:

→ Launch a more robust online learning platform for broader reach and enhanced ability to scale our learning programs/solutions for greater accessibility and impact, across more of Elanco's employee population

→ Continue to accelerate development of our top talent through programs like the Emerging Leaders Program, Accelerated Leadership Development Program and Women Leadership Program

→ Operationalize our new Elanco Ways of Leading framework: Leading Self, Leading Others and Leading the Business

Accelerated Leadership Development Program

Our Accelerated Leadership Development Program (ALDP) is designed to help mid-level leaders and high-potential Elanco talent refine their unique leadership style and prepare for future roles. This one-year curriculum includes two mandatory in-person weeks of training — one in the spring and one in the fall — complemented by virtual touchpoints throughout the year.

In 2023, we launched the 47th and 48th cohorts of this valuable initiative. Participants enhance their skills in areas such as: leading through adversity, business acumen, coaching, employee engagement and executive communication. The course also focuses on cross-functional teamwork, global collaboration and expanding professional networks across Elanco.

"This program has been a game-changer. Diversity in backgrounds and functions has enriched our learnings, providing a unique networking opportunity."

—Women Leadership Program pilot participant

Emerging Leaders Program

Starting in 2022 and continuing into 2023, we piloted a program offering participants in our Emerging Leaders Program (ELP) one year of unlimited third-party professional coaching. The initiative supported coaching in more than 30 languages, helping Elanco address developing employees across our global population. The pilot resulted in our best utilization of any external learning and development vendor — with an average 4.9 rating on a five-point scale, across more than 1,350 coaching sessions. 94% of participants indicated they learned a new skill or strategy, feel more positive about their position and confirmed they are likely to use the skills and strategies gained through coaching.

We'll continue to offer this resource for ELP participants and expect to expand the opportunity to leaders beyond ELP — to help make affordable, professional coaching accessible to more employees.

Everyone LEADS

Our Everyone LEADS program is available to all employees and offers virtual and facilitator-led content on topics including communication skills and situational self-leadership. In 2023, year-over-year utilization of this resource increased more than 45%.

Customized Learning Journeys in The WELL

The Wealth of Elanco Learning and Leadership platform (The WELL) is an online learning library designed to support employee development with content meeting the varying needs and interests of all our employees. In 2023, we created customized Learning Journeys based on employee profiles, as well as a Learning Journey highlighting IDEA content. These curriculum pathways can help employees navigate self-paced online training modules, podcasts, micro-courses, simulations and other virtual resources designed to support continued learning and effective leadership.

READ MORE ON INCLUSION, DIVERSITY, EQUITY & ACCESSIBILITY

- Human Capital Management and IDEA Issue Brief
- Inclusion, Diversity, Equity and Accessibility Web Page

49%
Increase in year-over-year participation in our optional employee development program, Everyone LEADS

Everyone LEADS Core Offerings for All Employees

1,294
participants in 2023

2022: 871

Emerging Leaders Program

143
participants in 2023

2022: 150 **2021:** 134

Leadership Essentials for New Managers

238
participants in 2023

2022: 315 **2021:** 564

Continuous Learning for All Managers

288
participants in 2023

2022: 197

Accelerated Leadership Development Program

49
participants from
18
countries in 2023

2022: 50 **2021:** 47

Women Leadership Program

30
participants from
15
countries in 2023

First Cohort in **2023**

Employee Health, Safety and Well-Being

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



2023 Progress Toward Goals

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

Despite a year-over-year increase in DART injuries in 2023, our 2025 target is within reach and remains a focus for management moving forward.

▶ **Develop or relaunch approximately 10,000 safety data sheets (SDS) across our product portfolio**

Since 2022, we've updated approximately 7,500 SDS and anticipate finalizing our remaining 2,500 SDS in 2024.

▶ **Increase awareness of our Employee Assistance Program (EAP), to support the mental health needs of our colleagues and their families**

Following a 2023 campaign to enhance employee awareness of our EAP, global program utilization increased 16.3% year-over-year.

▶ **Increase the number of employees certified as Mental Health First Aiders (MHFAs)**

In 2023, we increased the total number of MHFA-certified Elanco employees to 93, up from 35 in 2022.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Continuously increase preventative safety observations, leadership engagement and employee training to help drive further reductions in DART injuries, toward our 2025 goal.

→ Implement and HSE Event Review Committee, following framework development in 2023, to enhance the depth of root cause analyses which will enable a reduction in root causes

→ Launch our new HSE Personal Commitments program, which was developed in 2023 to continuously mature and further define our safety culture

→ Provide additional and updated safety leadership training

→ Prepare an Elanco Functional Procedure (EFP) on safety culture with definitions of roles and responsibilities.

→ Launch a specific machine safety campaign to aid in driving a reduction in DART injuries





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WHOOP® Well-Being Pilot

After successfully piloting a new well-being initiative involving 75 employees centered around the WHOOP activity tracking/wellness tool. Elanco created a wellness community where individuals from around the world can share their ambition to better themselves physically and mentally.

We're already seeing great results. Participants saw many benefits including:

- 18% increase in exercise/movement (called strain) while using the device, since the start of the program
- 82% reported improved sleep
- 93% said Whoop helped them make a positive healthy behavior change

These insights are invaluable as we continue to develop impactful wellness initiatives for our employees.

Employee Health and Safety

Elanco employees around the world perform a wide range of tasks every day — from routine office functions to manufacturing activities that can carry elevated injury risk. Led by our global health, safety and environment organization, we actively promote the safety and security of our people across all job types.

HEALTH AND SAFETY METRICS

	2022*	2023
Leadership safety engagements	4,000+	4,900+
HSE observations	5,700+	6,800+
Reduction in DART injuries from 2021 base year	26%	15%

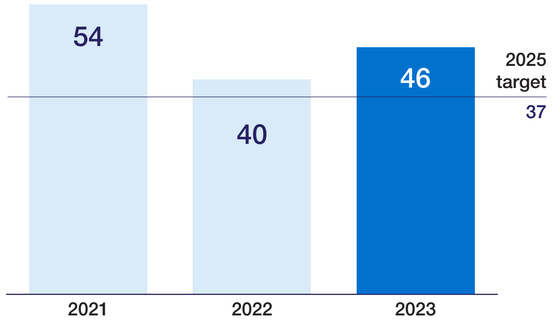
*Number of Leadership Safety Engagements lower for 2022 than previously reported due to redefinition of encounters.

15%
Reduction in DART injuries from 2021 base year, working toward a 30% reduction by 2025

Elanco's health and safety culture centers on training and engaging our people, collecting the right data and transparently reporting our performance. Throughout 2023, we demonstrated many health and safety achievements, such as increased safety observations and continued implementation of training and systems integrations. Strong numbers in preventative safety observations and leadership engagements mean that our people are encouraged to speak up when they see hazards, and that leadership is establishing the right tone for our health and safety culture. Our internal health and safety audits provide further verification of our efforts. Elanco defines “red” sites as external manufacturing partners that have a high potential risk to human health exposure or environmental damage. In 2023, we observed zero critical findings at Elanco operated sites and identified zero "red" external manufacturing sites.

Although our leading safety cultural indicators and audit performance remain strong, in 2023, we experienced an increase in DART injuries. However, our 2023 DART total remains well below our 2021 base year measurement, and our 2025 target is still within reach. Our focus on strong root cause investigation of DART injury events allows us to implement effective corrective actions and drive for recurrence prevention. Two injuries involving machine safety accidents in 2023 led to a company-wide campaign on machine safety in 2024. And following a cluster of motorbike injuries in 2022, a focused review and subsequent leadership engagement efforts have helped us record zero motorbike-related incidents since March 2023.

