

## **Lonza – UN Global Compact Communication on Progress 2016**

### **About Lonza**

Lonza is one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and specialty ingredients markets. We harness science and technology to create products that support safer and healthier living and that enhance the overall quality of life.

Not only are we a custom manufacturer and developer, Lonza also offers services and products ranging from active pharmaceutical ingredients and stem-cell therapies to drinking water sanitizers, from the vitamin B3 compounds and personal care ingredients to agricultural products, and from industrial preservatives to microbial control solutions that combat dangerous viruses, bacteria and other pathogens.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 40 major manufacturing and R&D facilities and more than 10,000 employees worldwide. The company generated sales of about CHF 4.13 billion in 2016 and is organized into two market-focused segments: Pharma&Biotech and Specialty Ingredients. Lonza is headquartered in Basel, Switzerland and is listed on the SIX Swiss Exchange and secondary listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Further information can be found at [www.lonza.com](http://www.lonza.com).

### **Statement of Continued Support from Richard Ridinger**

"Our commitment to corporate social responsibility was underlined by our joining the UN Global Compact. Its principles will continue to be part of Lonza's day-to-day life, involving all sites. We will also continue to make contributions to specific projects emphasizing social responsibility, such as our sponsorship of the Sanitation for Africa project to provide sanitizing tablets in Uganda; the Swiss Youth in Science program in Switzerland; and the Vitamin Angels global program that provides prenatal multivitamins including our vitamin B3 compounds. These are good examples of how targeted contributions can make a significant difference."

Richard Ridinger  
CEO

PRINCIPLE	ACTIONS / POLICIES	REFERENCE
<b>Human Rights</b>		
<p><b>Principle 1:</b> Business should support and respect the protection of internationally proclaimed human rights; and ...</p>	<p>In our global “Code Of Conduct,” translated into all corporate languages, we have defined that all employees are expected to know the law as it applies to their sphere of responsibility; management is expected to provide appropriate training and guidance, especially to respect human rights and employment rights.</p>	<p><a href="http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</a></p>
<p><b>Principle 2:</b> ... make sure that they are not complicit in human rights abuses.</p>	<p>It is in a manager’s responsibility to monitor the compliance; all departments, regardless of where they are in the world, are regularly supervised by our Audit Services department.</p>	<p><a href="http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</a></p>

Labour		
<p><b>Principle 3:</b> Business should uphold the freedom of association and the effective recognition of the right to collective bargaining; ...</p>	<p>The Code of Conduct provides the basis for creating and maintaining the relationship of mutual trust, which is essential to business success. It expresses explicitly that we consider fairness in our dealings with employees to be of paramount importance. It is our commitment to the corporate social and ethical responsibility, the respect for human rights and employment rights.</p> <p>Local management and human resources work closely together with employee representatives, work councils and unions in all countries and regions according to the specific laws and agreements.</p> <p>All existing contracts with unions are renewed on a regular basis in order to meet employee labor interests.</p> <p>In addition, our Lonza's Supplier Code of Conduct provides for rules against child labor at our suppliers.</p>	<p><a href="http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</a></p> <p><a href="http://www.lonza.com/about-lonza/investor-relations/~media/6B5C4A4383464BB88ADB5812A32B1AB1.ashx">http://www.lonza.com/about-lonza/investor-relations/~media/6B5C4A4383464BB88ADB5812A32B1AB1.ashx</a></p>
<p><b>Principle 4:</b> ...the elimination of all forms of forced and compulsory labour; ...</p>	<p>Our Code of Conduct is applied to all actions and activities of Lonza in the pursuit of a high level of social responsibility and as such is also crucial element against forced and compulsory labor.</p> <p>See also Lonza's Supplier Code of Conduct above.</p>	<p><a href="http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</a></p>
<p><b>Principle 5:</b> ...effective abolition of child labour; and ...</p>	<p>In our Code of Conduct, all managers are committed to act in compliance with the law. In addition, Lonza's Supplier Code of Conduct explicitly bans all forms of child labor at our suppliers.</p>	<p><a href="http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</a></p> <p><a href="http://www.lonza.com/about-lonza/investor-relations/~media/6B5C4A4383464BB88ADB5812A32B1AB1.ashx">http://www.lonza.com/about-lonza/investor-relations/~media/6B5C4A4383464BB88ADB5812A32B1AB1.ashx</a></p>

