

CORPORATE SOCIAL RESPONSIBILITY
IMPACT REPORT

2019



Elanco

Food and Companionship Enriching Life



As a purpose-driven company, Elanco Animal Health is dedicated to giving back to our customers, causes and communities.

Our purpose, along with decades of scientific innovation, enables us to help improve the lives of people, animals and the planet. This report reflects the tangible impact we've achieved through our corporate social responsibility and sustainability framework (CSR), [Elanco's Healthy Purpose™](#).

Through the development of our Healthy Purpose, we solidified our longstanding commitment to improving food security and supporting the human-animal bond.

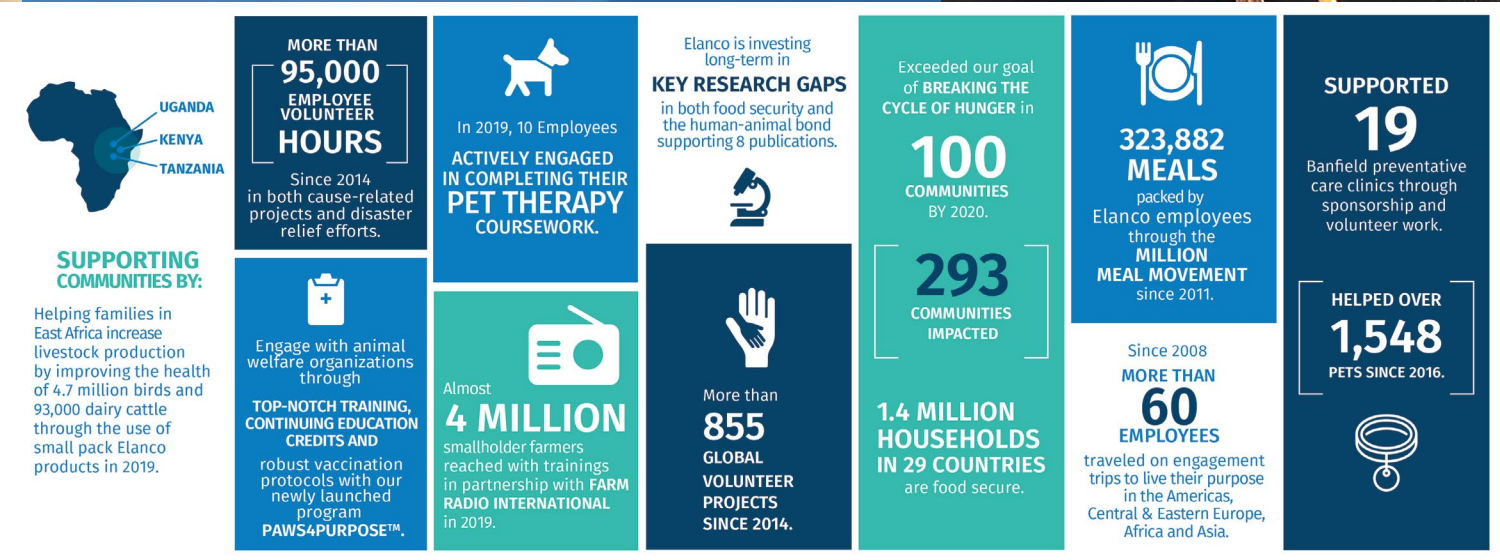
When it comes to the health of people, animals and the planet, we are not short of challenges. The 2020 global COVID-19 pandemic represents an extraordinary public health challenge and demonstrates the significant interconnectivity of health and wellness around the world. Before this unprecedented crisis, health problems due to insufficient or the wrong nutrition were already a chronic, global problem^{1,2}, and social isolation and anxiety puts us at higher risk for mental health conditions and illnesses³. As we continue to learn the full impact of the pandemic, our focus on providing access to nutritious, high quality protein for the food insecure and creating opportunities for people and pets to experience the human-animal bond has never been more important. Elanco is ready to be part of the solution during this unparalleled time.

We have been working hard to bring our CSR commitment to life through various global initiatives:

2019 was a year of great transformation for Elanco as we celebrated our first full year as an independent company.