DART INJURIES



**Based on continuous review and improvement of incident data management, the baseline (total applicable incidents) for our 30% DART injury reduction goal has been corrected.



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Our Company-Wide Effort to Enhance Customer Safety

Making life better for animals, makes life better. Achieving this corporate purpose depends on employees, customers and suppliers having the right information about our products, and Safety Data Sheets (SDS) help ensure our stakeholders have the latest product safety information. Elanco is in the midst of a multi-year effort to upgrade our SDS management system.

Our SDS efforts are integrated into our company-wide information technology upgrade initiative, in recognition of the company-wide importance of safety information. After completing around 5,000 SDS in 2022, we updated an additional ~2,500 SDS in 2023.

An important focus of our efforts is ensuring that information is not only up to date, but also compliant with the varied requirements in 40+ countries where Elanco products are sold.

Elanco completed an employee safety perception survey with the Research & Development department. As a result, sites are working on action plans to address targeted areas. Also, Global HSE worked with our Kiel site to identify an external partner to help us develop and launch safety supervisor training - to date, more than 70 supervisors have been trained.

In 2024, we seek to update our remaining ~2,500 SDS, taking our total to around 10,000 updated since 2022. The initiative will help make safety data available for everything we sell, everywhere we have marketing authorization. Additionally, more employee safety perception surveys will be initiated in other business units.

Employee Well-Being

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

Well-Being Champions

Our Well-being Champions team is responsible for developing our employee well-being strategy and coordinating implementation to align our internal benefits, talent management and HSE functions on enterprise-wide efforts to advance employee health, safety and well-being. This team meets every other month to discuss shared global learnings on employee well-being, while planning and executing a variety of initiatives to help all employees prioritize personal well-being and self-care.

In 2023, the team launched an internal mental health awareness campaign to highlight the Mental Health First Aid (MHFA) program. For the first time, Elanco provided opportunities for all employees globally to register for MHFA training.

The team also elicited critical input from functional leadership to align global well-being efforts with departmental and overall business objectives.

Our Focus on Mental Health

Through a comprehensive approach to mental health, we seek to help employees be their best at work by being their best inside. In 2023, we held our first mental health awareness week — featuring speakers, activities and sharing of first-hand experiences to highlight the importance of addressing anxiety.

We also continued an initiative launched in 2022, offering employees the opportunity to obtain certification as a Mental Health First Aider. Through this program, participants receive training through the National Council for Mental Well-being and volunteer as resources for colleagues needing peer counseling or mental health support. Throughout 2023, all Elanco employees received information about how they can participate, and 58 additional Elanco employees achieved MHFA certification. Additionally, externally, we helped approximately 50 customer employees become certified MHFAs (page 14).

93
Elanco employees certified as Mental Health First Aiders, up from 35 in 2022

Our global Employee Assistance Program (EAP) provides employees and their immediate families access to free counseling and mental health support services. Outside the U.S., we expanded EAP services to cover dependents of employees — including spouses, parents and children of employees. Our EAP also increased capacity to support more than 30 languages, to promote enterprise-wide shared learning and advocacy around well-being, while supporting and encouraging self-care.

We've launched internal awareness campaigns to encourage use of EAP resources when employees are experiencing personal or professional challenges. In 2023, EAP utilization increased 16% in the U.S. And while cultural comfort levels for engaging with such employee support services can vary by region, EAP utilization outside the U.S. increased 0.6% — including the use of EAP resources by employees in ten countries for the first time.

We're also committed to helping address mental health challenges in our communities. In March 2023, Elanco signed a letter supporting Indiana Senate Bill 1 and House Bill 1006. This now-passed legislation expands local support for mental health, including both immediate and long-term solutions. Elanco is a member of the Indy Chamber and worked alongside other regional organizations to express corporate support for this important effort.

Well-Being Training

Our employee well-being program also includes monthly training across the five dimensions of personal well-being — physical, mental, social, renewal and financial. In 2023, we integrated this training into our Accelerated Leadership Development Program (ALDP) and made it available to all employees as part of our Everyone LEADS curriculum. Globally, 147 employees completed well-being training in 2023 — including the 50 participants in ALDP.

147
Leaders trained in workplace well-being in 2023

READ MORE ON INCLUSION, DIVERSITY, EQUITY & ACCESSIBILITY

- Human Capital Management and IDEA Issue Brief
- Employee Well-being Web Page



LEARN MORE

Pet Dogs at Work

In recognition of the human-animal bond and the potential for pets to enhance our employee experience at the office, in 2022 we introduced a policy allowing employees at our U.S. headquarters to bring their dogs to work. The program helps reduce stress and increases socialization among co-workers. The program originated with 14 participants and due to the initial success and positive feedback of the pilot, expanded to 24 participants in 2023.

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

Employee Engagement

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

2023 Progress Toward Goals

- ■ Meet or exceed Culture Amp® external employee engagement benchmark (72% in 2023)

  Employee engagement measured 67% in Q4 2023, with 86% participation.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Continue to measure progress and evolve objectives related to employee engagement, taking into account insights about the composition of our workforce, evolution of our company and external benchmarks

Listening to Our People

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

In our 2023 engagement surveys, employees highlighted many aspects of our culture they feel are working well:

- Employees feel a strong sense of ownership of their work and understand how that work contributes to Elanco's goals.
- Employees continue to feel valued as part of their teams and feel their managers genuinely care about their well-being.

Engagement survey feedback during 2023 also helped inform areas for improvement — including increased access to information, streamlined enterprise processes and better use of digital technology to support administrative and/or search tasks.

Elanco's internal Transformation Office leverages employee insights to address systems and process improvements. We introduced a new internal social media and communications platform to better connect leaders and employees, share knowledge across the enterprise and engage everyone. We want employees to be empowered to create community, celebrate wins and successes, network and share valuable information in real-time.

ELANCO'S EMPLOYEE PROMISE

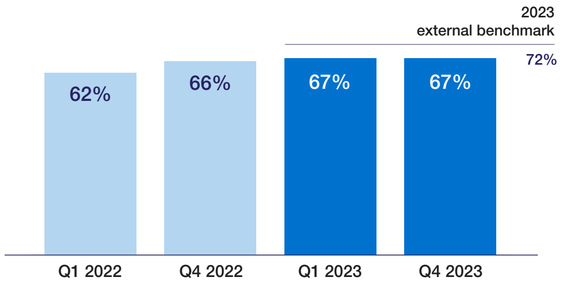
Together, we will foster an inclusive culture where everyone can make a difference, encouraging ownership, growth and well-being, while focusing on customers and the animals in their care.

Advancing Our Listening Strategy

We conduct bi-annual Voice of the Employee surveys via the Culture Amp platform. Many of our employee engagement indicators improved in 2023, despite falling short of the overall Culture Amp external benchmark score. We've successfully made progress on our employee experience during a time of continuing corporate evolution — as we redirect resources to prioritize new product launches and growth areas, and divest parts of the business beyond our strategic focus. Our employee engagement efforts are ultimately in service of enhancing the employee experience and making it easier for people to do their jobs by ensuring their feedback and suggestions are being used to improve our workplace, systems and processes.

We continuously support departmental executives and team leaders as they diagnose and respond to specific employee survey findings. We provide resources and advice to translate survey insights into action plans that drive enhanced engagement.

EMPLOYEE ENGAGEMENT SCORES





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External Recognition for Elanco as a Top Employer

Elanco Australia was recognized as an Employer of Choice by The Australian Business Awards®, which recognizes workplaces that maximize the full potential of their workforce through policies and practices that demonstrate effective employee recruitment, engagement and retention.

The Elanco Innovation and Alliance Center in India was certified by Great Place to Work® for 2024, — based on measures of leadership credibility, respect and fairness, as well as employee pride and sense of belonging.

Elanco was recognized as one of Seramount's 100 Best Companies in 2023. Companies are evaluated on leave policies, workforce representation, benefits, childcare, advancement programs, flexibility, and more.

Employee Volunteerism and Giving

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

At Elanco, we make it easy for employees to participate in volunteering and charitable giving opportunities. Our Healthy Purpose Portal is a social impact platform that helps employees find charitable organizations that align with Elanco's Healthy Purpose as well as their personal interests. Company-wide campaigns, such as our annual Global Day of Purpose and other seasonal initiatives, encourage colleagues to make a difference in their community — as an individual, or a group. In addition, we support the causes important to our employees with an annual charitable giving and volunteerism match from the Elanco Foundation, up to $250[23] per employee.

>$3.7M
Combined total corporate, Foundation and employee charitable and community giving[24]

2023 Progress toward goals

▶ **Advance toward our employee volunteerism goal to reach 25,000 volunteer hours across 2,500 volunteers annually by 2025**

In 2023, nearly 2,700 volunteers contributed more than 23,600 hours to causes around the world - up from approximately 12,800 hours in 2022.

● **Promote our new matching grant program for employee volunteer hours**

Through 2023 global volunteerism efforts, employees accumulated more than $77,000 in volunteer rewards funds, eligible for donation to charitable organizations.

● **Establish an employee relief fund to help employees support colleagues impacted by major unexpected hardship**

We launched the global OneElanco Employee Relief Fund in Q1 2024 and continue to promote awareness of this important employee resource.

▶ **Enhance employee volunteerism engagement with our ERGs and departmental leaders**

Our ERGs actively engaged in 2023 volunteerism efforts and we continue to support their momentum.

Key: ● Achieved ▶ Progressed ■ Not Achieved

	2021	2022	2023
Employee volunteer hours	>9,300	>12,800	>23,600
Estimated value of employee volunteer hours[25]	~$280K	~$400K	~$790K

Looking Ahead

In 2024 and beyond we expect to:

→ Promote employee volunteerism across departments as a valuable team building experience

→ Identify opportunities to enhance volunteerism and giving engagement among front-line manufacturing and field sales employees

Employee Volunteerism in 2023

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

In 2022, Elanco exceeded our 2023 employee volunteerism goal (10,000 hours) one year early. In 2023, we set a revised target to achieve 25,000 volunteer hours — across 2,500 volunteers — annually by 2025.

Our people support causes addressing important concerns such as animal welfare, community services, food insecurity and education. In 2023, nearly 2,700 employee volunteers contributed more than 23,600 hours to causes around the world — up from approximately 12,800 hours in 2022. This tremendous level of engagement represents an estimated in-kind value of approximately $790,000.[25]

Corporate, Foundation and Employee Giving

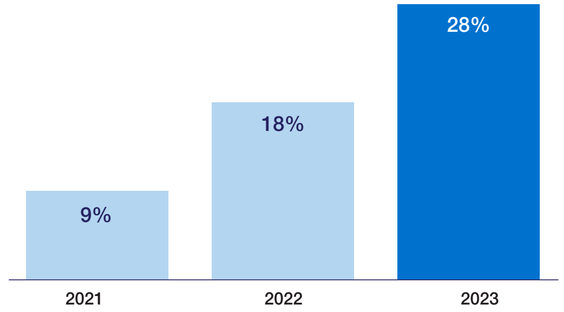
Elanco is proud to support and give back to the communities we serve — and that includes help for colleagues when they need it most. In 2023, Elanco and our employees donated more than $3.7 million[24] to causes around the globe.

These financial contributions supported more than 500 charitable and community organizations important to Elanco and our employees — including our OneElanco Employee Relief Fund. This new initiative enables our employees to directly support colleagues experiencing unexpected financial hardship from situations such as natural disasters, house fires, sudden loss of a spouse, domestic violence or other qualifying personal tragedy.

OneElanco Employee Relief Fund

>28%
Participation rate for employee giving and volunteerism

EMPLOYEE PARTICIPATION RATE FOR GIVING AND VOLUNTEERISM



Global Day of Purpose

Elanco's Global Day of Purpose is our annual capstone employee volunteerism event, which has evolved from a single day to become a popular year-round initiative including dozens of individual and group volunteer events around the world.



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Collaboration with RSPCA Australia

Elanco worked with RSPCA (formerly Royal Society for the Prevention of Cruelty to Animals) Western Australia staff and volunteers at their Community Action day in Perth, to provide free health checks, microchipping and pet food for pet owners struggling financially. As RSPCA Australia's National Pet Health Partner, Elanco donated more than 100 doses of Credelio Plus and Advocate™ to help ensure cats and dogs served by RSPCA remain parasite free.

Highlights From the 2023 Global Day of Purpose

AUSTRALIA

Elanco volunteers worked to support Foodbank NSW & ACT, Australia's largest food relief organization. Our team prepared nearly 780 hampers, to be provided to families during the Christmas season. The team additionally organized future volunteer activities to continue supporting Foodbank and those in need.

BRAZIL

Elanco's Brazilian affiliate participated in a series of impactful activities, bringing employees together while positively impacting the lives of many.

Approximately 20 Elanco volunteers participated in United Way's Project of Lives, dedicating more than 150 hours to career mentoring for teenagers from Professor Leopoldo Santana school. Employees' spirit of mentorship continued by welcoming 18 students from the Ismart university development program for an immersive learning experience at Elanco.

Additionally, through the Volunteer Garden Education initiative, Elanco employees rolled up their sleeves at Horta Urbana — a project that provides training and work opportunities for people in socially vulnerable situations. The produce grown in the gardens is used by the Associação de Resgate à Cidadania por Amor à Humanidade (ARCAH), which sells organic products via subscription baskets, online platforms and in Pão de Açúcar group supermarkets. This initiative helps those in need, while promoting sustainable urban agriculture.

CHILE

Elanco collaborated with the Neighbor's Council Los Avellanos in Puerto Varas to conduct a free vaccination clinic. Elanco veterinarian volunteers staffed the clinic and administered vaccinations for local pets.

Additional Elanco volunteers conducted a neighborhood cleanup drive, directing waste to recycling or reuse facilities, where possible.

GERMANY

To benefit animals, people and the planet, Elanco colleagues from our Kiel, Germany facility performed more than 3,000 hours of volunteering in 2023:

- Employees contributed more than 200 hours supporting earthquake victims in Syria and Turkey, through activities such as loading supply trucks for the affected region.
- Thirty employees spent more than 1,200 hours refurbishing and upgrading a local animal shelter.
- More than 3,000 liters of trash were collected by 110 employees at a local beach and forest.
- And in a true group effort, 225 employees completed a charity run at the Kiel site, raising more than €4,000 for three local animal-focused non-profit organizations.

ITALY

Elanco Italy is proud to announce a third year of collaboration with the organization For a Smile, bringing pet therapy to pediatric hospitals in Italy. This initiative was featured in several Italian publications and broadcasts.



LEARN MORE

Elanco and Rise Against Hunger

At Elanco, we know hunger impacts everything. Globally, as many as 783 million people don't receive enough nutrition to lead an active, healthy life, or provide for themselves and their families. Elanco is committed to ending food insecurity globally. We work with organizations like Rise Against Hunger to create a world without hunger.

In 2023, Elanco colleagues around the world collaborated with Rise Against Hunger to pack more than 81,000 meals. These meals were distributed to places like Ukraine, Haiti, Philippines and Nicaragua. Working with Rise Against Hunger, Elanco brings quality nutrition and education to empower communities for a more sustainable future.

Human Rights

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

Our global Human Rights Policy details our commitment to upholding internationally-recognized human rights throughout our operations and value chain. In late 2023, we furthered this commitment by joining the United Nations Global Compact (UNGC). As a UNGC participant, we seek to demonstrate alignment with the initiative's Ten Principles throughout our operations — including a focus on human rights, labor issues, environmental concerns and anti-corruption — while also advancing our contributions to the UN Sustainable Development Goals (page 10).

Elanco works with approximately 15,000 business partners across many geographies and sectors. We're increasingly required by due diligence regulations and principles to identify and manage human rights and environmental risks in our supply chain. To advance our understanding of risk throughout our supply chain, in 2023 we implemented a third-party monitoring platform and embedded responsibility for supply chain due diligence into roles and responsibilities across functions such as procurement, supply chain, legal, ethics and compliance, HSE, ESG and sustainability, and others.

To date, we've screened our entire business partner population for industry-level social and environmental risks. We're further prioritizing organizations for more detailed evaluation, ongoing monitoring and engagement based on geography, level of spend and identified potential for bribery, corruption, environmental protection, human rights or other labor and/or operational concerns. This effort supports responsible procurement, as well as supply chain due diligence and reporting in alignment with requirements of the German Supply Chain Act, European Union (EU) Corporate Sustainability Due Diligence Directive and other upcoming regulations.

In the future, we expect to use our due diligence platform to aid in the collection of supply chain emissions data — as we evolve the maturity of our Scope 3 accounting and seek to pivot from spend-based estimation methodologies to validated, supplier-reported emissions data.

We also expect to begin actioning on identified business partner-specific engagement opportunities — enabling us to collaboratively improve social and environmental performance throughout our value chain.

2023 Progress Toward Goals

- **Establish a formal human rights program, executive oversight committee and cross-departmental operational team**

  In 2023, we launched a human rights program with an initial focus on suppliers. Our program team includes members from ESG and sustainability, legal, ethics and compliance, HSE, human resources, procurement and supply chain. We expanded our executive oversight committee in 2024, to broaden governance of our efforts.

- **Implement an enhanced third-party due diligence platform to monitor expected practice among suppliers and business partners, and inform targeted engagement**

  We've implemented an enhanced third-party due diligence platform to identify regional and industry-level risks and compile comprehensive information from current and prospective suppliers and business partners on their practices related to more than 20 leading ESG topics.

- **Launch a global human rights policy outlining our commitment to leading human rights practices and related procedures**

  In 2023, we launched a global Human Rights Policy outlining our commitments and procedures, including due diligence specifications that apply to our own operation, supply chain and other business partners.

- **Implement an enhanced Business Partner Code of Conduct to reflect expanded oversight and due diligence on important ESG issues such as human rights and modern slavery**

  In 2023, we published an updated Business Partner Code of Conduct to support our enhanced expectations and due diligence efforts.

Key: ● Achieved ▶ Progressed ■ Not Achieved

Looking Ahead

In 2024 and beyond we expect to:

→ Leverage our third-party due diligence platform to better understand business partner commitments to environmental sustainability and compile validated emissions data to advance the maturity of our Scope 3 accounting

→ Begin actioning identified business partner-specific engagement opportunities — enabling us to collaboratively improve social and environmental performance throughout our value chain

LEARN MORE

Our Refreshed Business Partner Code of Conduct

Elanco seeks to work with companies who align with our ethical standards. Suppliers and other third parties working on Elanco's behalf (collectively our "Business Partners"), share a responsibility to act legally, ethically and abide by our Business Partner Code of Conduct (Code). In 2023, we revised our Code to reinforce the importance of human rights and reaffirm Elanco's standards and expectations — as a foundation to our enhanced due diligence efforts.

The Code makes it clear that compliance with Elanco's human rights expectations encompasses more than avoiding grave abuses such as modern slavery. The document further outlines labor-related principles such as freedom from discrimination, fair pay and working time, freedom of association and employee health and safety. We also reiterate our focus on protecting the environment and safeguarding information.

Business Partners are responsible for ensuring their employees are aware of and comply with the Code. Elanco also expects our Business Partners to hold their business partners and other third parties to the same standards.

Appendices

- Appendix A: ESG materiality assessment
- Appendix B: Endnotes
- Appendix C: Legal Disclosures

Enhancing Understanding of Our Material ESG Topics

In collaboration with an external ESG advisory firm, in 2023 we refreshed our assessment of ESG material topics. In addition to guiding the content for this report, the effort is a foundation for alignment with emerging ESG reporting requirements across the globe.

Through desktop research, stakeholder interviews and value chain mapping, we identified and/or re-affirmed the most significant ESG impacts, risks and opportunities for Elanco and its stakeholders. In preparation for upcoming ESG disclosure regulations in the EU and other jurisdictions, in 2024 we seek to complete a double materiality analysis of these topics to consider relevant financial risks and opportunities for our business.

For this analysis, our definitions of impacts, risks and opportunities align with the GRI Standards, IFRS Sustainability Disclosure Standards and the European Sustainability Reporting Standards (ESRS):

- Impacts that Elanco's strategy and business model has on stakeholders — including customers, suppliers, employees (including their human rights), and/or the environment.
- Risks presented by ESG factors to Elanco's financial position, financial performance and/or cash flows. These include intangible risks such as reputational risk.
- Opportunities presented by ESG factors that could enhance Elanco's financial position, financial performance and/or cash flows. Identified impacts, risks and opportunities were presented to our Healthy Purpose Steering Committee, to provide visibility and gain feedback from senior leaders across our business.

The below table summarizes impacts, risks, opportunities and managerial approaches by strategic focus area and Elanco Healthy Purpose pillar.

Through 2024 and beyond, we remain focused on deepening the alignment of our process with emerging regulatory requirements for ESG reporting across the globe. Key activities include:

- Developing continued synergies with Elanco's global enterprise risk management and strategic planning processes
- Maintaining ongoing stakeholder engagement to continually identify and assess emerging or evolving ESG-related impacts, risks and opportunities
- Establishing ESG materiality assessment as a perpetual process that supports continual issue identification and programmatic prioritization, as well as annual ESG performance reporting and regulatory compliance

STRATEGIC FOCUS	DESCRIPTION OF IMPACTS, RISKS AND/OR OPPORTUNITIES	ELANCO'S APPROACH	ADDITIONAL RESOURCES
HEALTHIER ANIMALS			
Animal welfare — companion and farm animals	• Elanco's products positively impact and support farmers, producers, veterinarians and pet owners by enhancing animal health and alleviating animal pain and stress. • Emerging animal health and welfare challenges present business opportunities for us to innovate, attract new customers and meet the needs of existing customers.	Elanco has maintained a rich pipeline of innovation for over 70 years, currently comprised of more than 150 active programs across species and development phases. Elanco provides support and resources to farmers and veterinarians to help ensure optimal farm and companion animal welfare — including online and in-person trainings, welfare evaluations and consultations.	Animal Welfare Issue Brief Innovation and Intellectual Property Issue Brief Veterinary Livelihoods Issue Brief Animal welfare, 2023 ESG Report
Animal welfare — research animals	• Elanco relies on animal testing to research, develop and achieve regulatory approval of select new animal health products. • Animal testing is highly regulated and a topic of interest in many communities. If not managed appropriately, this issue exposes Elanco to potential negative financial effects such as regulatory fines for non-compliance, increased operating costs to align with regulatory requirements and/or decreased revenues due to potential company reputational impact.	Elanco's animal welfare standards meet or exceed local, national and international laws and regulations. Elanco's global animal welfare team is tasked with the implementation and oversight of our animal welfare program, which includes regular animal welfare audits of company-owned and contract research organizations' facilities.	Animal Welfare Issue Brief Animal welfare section of 2023 ESG Report

STRATEGIC FOCUS	DESCRIPTION OF IMPACTS, RISKS AND/OR OPPORTUNITIES	ELANCO'S APPROACH	ADDITIONAL RESOURCES
HEALTHIER PEOPLE			
Antimicrobial stewardship	• Elanco antibiotics are critical to treating and preventing bacterial infections that affect the lives of all animals. • Elanco's antibiotic products can positively impact public health by helping control the spread of zoonotic diseases and by helping prevent and treat bacterial infections in farm animals and pets. • Antibiotic resistance is becoming a more significant global concern, resulting in stringent regulations governing antimicrobial use — which, if not properly managed, could expose Elanco to potential restricted label claims resulting in reduced sales, negative financial effects such as regulatory restrictions for non-compliance with applicable regulations and/or increased operating costs to align with such requirements.	For more than two decades, Elanco has worked with global leaders — including farmers, veterinarians, scientists and healthcare industry leaders — to develop long-term, responsible approaches for addressing antimicrobial resistance. Elanco's business aligns with a tiered approach to antibiotic stewardship, prioritizing animal-only antimicrobials as the first choice, followed by a tiered approach based on WHO ranking of antimicrobials.	Antimicrobial Stewardship Issue Brief Antimicrobial stewardship section of the 2023 ESG Report
Farmers, producers and food systems	• Elanco's farm animal business depends on understanding and meeting the needs of farmers and producers • Elanco's products have the potential to enable farmers and producers to increase their yields, positively impacting their lives and supporting their livelihoods • By increasing access to Elanco products in emerging markets, Elanco can expand its positive impact and benefit from a business opportunity • With increasing pressure on the agricultural industry to produce a safe and abundant food supply while minimizing environmental impact, Elanco could realize increased demand for products such as feed ingredients and farm management systems that help producers reduce emissions and measure the impact of sustainability efforts	Elanco supports farmers, producers and resilient food systems with products, services and initiatives that promote animal health, welfare and productivity. Our products and services can help customers reduce feed inputs per animal, increase yield from the same number of animals and operate more sustainably with reduced overall emissions. We offer tools that help our customers measure their greenhouse gas emissions, establish baselines and demonstrate improvement — opening the door for potential new revenue streams related to their sustainability efforts. Our Managing Animal Health and Acaricides for a Better Africa (MAHABA) initiative supports small-scale producers, farmers, and customers. Our Elanco Knowledge Solution (EKS) team supports customers through training, data systems and technical advice.	Farmer and Producer Livelihoods Issue Brief Farmers, producers and food systems section of the 2023 ESG Report
HEALTHIER PLANET			
Energy and emissions	• Elanco relies on energy to power its operations and much of the energy available from public utility providers remains fossil fuel based. • Elanco may be exposed to potential financial risks associated with volatile energy prices or taxes and fines related to use of carbon-based fuels or emissions. • If not managed appropriately, Elanco could be exposed to potential greenwashing accusations if our disclosures regarding GHG emissions and/or climate-related targets do not align with our actions and progress — resulting in the potential for decreased revenue from adverse reputational impacts, investor sentiment and/or potential governmental fines.	We've expanded our GHG emissions reporting boundary to reflect our full operational control and enhance disclosure transparency. We continue to pursue conservation and efficiency measures to reduce energy consumption and GHG emissions, and we continue to advance toward our 2030 renewable electricity goal.	Greenhouse Gas Emissions and Energy Use Issue Brief Energy and emissions section of the 2023 ESG report
Operational waste	• Elanco operations generate waste, which may negatively impact communities and the environment if not managed appropriately. • Elanco may be exposed to financial risks associated with waste regulations — such as increased operational costs and the potential for fines/penalties if waste is not managed appropriately.	Elanco's HSE organization maintains standard operating procedures detailing appropriate processes for disposal of both non-hazardous and hazardous waste. Elanco is advancing multiple initiatives to reduce our waste footprint by increasing recycling and reuse, where practicable and appropriate.	Waste Management Issue Brief Operational waste section of the 2023 ESG Report

STRATEGIC FOCUS	DESCRIPTION OF IMPACTS, RISKS AND/OR OPPORTUNITIES	ELANCO'S APPROACH	ADDITIONAL RESOURCES
HEALTHIER PLANET			
Water and biodiversity	• Elanco relies on abundant, clean water to manufacture our products. • As a water user, Elanco could be exposed to financial risks such as fines or penalties resulting from improper chemical levels in effluent from our operations, manufacturing shut downs to address a potential issue, fines associated with natural resource usage and/or reduced ability to secure the needed raw materials to manufacture our products. • As natural resources such as clean water become more scarce in many areas because of climate change, Elanco could see a potential increase in demand for products that enable livestock producers to maintain production levels with fewer animals — reducing producer reliance on natural resources, such as water. Elanco may also experience increased demand for products that treat new and/or increased occurrence of animal disease, given the connection between climate change and disease incidence.	Elanco seeks to reduce adverse impact on the health of ecosystems where we operate. We're continually working to enhance our operational water efficiency and ensure the appropriate treatment and release of wastewater — abiding by all local, regional and national water quality standards. We also ensure alignment with our internal Elanco Aquatic Exposure Guidelines. A significant percentage of active pharmaceutical ingredients are derived from molecules found in natural products. Elanco assesses how our manufacturing processes could impact biomes and we're working externally with organizations focused on restoring natural landscapes and helping mitigate and/or prevent biodiversity loss.	Water Management and Biodiversity Issue Brief Water and biodiversity section of the 2023 ESG report
Sustainable packaging	• Well-designed packaging is essential to facilitate reliable transport from manufacturing site to end user, prevent loss of product, protect product quality and efficacy, help ensure safe handling and inform users about product ingredients and appropriate use. • Improper disposal of product packaging may negatively impact the environment and local communities. • If not managed appropriately, Elanco may be exposed to potential financial risk associated with packaging-related regulation non-compliance. This could include fines, penalties and/or fees — including extended producer responsibility schemes — which could increase our operational costs. • Growing customer demand for "more sustainable" packaging presents a potential strategic opportunity for Elanco to rethink our packaging design and materials, and to potentially increase revenue by meeting customer preferences.	Elanco is committed to packaging that ensures the integrity, quality and safety of the contents for the end user. We're working to increase the use of more environmentally friendly packaging materials and we're optimizing packaging, transportation and logistics operations to remove elements that create unnecessary waste, emissions or spending.	Waste Management Issue Brief Sustainable packaging section of the 2023 ESG Report
Reduced customer emissions	• Farm animals are associated with GHG emissions and represent a major customer segment for Elanco. • Elanco could see a potential reduction in revenue and demand for our products if consumers reduce meat and dairy consumption due to associated emissions. • Pressure on livestock producers to reduce their environmental footprint — as well as producers' desire to identify incremental revenue streams — can potentially result in increased demand for Elanco innovations that help monitor and decrease producer emissions.	Elanco's holistic approach to sustainability includes support for our customers as they seek to maximize productivity, reduce their environmental footprint and identify new revenue streams. Our products and services can help customers reduce feed inputs per animal, increase beef and dairy yield from the same size herd and operate more sustainably with reduced overall methane or ammonia emissions. Elanco data and management platforms can help customers better understand their baseline emissions and key drivers of their operation's carbon footprint, and quantify reduction of GHG emissions from use of Elanco products. Elanco's third-party partnerships can also help customers monetize realized emissions reductions through the sale of verified carbon credits.	Farmer and Producer Livelihoods Issue Brief Supporting producer emissions reduction section of the 2023 ESG report

STRATEGIC FOCUS	DESCRIPTION OF IMPACTS, RISKS AND/OR OPPORTUNITIES	ELANCO'S APPROACH	ADDITIONAL RESOURCES
HEALTHIER ENTERPRISE			
Inclusion, Diversity, Equity and Accessibility	• Elanco relies on a robust and diverse talent pool to run our operations; employee diversity enhances our business daily. • Elanco could be exposed to potential financial risks associated with employee turnover and the inability to attract and retain talent if Elanco is not perceived as a diverse and inclusive workplace — or should our corporate IDEA and/or anti-harassment programs fall short of regulatory requirements. • Implementing robust IDEA programs could result in decreased operational costs from reduced employee turnover. Reputationally, Elanco could benefit from increased interest as an employer supportive of strong IDEA values. • Elanco also has an opportunity to realize increased revenue by capitalizing on innovations developed by a diverse workforce.	Elanco relies on our employees to effectively execute our business model. We operate across a diverse range of communities and countries around the globe. Our employee-led and leadership-supported Global IDEA Council serves as an internal business consultant and champion to build IDEA-related programs and partnerships across the company. Our comprehensive IDEA strategy includes recruitment efforts focused on attracting high quality talent from diverse sources, as well as learning, mentoring and development opportunities for all employees. We also acknowledge the continued needs of our diverse workforce through the evolution of our benefits, including paid time off and parental leave.	Human Capital Management and IDEA Issue Brief Inclusion, diversity, equity and accessibility section of the 2023 ESG report
Employee training and development	• Elanco relies on a highly skilled workforce to develop, test, manufacture and sell our products. • Should Elanco be faced with a shortage of skilled workers, we may experience financial risks associated with decreased productivity and/or revenue, as well as potential regulatory non-compliance. This could result in reduced ability to execute our strategy — including the development, manufacturing and sale of high-quality, safe products. • Elanco investments in employee training and development can result in positive impacts for employees, including career development and job security. Such investments may also result in financial benefits for Elanco, including decreased hiring costs due to reduced employee turnover, as well as increased revenue resulting from increased employee engagement and innovation.	Creating specialized animal care products and services requires a highly skilled workforce to develop, test, manufacture and sell such products. Employee development is a key part of Elanco's global talent management strategy. Elanco employees start each year by outlining goals and expectations with their supervisor, which are reviewed during the year. In addition, Elanco provides role- and location-specific training, opportunities for special projects, as well as internal and external development groups and learning resources.	Human Capital Management and DEI Issue Brief Employee training and development section of the 2023 ESG report
Employee health, safety and well-being	• Our employees are involved in a range of activities — some of which carry a higher risk of injury or other health impacts if exposed to work-related hazards. • If not managed appropriately, health and safety incidents resulting from Elanco's operations may expose the company to potential financial risks including increased operating costs resulting from regulatory fines and/or a potential decrease in revenue resulting from reputational damage, facility shutdowns and/or decrease in customer or investor confidence.	Elanco believes promoting a healthy environment, maintaining a safe workplace and operating in a responsible and environmentally sound manner are linked to the success of our business. Elanco's global HSE organization oversees all facets of employee health and safety, including maintaining our HSE Management System — which aligns with internationally recognized standards such as ISO 45001, ISO 14001, the Chemistry Council Responsible Care Management System and the U.S. Occupational Safety and Health Administration Voluntary Protection Program. Elanco is dedicated to enhancing global employee health, safety and well-being by integrating benefits and talent management. We promote well-being awareness through robust communication campaigns across internal platforms and have expanded our Mental Health First Aid program to all employees. Our Employee Assistance Program offers support in over 30 languages, aligning well-being efforts with business objectives and promoting a culture of self-care.	Employee Health, Safety and Well-being Issue Brief Employee health, safety and well-being section of the 2023 ESG Report

STRATEGIC FOCUS	DESCRIPTION OF IMPACTS, RISKS AND/OR OPPORTUNITIES	ELANCO'S APPROACH	ADDITIONAL RESOURCES
ESG AND SUSTAINABILITY GOVERNANCE			
Employee engagement, volunteerism and giving	• Elanco's employee engagement programs can positively impact employees by promoting strong employee morale and well-being, and promoting employee development. • Elanco's employee volunteering and giving programs provide potential positive impacts to the community through volunteered time, financial contributions and civic engagement — along with potential positive emotional impacts to participating employees. • Should our employee engagement programs fall short of employee expectations, Elanco may be exposed to increased hiring costs resulting from employee turnover, as well as a reduced ability to attract and retain talent.	Colleagues around the globe provide employee engagement feedback through regular surveys and supervisor interactions. In addition, Elanco empowers employees to support organizations of personal interest through generous paid time off volunteerism policies, opportunities to financially support charitable or community organizations, as well as matching fund programs for both employee giving and volunteerism.	Human Capital Management and DEI Issue Brief Employee engagement and Employee volunteerism and giving sections of the 2023 ESG Report
Human rights	• Elanco has a vast, global supply chain and relies on contract labor for defined projects as well as internal resource augmentation. • Isolated sectors and geographies in Elanco's supply chain may be associated with increased risk of human rights abuses, including modern slavery. • If not managed appropriately, instances of human rights violations within Elanco's own operations and across our value chain could expose the company to potential financial risks — including increased operating costs and/or decreased income resulting from regulatory fines, reputational damage, facility shutdowns and potential loss of customer and/or investor confidence.	Elanco is a participant in the UN Global Compact and maintains a Business Partner Code of Conduct (Code) that provides suppliers and third parties working on Elanco's behalf with expectations for conducting Elanco-related business. Compliance with the Code and applicable laws is the minimum standard of conduct. Elanco has also established a formal human rights program, including a global human rights policy, an executive oversight committee and a core program team comprised of representatives from organizations such as ESG and sustainability, legal, ethics and compliance, HSE, human resources, procurement and supply chain.	Human Rights and Responsible Supply Chain Issue Brief
Physical climate risk	• Elanco's operations and supply chain depends on functioning facilities and the ability to get goods and people into, out of, and between facilities globally. • Facility operations may be disrupted by extreme weather and other climate-related physical risks. These challenges potentially cause increased operating costs for Elanco and our suppliers — including more frequent repairs due to temperature-related stress on equipment, higher insurance premiums due to increasing severe weather-related facility impacts, increased demand on heating and cooling systems, and/or changes in asset value due to physical location. • Elanco's employees and workers in our value chain have the potential to be impacted by the physical risks of climate change — including the inability to get to work, damages to their place of residence or other personal property, and displacement/evacuation from their home or community.	In 2023, Elanco completed a comprehensive climate risk and opportunities assessment and scenario analysis aligned with Task Force for Climate-related Financial Disclosures guidelines — reviewing physical impacts to owned and operated facilities, as well as strategic third-party manufacturing sites. On an ongoing basis, Elanco is working to identify and prioritize risk management strategies that align with our leading climate-related physical and transitional risks — including risk avoidance, transfer and mitigation, as well as the pursuit of climate-related opportunities for our products and services.	TCFD Report ESG and sustainability governance section of the 2023 ESG Report

STRATEGIC FOCUS	DESCRIPTION OF IMPACTS, RISKS AND/OR OPPORTUNITIES	ELANCO'S APPROACH	ADDITIONAL RESOURCES
ESG AND SUSTAINABILITY GOVERNANCE			
Ethical conduct	• Any actions that contradict Elanco's Code of Conduct or other operational policies could result in increased operating costs resulting from potential litigation and/or regulatory compliance expenses — as well as potential decreases in revenue resulting from reputational damage and potential loss of customer and/or investor confidence.	The perception of Elanco's ethical standards and the expectation that we operate in an ethical way is critical to our success as an organization. Elanco's operations are governed by a robust Code of Conduct and other operational policies that guide our actions. We commit to acting legally and ethically while following all applicable laws and regulatory requirements. Any individual, internal or external to Elanco, can raise a concern through IntegrityLine. The service is available 24/7 for anonymous reporting, where allowed by law.	Human Rights and Responsible Supply Chain Issue Brief Elanco 2024 Proxy Statement, pgs. 30, 39-40
Intellectual property (IP) protection, information security and data privacy	• We rely on intellectual property rights and must exchange sensitive data with others to operate our business and produce innovative products. • If not managed effectively, information breaches could expose us to financial risks, such as increased operating costs associated with non-compliance fines, legal expenses, and/or enhancing IT surveillance and systems. We could also face potential revenue impacts from stolen IP, negatively impacting sales of current and/or future products. Employee, customer and business partner data privacy also requires similar, extensive protection measures, considering the extensive risk of personal data exposure. • As more information is readily available, including the accessibility of AI technology, Elanco could benefit from increased revenue through enhanced research, development and innovation activities.	Elanco seeks patent protection for our product portfolio and currently holds more than 6,500 patents and applications filed in over 90 countries. We maintain confidentiality agreements for employees, consultants, advisors and business partners. Elanco adheres to all privacy laws such as the General Data Protection Regulation (GDPR) in the EU, as well as other global data protection laws ensuring that personal data is processed lawfully and transparently. Additionally, Elanco's IT information security and privacy efforts are focused on safeguarding the confidentiality, integrity, and availability of personal and sensitive information across our digital infrastructure. We employ a comprehensive set of security measures that include advanced encryption, access controls, network security protocols, and regular security assessments to mitigate risks and prevent unauthorized data access.	Innovation and Intellectual Property Issue Brief Information Security and Privacy Issue Brief Elanco 2024 Proxy Statement, pg. 30 Elanco 2023 Annual Report, pgs. 26, 36
Product quality and safety	• All Elanco products go through rigorous quality and safety testing. If product quality and safety is not managed effectively, Elanco's customers could experience adverse health outcomes for the animals who consume our products and/or adverse financial impact for purchasing and administering such products. • If Elanco products don't meet our strict quality and safety standards, don't align with applicable product quality and safety regulations, or include misleading/false marketing, we may be exposed to financial risks including increased operating costs resulting from regulatory penalties or litigation.	Elanco's customers require reliable and safe products to effectively treat animals. As such, product quality and safety are imperative to Elanco's business model and reputation as an animal pharmaceutical manufacturer. Our rigorous quality assurance process includes prioritizing quality and safety throughout our manufacturing and quality organization, regular audits from our Global Quality Assurance team, maintaining and governing robust quality standards with Elanco's Quality Management system and constantly monitoring data for safety signals related to products on the market through our pharmacovigilance organization. Elanco's quality assurance process mandates root cause analysis and evaluation for all incidents — ensuring appropriate mitigating, corrective and preventative actions are implemented accordingly. In addition, we collaborate with government entities, law enforcement agencies, trade associations and other global cross-industry to fight counterfeiting and help ensure consumers receive only genuine Elanco products.	Product Quality and Safety Issue Brief

Endnotes

[1] Bovaer is a registered trademark of dsm-firmenich

[2] Elanco announced an agreement to sell our aqua business in a press release and 8-K filing on February 5, 2024. The transaction closed July 9, 2024.

[3] Expected trade name upon approval.

[4] Expected trade name upon approval.

[5] A Decade of Treatment of Canine Parvovirus in an Animal Shelter: A Retrospective Study. https://pubmed.ncbi.nlm.nih.gov/32485882/

[6] For Bexacat product use and safety information, visit: https://my.elanco.com/us/bexacat.

[7] Rothlin-Zachrisson N, Öhlund M, Röcklinsberg H, Ström Holst B. Survival, remission, and quality of life in diabetic cats. J Vet Intern Med. 2023 Jan;37(1):58-69. doi: 10.1111/jvim.16625. Epub 2023 Jan 13. PMID: 36637031; PMCID: PMC9889602.

[8] Chalhoub, S. Langston, C., et al. 2011. Anemia of renal disease: What is it, what to do and what's new. J Feline Med Surg. 13:629-640.

[9] American Humane Association. Keeping Pets (Dogs and Cats) in Homes: A Three-Phase Retention Study.https://www.americanhumane.org/app/uploads/2016/08/petsmart-keeping-pets-phase-ii.pdf

[10] Cooke, B.J. and Farrington, D.P. The Effectiveness of Dog-Training Programs in Prison. The Prison Journal 2016 Vol 96(6) p.854-876

[11] Paul D. Kasaija, Agustin Estrada-Pena, Marinela Contreras, Halid Kirunda, Jose de la Fuente, Cattle ticks and tick-borne diseases; a review of Uganda's situation, Ticks and Tick-borne Diseases, Volume 12, Issue 5, 2021, 101756, ISSN 1877-959X, https://doi.org/10.1016/j.ttbdis.2021.101756.

[12] This analysis did not consider investments made toward resilience, the use of private water sources such as wells, or potential impacts on downstream stakeholders.

[13] Norderhaug, A., Clemmensen, K.E., Kardol, P. et al. Carbon sequestration potential and the multiple functions of Nordic grasslands. Climatic Change 176, 55 (2023). https://doi.org/10.1007/s10584-023-03537-w

[14] United States Environmental Protection Agency (2024) Understanding Global Warming Potentials. https://www.epa.gov/ghgemissions/understanding-global-warming-potentials

[15] U.S. Environmental Protection Agency, Greenhouse Gas Equivalencies Calculator https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

[16] Kebreab E, Bannink A, Pressman EM, Walker N, Karagiannis A, van Gastelen S, Dijkstra J. A meta-analysis of effects of 3-nitrooxypropanol on methane production, yield, and intensity in dairy cattle. J Dairy Sci. 2023 Feb;106(2):927-936. doi: 10.3168/jds.2022-22211. Epub 2022 Dec 7. PMID: 36494226; PMCID: PMC9868067.