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<p><b>Principle 6:</b> ... the elimination of discrimination in respect of employment and occupation.</p>	<p>Our Code of Conduct explicitly bans any form of discrimination; all managers are obliged to act accordingly. Lonza does not tolerate any discrimination, harassment or bullying on the basis of ethnicity, national origin, color, religion, creed, age, sex, disability or any similar characteristic.</p> <p>Furthermore, Lonza has implemented a Global Data Policy that protects all employees against misuse of individual/personal data.</p>	<p><a href="http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</a></p>

Environment		
<p><b>Principle 7:</b> Business should support a precautionary approach to environmental challenges; ...</p>	<p>We take seriously our responsibility in the area of environmental protection, health and safety, and towards our employees, human society and the natural environment. Lonza Group defines goals and targets for safety, health and environmental protection.</p> <p>The safety and health of our employees, the well-being of our stakeholders and the minimization of our impact on the natural environment are a Group priority. The Group is committed to operations and practices that prevent harm to people and damage to environment or property.</p> <p>Our policy on Environment, Health and Safety incorporates Vision ‘Zero’: zero injuries, zero process incidents, zero distribution incidents and zero environmental incidents. Every person in every office, manufacturing site and research center has an everyday responsibility to themselves, their co-workers, their company and their community to do everything in their power to achieve Vision ‘Zero’. We listen and respond to our stakeholders.</p> <p>Refining harmonization and standardization of globally valid general and, in particular, critical EHS behavioral and procedural guidelines is a continual task and is intrinsic to Lonza’s approach to safe chemical and pharmaceutical manufacturing. Currently we have a set of 23 guidelines in place, which are implemented at our manufacturing and R &amp; D locations world-wide.</p> <p>All our manufacturing processes are systematically assessed for their risks. Lonza applies the same risk-assessment matrix worldwide, which incorporates ecological, economic and social aspects.</p>	<p>Corporate Citizenship website: <a href="http://www.lonza.com/about-lonza/global-citizenship.aspx">http://www.lonza.com/about-lonza/global-citizenship.aspx</a></p> <p>Standards: <a href="http://www.lonza.com/about-lonza/global-citizenship/standards.aspx">http://www.lonza.com/about-lonza/global-citizenship/standards.aspx</a></p> <p>Sustainability: <a href="http://www.lonza.com/about-lonza/global-citizenship/sustainability.aspx">http://www.lonza.com/about-lonza/global-citizenship/sustainability.aspx</a></p> <p>Management: <a href="http://www.lonza.com/about-lonza/global-citizenship/management.aspx">http://www.lonza.com/about-lonza/global-citizenship/management.aspx</a></p> <p>EHS policy: <a href="http://www.lonza.com/about-lonza/global-citizenship/management/policies.aspx">http://www.lonza.com/about-lonza/global-citizenship/management/policies.aspx</a></p>
<p><b>Principle 8:</b> ...undertake initiatives to</p>	<p>Lonza facilities are member of the Responsible Care program in Switzerland and of SOCMA’s ChemStewards program in the United States. At all facilities worldwide, Lonza promotes and lives the cycle of continual improvement for</p>	