Last year, we exceeded our goal of breaking the cycle of hunger in 100 communities by 2020. To date, more than 1.4 million households and 293 communities* are now food secure with access to affordable, quality nutrition. We continued to advance pet therapy around the globe and now have more than 10 employees going through the process of becoming registered animal therapy teams, including an evaluator in Australia. We continued to better the livelihoods of dairy and poultry smallholder farmers in East Africa and since 2017 have provided access to high quality, small pack products to more than 50,000 farmers in Tanzania, Kenya and Uganda. We outlined plans to form the Elanco Foundation which was launched in Q1 2020 to immediately focus on supporting local and global food banks in light of COVID-19.

This is [Elanco's Healthy Purpose™](#), and it's just a sample of what we are doing to help achieve our vision of Food and Companionship Enriching Lives. As we enter a new decade, we are eager to continue our pursuit of helping the world through healthy animals.



*A community for our goal of breaking the cycle of hunger in 100 communities is defined as a geographic community where we can break the cycle of hunger for at least 100 people who were once food-insecure for at least 365 days.

OUR HEALTHY PURPOSE

Elanco's Healthy Purpose™ advances the well-being of animals, people and the planet, enabling us to realize our vision of Food and Companionship Enriching Life. It is the fundamental belief uniting all Elanco employees – **healthier animals are the key to solving some of the world's most pressing issues.**

Elanco's Healthy Purpose is centered on four inter-connected pillars: healthier animals, healthier people, healthier planet and healthier enterprise. All contribute to the success and sustainability of our shared ecosystem for today and generations to follow.



Above: Charlie's Animal Rescue Centre - Bengaluru, India.

Animals are an integral part of our lives.

Pets provide us with companionship and social connection. Meat, milk, fish and eggs offer critical nutrients essential to a healthy lifestyle. We know that when animals are healthy, they can make a significant and positive impact on people and the planet. This is why, since 1954, we've been dedicated to improving animal health in collaboration with those who raise and care for animals.

We also know making a global impact requires the right people and the right work environment so that every single employee feels empowered and invested in making a difference to society.

A Word from Our Experts

Our Chief Animal Welfare Officer, Chief Sustainability Officer and Chief Medical Officer roles were established in 2019 to help the organization deliver on our Healthy Purpose. Collectively, this group helps our business and our customers identify new opportunities to continue improving sustainable business practices, improve the well-being of animals and people, and reduce the environmental footprint of protein production by keeping farm animals healthy.



Michelle Calvo-Lorenzo, Ph.D.,
Chief Animal Welfare Officer

"Elanco empowers our customers to support principles of good welfare for all animals through our innovative solutions, knowledge sharing, and facilitating freedom to operate responsibly. To help advance Elanco's Healthy Purpose, we are committed to applying the principles of good animal welfare — from product development through support for the responsible use of animal health products and services — to all animals."



Shabbir Simjee, M.D., Ph.D.,
Chief Medical Officer

"We're committed to ensuring all Elanco staff and customers have an understanding of how sustainability, animal welfare and human health concerns, such as antimicrobial resistance, remain intertwined so we can better live out our commitment to Elanco's Healthy Purpose across the business."



Sara Place, Ph.D.,
Chief Sustainability Officer

"With a growing demand for milk, meat, eggs and fish in the next several decades, Elanco's ability to drive innovative opportunities for farmers to become more efficient will have wide ranging effects on sustainable food production — from improving the livelihoods of farmers to reducing environmental impacts to increasing animal protein availability in a world with growing demand."



HEALTHIER ANIMALS

Our efforts to improve animal health extend beyond the products we offer. Through our team of subject matter experts on all aspects of farm animal and pet health and well-being, we work alongside farmers, ranchers, veterinarians and pet owners to ensure the best possible care and management for each animal. This is not only demonstrated in our daily business interactions, but also through our community engagement initiatives designed to improve the health and well-being of all animals around the world.



Farm Animals

Our [East Africa Growth Accelerator \(EAGA\)](#), continued to make a difference in the lives of East African smallholder farmers, distributors and other community members in 2019.

Livestock disease is a significant threat to achieving food security globally. In East Africa, 25 percent of livestock currently raised are lost due to animal illness.⁴ Launched in 2017 with a \$3.1 million grant from the Bill & Melinda Gates Foundation®, our EAGA shared value initiative aims to empower farmers with the knowledge and medicine they need to care for animals and enable the growth of their communities, reducing animal mortality and poverty, increasing farmer's income and improving diets and health of local families.



Below: Smallholder farmer training in East Africa

In 2019 alone, EAGA:

- Helped improve the health of 4.7 million chickens through the use of Elanco small pack products.
- Helped improve the health of 93,000 dairy cattle through the use of Elanco small pack products.
- Trained more than 26,000 dairy and poultry smallholder farmers on animal disease and the correct use of relevant animal health products to ensure the right care for their farm animals.
- Expanded access to Elanco products for 56,000 dairy and poultry smallholder farmers in the region.
- Reached up to 4 million smallholder farmers in Northern, Coastal and Western Tanzania with training on animal disease, prevention and treatment in partnership with Farm Radio International, resulting in approximately 60 percent of farmers changing behaviors to improve animal health and care.



Companion Animals

In the United States alone, approximately 6.5 million cats and dogs enter shelters annually.⁵ Elanco has a long history of engaging with animal welfare organizations, having supported more than 2,000 around the world.



Above: The Kansas City for Animal Care construction project.

The new campus, which opened in January 2020, will house KC Pet Project, which Elanco supports through Paws 4 Purpose™.

In 2019, using the [Five Freedoms For Animal Welfare](#) guidelines from the Association of Shelter Veterinarians (ASV), Elanco formalized our Paws 4 Purpose™ program to help animal welfare organizations deliver on Freedom #3 – freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.

Through Paws 4 Purpose™, Elanco will continue our engagement with animal welfare organizations through top-notch training and continuing education (CE) credits, as well as robust vaccination protocols.

Below: Southeastern Guide Dogs - Palmetto, USA



The relationship with Elanco* has been formed on a mutual desire to help people with vision loss, veterans with disabilities, and the dogs they rely on and love,” said Titus Herman, CEO of Southeastern Guide Dogs. “When we announced to our alumni that our enhanced Alumni Support Program will cover the costs of high-quality dog food, preventatives, annual wellness veterinary visits and vaccinations, the response was tremendous and the phone started ringing. One of our guide dog graduates, a single mom of three children with recent vision loss, was crying when she called to share how meaningful these benefits would be to her young family and that the Alumni Benefits (including the preventatives from Elanco) meant she could afford more groceries for her children.”

* Elanco is supporting the efforts of Southeastern Guide Dogs to ensure the well-being of their services animals is not a burden to those in need.

HEALTHIER PEOPLE

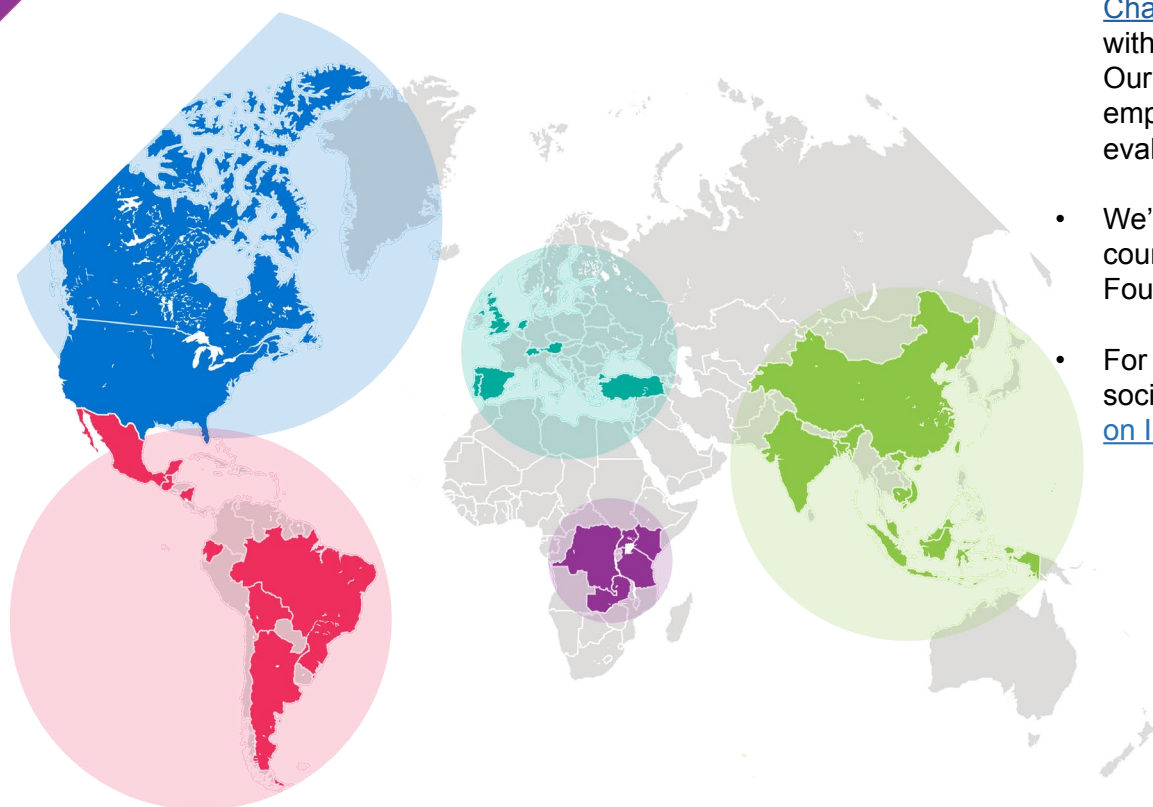
As a global society, we are facing unprecedented challenges in human health – both physically and mentally. Despite an abundance of nutrition information available to us, 40 percent of the global population over age 18 is overweight¹ and 10 percent of the global population is malnourished² – the cause of nearly 50 percent of deaths in children under the age of five.

Reports of social isolation and anxiety are at an all-time high globally with detrimental effects. In fact, the effect of loneliness is comparable to smoking 15 cigarettes a day.⁶

While this reality is daunting, animals are already helping to combat these major global health issues. Animal-sourced protein naturally nourishes us as, meat, milk, fish and eggs offer essential nutrients that help all our bodily systems function optimally. Pet ownership not only increases physical activity in a home through walking, playing, etc., but also combats social isolation and stress as 74 percent of pet owners report mental health improvements from pet ownership.⁷

293 Communities in 29 Countries

became food secure
through our
100 Communities effort



Elanco is helping foster the power of animals to improve the health of people across the globe.

- An Elanco-funded [study](#) conducted by the Purdue University College of Veterinary Medicine and published in *The American Journal of Occupational Therapy* validated the psychological effects of animals on their owners and family members. Compared to those on a waitlist to be matched with a service dog, individuals with a service dog exhibited significantly better psychosocial health, including higher levels of social and emotional functioning, and better functioning at work and/or school.
- A [collaboration](#) between Elanco, the University of Illinois and Heifer International® aimed to evaluate the impact of livestock ownership on community members over a six year period in Northern Zambia. The studies showed household expenditures, which approximate income, were 70 percent higher for households who had received livestock compared to those who didn't. [Dietary diversity scores](#) also increased drastically for livestock recipients as households not only consumed the food produced by the animals they received, but also had more income to spend on other foods. Households with livestock ownership increased their [household resiliency](#), reflecting a household's ability to withstand economic shocks, by 44 percent. Livestock ownership also promoted [joint decision-making](#) between husbands and wives.
- Through collaborations with therapy and service organizations across the world such as [Pet Partners®](#) and [Canine Assistants®](#) in the U.S., [HANDI'CHIENS](#) and [Dogs For Good](#) in Europe, [Charlie's Animal Rescue Centre \(CARE\)](#) in India and many more globally, and in coordination with our veterinary customers' programs, we continued to improve the human-animal bond. Our employees are actively engaged in these initiatives, and we even have more than 10 employees working towards becoming a Pet Partners® registered therapy team, including one evaluator in Australia.
- We've helped improve food security for 293 communities and 1.4 million households in 29 countries as part of our "100 Communities" effort initiated in 2016 in collaboration with the Lilly Foundation.
- For the June 2017 to December 2018 time frame, our EAGA project delivered \$8+ million in socio-economic value for farmers in Uganda, Kenya and Tanzania, delivering a [Social Return on Investment](#) (SROI) of 250 percent⁸.

HEALTHIER PLANET



Throughout our own enterprise and in collaboration with customers, Elanco is committed to improving the environmental sustainability of our industry.

Healthier farm animals are more productive and require fewer resources to produce a marketable product, be it meat, milk, fish or eggs. Around the world, 20 percent of livestock productivity is lost due to death and disease⁹, which is oftentimes preventable with a change in management practices and access to animal health innovations. With the leadership of Chief Sustainability Officer Sara Place, Ph.D., we are further defining how we will continue to drive sustainability initiatives throughout the organization and industry.

We are also committed to continuous improvement at our own facilities and continue striving to complete the commitments Elanco sites made under the framework of Eli Lilly and Company’s 2020 environmental efficiency goals:

Projects in 2018 and 2019 made notable progress against these commitments.

Clinton, USA

REDUCED WATER
USAGE BY

66M
GALLONS

Wusi, China

IMPROVING BOILER
EFFICIENCY HELPED
REDUCE CO₂
EMISSIONS BY
43%

Huningue, France

FIRST ELANCO SITE TO INSTALL
EVAPORATION TREATMENT TO
**VIRTUALLY
ELIMINATE**
ACTIVE PHARMACEUTICAL
INGREDIENTS DISCHARGED
TO WASTEWATER

Speke, United Kingdom

ONLY 1%
OF ALL SITE WASTE
WAS SENT TO
A LANDFILL

HEALTHIER ENTERPRISE

We're committed to managing our own environmental footprint and governing our business with the highest ethical standards while creating an environment where all employees feel safe, respected, empowered and invested in making a difference to society.



Supply Chain

As we broadened our manufacturing base and integrated new acquisitions into our operations, Elanco has taken significant steps to reduce our exposure to the inherent risks of managing a global supply chain. In 2019, Elanco joined the [Pharmaceutical Supply Chain Initiative](#) (PSCI) as an independent company after formerly participating as part of Eli Lilly's membership. In 2019, Elanco Health, Safety and Environment (HSE) professionals led two PSCI technical committees, directly participated in the India and China capability building conferences, and helped conduct PSCI auditor training in India. We have taken an active role to educate and engage our suppliers more directly on HSE issues and helped them build expertise around HSE topics.

In 2019, Elanco published its new Supplier Code of Business Conduct and ensured standard contracts contain language asking that suppliers support the PSCI Principles and conform to the HSE expectations outlined in our Supplier Code of Business Conduct.

Diversity & Inclusion

In 2015, we formed the Global Elanco Diversity and Inclusion Council (EDIC) to be a catalyst for a culture where diversity and inclusion are embraced and leveraged to drive business results. With this program, employee development is better supported, opinions and diverse backgrounds are embraced, and Elanco is a stronger company. The EDIC continued to make huge strides in 2019.

Notably, the Diversity & Inclusion framework and theme – Globally United, Individually Empowered – was formalized this year. This theme enables employees to collaborate with colleagues around the world while encouraging individual ownership, growth and well-being without losing sight of customers and the animals in their care.

Our seven global Employee Resource Groups continued to expand, with notable successes in 2019:

Elanco African American Network	Elanco Chinese Network
Elanco Women's Network	Elanco India Network
Elanco Young Professionals Network	Organization of Latinos/Hispanics at Elanco
Elanco PRIDE	

Elanco Brazil achieved external recognition as one of the “150 best companies to work for” from Brazilian business magazine, *Você S/A*. A major factor in receiving this honor is gender representation and equality in the workforce. Our Brazilian team has made great strides over the years to ensure diverse gender representation at all levels. In 2019, 49 percent of all employees in Brazil were women, with the leadership team being 50 percent women.

“ *Delivering on an employee promise of inclusion is part of our culture now. As a result, we are a better Elanco, we are a healthier enterprise, and we are delivering better solutions in animal health. I am grateful for the support of Diversity & Inclusion that we see from grassroots efforts all the way to senior leadership, and we will continue to harness this momentum to further our journey.*

- Katie M. Schoenberg, Ph.D., Portfolio Leader for Animal Care Expansion, Product Development, and Chair of Elanco's Diversity & Inclusion Council

Workplace Safety

Every day, across all our locations, we strive to make our workplace safer. Our goal is to ensure every employee returns home safely from our facilities. Globally in 2019, we focused on reducing injuries and embedding a safety culture throughout our organization with the belief that every employee has responsibility as a Safety Leader and can help stop an unsafe job.

Our efforts are working. Previously under Lilly, Elanco had committed to a multi-year plan to lower injuries by 20 to 30 percent for key performance indicators (listed below) by the end of 2020. Elanco has achieved two of the three goals early:

- ☒ 0.75 /100 employees for serious injuries (compared to 2020 goal of 0.70)*
- ☒ 10.6 percent motor vehicle collision rate (compared to 2020 goal of 12 percent)*
- ☐ 0.27/100 employees for lost time cases (compared to 2020 goal of 0.25)*

* Using the standardized base rate calculation as advised by Occupational Safety and Health Administration (OSHA).

Local initiatives have played a major role in improving workplace safety:

Kansas City, USA:

Our newest manufacturing facility is designed to significantly improve engineering controls for potent pharmaceutical handling and ergonomics.

Wusi, China and Chungli, Taiwan:

Engineering upgrades were completed for the safe handling of combustible dusts to reduce risk from workplace fires and explosions.

Huningue, France:

Employee ideas and input led to ergonomic improvements on our packaging lines that resulted in a 29 percent decrease in absenteeism and no safety incidents.

China:

A new Field Safety Discussions tool helped our employees establish a regular cadence of safety conversations where team members can routinely share their safety concerns with their manager.



Employee Engagement

Elanco employees are committed to living our Healthy Purpose. In fact, our 2019 Annual Voice of the Employee Survey found 78.7 percent of employees feel a personal commitment to Elanco's corporate responsibility of improving food security and supporting the human-animal bond.

There are many ways for employees to get involved with our CSR initiatives, including:

- Global Day of Purpose:** A unified opportunity for all employees to engage in causes supporting our Healthy Purpose pillars. In 2019, 2,107 employees (~36 percent) volunteered, providing 10,470 hours of service through more than 200 projects related to healthier animals, healthier people and a healthier planet.
- Global Cause Ambassadors:** Each team member in this group commits 5 percent of their time to fostering Elanco's Healthy Purpose™ and serves as an outcomes-driven champion of our purpose.
- Employee Engagement Trips:** International incentive trip to reward employees living our Healthy Purpose. Trips allow participants to engage directly with one of our causes, learn from customers and experience new cultures.

"I feel very lucky and privileged to have what I have in life. I love that we have an opportunity through Elanco to give back to society, to help make things better. In supporting local charities and organizations, we are lucky enough to see first-hand the impact that our time and effort has on our local community. I also believe that coming together through the Elanco causes has a huge positive impact on the well-being of employees."



- Joanne Michelle Parker, Quality Group Leader, Elanco External Manufacturing and Global Cause Ambassador

Get Involved

There are many ways to get involved in Elanco's Healthy Purpose:



Foundation

Elanco's

HEALTHY PURPOSE™



**EMPLOYEE
ENGAGEMENT PORTAL**



Above: Food Bank of Central & Eastern North Carolina

Citations

¹WHO WHO obesity and overweight 2020 (v1.0)

²FAO FAO The state of food security and nutrition in the world 2019 (v1.0)

³Sutin AR The Journals of Gerontology The Journals of Gerontology, Loneliness and Risk of Dementia 20 (v1.0)

⁴AU-IBAR AU-IBAR Impact of livestock diseases in Africa 2013 (v1.0)

⁵ASPCA ASPCA Pet Statistics ACC-2020 (v1.0)

⁶Holt-Lunstad J PLoS Medicine Social Relationships and Mortality Risk - A Meta-analytic Review 2010 (v1.0)

⁷HABRI HABRI Survey- Pet Owners and the Human-Animal Bond 2016 (v1.0)

⁸Elanco Animal Health and Center for Sustainability and Excellence, 2019. [An Overview of the Social Return on Investment \(SROI\)](#)

⁹OIE OIE Feeding the world better by controlling animal diseases ACC-2020 (v1.0)