[17] Slide 31 of May 2024 Investor Overview Deck https://s1.q4cdn.com/466533431/files/doc_downloads/2024/05/ELAN-Investor-Overview-May-2024_vF.pdf

[18] IPCC Sixth Assessment Report, Working Group 1: The physical science basis https://www.ipcc.ch/report/ar6/wg1/

[19] Kebreab E, Bannink A, Pressman EM, Walker N, Karagiannis A, van Gastelen S, Dijkstra J. A meta-analysis of effects of 3-nitrooxypropanol on methane production, yield, and intensity in dairy cattle. J Dairy Sci. 2023 Feb;106(2):927-936. doi: 10.3168/jds.2022-22211. Epub 2022 Dec 7. PMID: 36494226; PMCID: PMC9868067.

[20] United Nations. Seventy-Third Session, High-level meeting on climate and sustainable development. 28 March 2019. https://press.un.org/en/2019/ga12131.doc.htm

[21] Climate Impact Partners. Commitment issues: markers of real climate action in the Fortune Global 500. 2023. https://www.climateimpact.com/news-insights/fortune-global-500-climate-commitments/#:~:text=Two%20thirds%20of%20Fortune%20Global,around%20two%20thirds%20of%20companies

[22] NASA. Methane: methane basics. December 2023. https://climate.nasa.gov/vital-signs/methane/?intent=121#:~:text=Methane%20Basics&text=A%20molecule%20of%20methane%20traps,natural%20sources%20and%20human%20activities

[23] Or the equivalent in the employee's local currency.

[24] Rounded breakdown of charitable and community employee giving ~$230,000, Elanco Foundation contributions >$380,000, corporate donations ~$1.7M, product donations >$1.3M, values rounded.

[25] Independent Sector U.S. 2023 national value ($33.49) applied to global volunteer hours. https://independentsector.org/resource/value-of-volunteer-time/

Legal Disclosures

REPORTING PERIOD

This report represents our ESG and sustainability performance for 2023. Quantitative data and other updates contained in this digital report are focused on the 2023 calendar year or as of December 31, 2023, as applicable, and include our global operations, unless otherwise noted. We may also discuss data, trends and accomplishments from early 2024 or from previous years, where relevant and specifically stated.

REPORTING SCOPE

This report represents the global operations of Elanco Animal Health, Inc. and does not include joint ventures, partially owned subsidiaries or outsourced operations, unless specifically stated. This report refers to the Elanco Foundation, an independent private, tax-exempt organization that makes strategic and philanthropic investments consistent with Elanco's purpose.

This report constitutes a part of the Elanco Denmark ApS' (CVR 39640163) corporate social responsibility reporting, cf. the Danish Financial Statements Act § 99a.

DATA MEASUREMENT

Elanco follows structured processes to collect, evaluate, calculate and validate the data included in this report. We consider voluntary external ESG and sustainability frameworks and standards in deciding what data to collect and report. The data presented in this report is collected using various methodologies, which in some instances are based on assumptions and estimates in which there are inherent uncertainties and limitations. For example, information may come from third-party sources and operations outside of our control. While we believe such information is reasonably accurate and is based on reasonable principles and methodology, the third-party collection and validation of this data is beyond our direct control. Furthermore, environmental data in this report is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The precision of different measurement techniques may vary. As we improve our methodologies and as new information becomes available, we may continue to revise our estimates and assumptions. Methodology changes may include, without limitation, changes in a calculation, improvements in the quality of data, greater data granularity or updates to available third party-reported data. Such updates may result in material changes to our calculations and may also result in adjustments made to the current and previous reporting periods.

UPDATES TO REPORTED INFORMATION

The information in this report, including the forward-looking statements, are made as of July 2024, unless otherwise indicated, and are expressly qualified in their entirety by the risk factors and cautionary statements described on this page and elsewhere in this report. We undertake no obligation to update the information or forward-looking statements in the report to reflect subsequent events or circumstances. More current information on notable events about our ESG and sustainability efforts may be included elsewhere in our ESG and sustainability disclosures, in Forms 10-K, 10-Q and any 8-Ks filed with the Securities and Exchange Commission (SEC), or in press releases on the news page of our website.

OTHER CAUTIONARY INFORMATION

Our approach to the disclosures included in this report differs in significant ways from those included in mandatory regulatory reporting, including under the final (but suspended) SEC rules and regulations. References to, or inclusion of, information in this report should not be construed as a characterization regarding the materiality of such information to our financial results or our operations. While certain matters discussed in this report may be referred to as "significant" or "material," any such significance or materiality should not be read as necessarily rising to the level of materiality used for the purposes of complying with U.S. securities laws or under similar laws in other jurisdictions, even if we use the word "significant," "material," or "materiality" in this report.

This report includes statements regarding various policies, values, standards, approaches, procedures, processes, systems, programs, initiatives, assessments, technologies, practices and similar measures related to our operations ("Policies and Procedures"). References to Policies and Procedures in this report do not represent guarantees or promises about their efficacy or continued implementation, or any assurance that such Policies and Procedures will apply in every case. Such Policies and Procedures are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. There may be exigent circumstances, factors, or considerations that may cause implementation of other measures or exceptions in specific instances.

Our ability to achieve any stated ESG or sustainability goal, target or objective is subject to numerous factors and conditions – many of which are outside our control. We can give no assurances that any plan, initiative, goal, target, objective, commitment or expectation will be achieved.

This report contains references or links to other websites maintained by third parties over whom we have no control. We make no endorsement of such websites, nor do we make any representations or warranties with respect to any information contained in such third-party websites. Furthermore, use of any such third-party site is at your own risk and will be governed by such third-party's terms and conditions.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on Elanco's current assumptions, estimates and expectations at the time the statements were published, including statements regarding, among other things, our ESG and sustainability targets, goals, commitments and programs; our operations, performance and financial condition; and other business plans, initiatives, aspirations and objectives – all of which are subject to change. These statements are typically accompanied by words such as "aim," "hope," "plan," "estimate," "project," "intend," "expect," "believe," "target," "anticipate," "seek," and similar expressions. These forward-looking statements are based on our current expectations and assumptions regarding, among other things, our operations, performance, and financial condition, and are subject to change. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the risk that we are unable to execute our strategy because of market or competition conditions; economic, industrial or governmental developments that may impact our operations and other risks and uncertainties, including those described in our Form10-K and Form 10-Qs filed with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which are subject to risks, uncertainties and assumptions that are difficult to predict. Elanco undertakes no duty to update forward-looking statements.

NON-GAAP FINANCIAL INFORMATION

This report includes the following non-GAAP financial measures: adjusted EBITDA and adjusted EPS. We believe these non-GAAP financial measures are useful to investors because they provide greater transparency regarding our operating performance. The primary material limitations associated with the use of such non-GAAP measures as compared to GAAP results include the following: (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all unusual or non-recurring items, which could increase or decrease these measures, which investors may consider to be unrelated to our long-term operations. These non-GAAP measures are not, and should not, be viewed as substitutes for GAAP reported measures. We encourage investors to review our unaudited consolidated financial statements in their entirety and caution investors to use GAAP measures as the primary means of evaluating our performance, value and prospects for the future, and non-GAAP measures as supplemental measures. Reconciliation of non-GAAP financial measures and reported U.S. generally accepted accounting principles (GAAP) financial measures are included in the tables accompanying our earnings release dated February 26, 2024, and in the related presentation posted on our website at www.elanco.com.

Additional Resources

ESG Issue Briefs

SASB Index

TCFD Report

U.N. SDGs Index

U.N. Global Compact Communication on Progress

ESG-related Policies and Statements

ESG KPIs

10-K

Proxy Statement

Elanco™

elanco.com/en-us/sustainability