<p>promote greater environment responsibility; and ...</p>	<p>environmental, health and safety issues. We keep track of our EHS performance and make the outcomes transparent for the general public.</p> <p>Lonza has signed ICCA's Responsible Care Global Charter in March 2015 and lives up to their six base principles.</p> <p>All our sites are internally audited comprehensively and systematically for management system and performance of implementation of our environmental, health and safety principles and guidelines and the compliance with standards and regulations.</p> <p>Various energy efficiency measures, sustainable endotoxin detection (horseshoe crab conservation), MODA green alternatives (paperless, efficient QC micro processes) are sustained examples for such initiatives.</p> <p>Year 2016 examples of sustainable environmental quality include our Singapore site, where projects launched in 2016 will save an estimated 1.69 million kilowatt hours per year in energy usage. Our site in Porrino, Spain, added a new, pressurized condensates tank that has increased the yield of steam generation, reducing energy usage by an estimated 1.6 million kilowatt hours per year and cutting CO2 emissions by 723 tons. Our Rockland, Maine, site has made a concerted effort over the years and has sustainably reduced overall energy usage by 5% per year. Energy cost savings have nearly doubled the investments made in energy efficient equipment.</p>	<p>Sustainability homepage:  <a href="http://www.lonza.com/about-lonza/global-citizenship/sustainability/continual-improvement.aspx">http://www.lonza.com/about-lonza/global-citizenship/sustainability/continual-improvement.aspx</a></p> <p>EHS-performance tracking:  <a href="http://www.lonza.com/about-lonza/global-citizenship/sustainability/air.aspx">http://www.lonza.com/about-lonza/global-citizenship/sustainability/air.aspx</a></p> <p>Energy and climate:  <a href="http://www.lonza.com/about-lonza/global-citizenship/management/climate-change.aspx">http://www.lonza.com/about-lonza/global-citizenship/management/climate-change.aspx</a></p> <p>Year 2016:  <a href="http://annualreport.lonza.com/2016/company/sustainable-values">http://annualreport.lonza.com/2016/company/sustainable-values</a>            For further details, go to FINANCIAL REPORTS on Lonza.com and click on the ANNUAL REPORT ONLINE and choose the section "SUSTAINABLE VALUES"</p>
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<p><b>Principle 9:</b> ...encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Lonza participates in industry groups that promote sustainability. As participants in and signatories of the American Cleaning Institute® and the Sustainability Charter, we are committed to a mission that endeavors to benefit society and improve the quality of life through hygiene and cleanliness by driving sustainability improvements across our industry and throughout the supply chain.</p> <p>In our Water Treatment business, we also work with NSF® International, to determine and develop sustainability standards for chemicals and water contact products. All of our products are accompanied by a Material Safety Data Sheet.</p> <p>Microreactor technology developed by Lonza enables us to fulfill part of our Green Chemistry mission.</p> <p>As classical manufacturing processes in the pharmaceutical industry produced more than 25 kg of waste for every kilogram of product, dramatic changes were required in process systems.</p> <p>More than a decade ago, Lonza began developing a more sustainable manufacturing platform using advanced continuous flow technologies. At the heart of the technology are microreactors, special processing instruments designed to create “Factories of the Future.”</p> <p>The results of such a transformation are more sustainable, greener, and economical processes for producing a wide range of pharmaceuticals.</p> <p>Our solar power engagement in Germany and Singapore helps develop and promote a fossil-free energy future.</p>	<p>Microreactor Technology: <a href="http://www.lonza.com/custom-manufacturing/chemical-manufacturing/microreaction-technology.aspx">http://www.lonza.com/custom-manufacturing/chemical-manufacturing/microreaction-technology.aspx</a></p> <p>Solar Power: <a href="http://www.lonza.com/about-lonza/global-citizenship/management/climate-change.aspx">http://www.lonza.com/about-lonza/global-citizenship/management/climate-change.aspx</a></p>
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**Anti-Corruption**

**Principle 10:**

Business should work against corruption in all its forms, including extortion and bribery.

Lonza has implemented a Code of Conduct containing, among other topics, rules on Corporate Social Responsibility, rules on bribery, conflict of interest, antitrust, insider trading, etc.

Lonza also has a specific internal Anti-Corruption and Anti-Bribery Policy. Lonza also has implemented a specific Gift Policy.

Lonza’s suppliers are obliged to comply with Lonza’s Supplier Code of Conduct, which deals with anti-corruption, anti-bribery and other related topics.

Lonza offers a Whistleblower Hotline, which is operated by an external company.

It is mandatory for all new Lonza employees to complete an online training that focuses on topics such as anti-corruption and anti-trust and that is appropriate to their role within the Lonza.

Lonza has implemented a periodic refresher training on these critical topics.

Also Lonza has organized specific competition law trainings for employees, such as sales managers, who could potentially be exposed to antitrust issues.

<http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx>