

Lonza – UN Global Compact Communication on Progress 2017

About Lonza

Lonza is one of the world's leading and most-trusted suppliers to the pharmaceutical, biotech and specialty ingredients markets. As an integrated solutions provider, Lonza is boosting its value creation along and beyond the healthcare continuum with a strong focus on patient healthcare, consumer preventive healthcare and consumer's healthy environment.

Lonza harnesses science and technology to create products that support safer and healthier living and that enhance the overall quality of life. With the recent Capsugel acquisition, Lonza now offers products and services from the custom development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries.

Benefiting from its regulatory expertise, Lonza is able to transfer its know-how from pharma to hygiene and fast-moving consumer goods all the way to coatings and composites and the preservation and protection of agricultural goods and other natural resources.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 100 sites and offices and approximately 14,500 full-time employees worldwide. The company generated sales of CHF 5.1 billion in 2017 with a CORE EBITDA of CHF 1.3 billion. Further information can be found at www.lonza.com.

Statement of Continued Support from Richard Ridinger

“Sustainability is at the core of Lonza. That is how we conduct business and how we create value for our stakeholders. Sustainability is reflected in our long-term business approach to sustainably grow along and beyond the healthcare continuum and to contribute with our products and services to patient's health, preventive healthcare and safe environment we are living in. 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.”

Richard Ridinger
CEO

PRINCIPLE	ACTIONS / POLICIES	REFERENCE
Human Rights		
<p>Principle 1: 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>We are committed to the highest levels of quality and operational excellence across the regions, functions and markets we serve, every day.</p> <p>This commitment is driven by our passion for customer success, empowerment, trust and integrity. As part of this commitment, the Lonza Code of Conduct establishes the professional standards for Lonza employees at all levels of the company – wherever they are in the world. It serves to define how we do business and how we interact with each other.</p> <p>At Lonza, we believe that any success we achieve is no success at all if not achieved ethically.</p>	<p>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p>
<p>Principle 2: ... 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>Performing with integrity means setting the right priorities and delivering on our commitments while adhering to Lonza’s values and the standards set forth in the Code of Conduct.</p> <p>We do this by:</p> <ul style="list-style-type: none"> • Integrating integrity in all that we do 	<p>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p>

	<ul style="list-style-type: none">• Holding ourselves personally accountable to high, ethical standards• Demonstrating leadership by fostering an environment focused on performance with integrity and accountability	
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Labour		
<p>Principle 3: 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>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p>
<p>Principle 4: ...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>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p>
<p>Principle 5: ...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>http://www.lonza.com/about-lonza/global-citizenship/standards/code-of-conduct.aspx</p> <p>https://www.lonza.com/about-lonza/investor-</p>

		relations/corporate-governance/policies.aspx
<p>Principle 6: ... 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>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p> <p>https://www.lonza.com/about-lonza/investor-relations/corporate-governance/policies.aspx</p>

Environment		
<p>Principle 7: Business should support a precautionary approach to environmental challenges; ...</p>	<p>At Lonza we are committed to providing the highest quality products and services that delight our customers while also minimizing our impact on the environment, conserving energy and natural resources, and helping to improve the quality of life. As part of our broad corporate social responsibility efforts, the key elements of our approach to sustainability are the following:</p> <ul style="list-style-type: none"> • Empowering our employees within a culture of innovation • Extracting the highest efficiency from our raw materials, including energy • Measuring and reporting our environmental impact • Collaborating with industry associations and other stakeholders to improve continuously <p>“Vision Zero” – the ethical principle that underscores all our efforts in the realm of the environment, health and safety (EHS) – sets the ultimate goals of achieving zero injuries, zero manufacturing process incidents, zero distribution incidents and zero environmental incidents. It is at the heart of our EHS policy, wherein Lonza commits to operations and practices that prevent harm to people and damage to the environment or property.</p> <p>Our principles for environment, health, safety and security set forth in the policy and resulting from the company's ethical conviction take precedence and apply throughout Lonza. Whereas the EHS policy defines the high -level principles, our corporate EHS management system consisting of 22 detailed guidelines supports their implementation.</p> <p>Our Central Process Safety department - part of the corporate EHS group – whose expertise helps keep our processes safe, made further progress in 2017 in supporting the manufacturing sites. The department is working closely</p>	<p>Corporate Citizenship website: http://www.lonza.com/about-lonza/global-citizenship.aspx</p> <p>Standards: http://www.lonza.com/about-lonza/global-citizenship/standards.aspx</p> <p>Sustainability: http://www.lonza.com/about-lonza/global-citizenship/sustainability.aspx</p> <p>Management: http://www.lonza.com/about-lonza/global-citizenship/management.aspx</p> <p>EHS policy: http://www.lonza.com/about-lonza/global-citizenship/management/policies.aspx</p>

	<p>with the sites in the implementation of the internal rules and standards for process safety to which all are obliged to adhere. Numerous site visits across the world with in-person exchange of advice and expert knowledge drive safe operation to excellence - a prerequisite for our "license to operate."</p> <p>Our EHS group also oversees our company- wide sustainability efforts. The continuous-improvement tools and disciplines that drive improved safety and environmental quality are also applied to making sustainable use of natural resources, reducing our carbon footprint, minimizing hazardous waste and managing remediation activities responsibly, as well as otherwise improving the quality of life for our stakeholders.</p> <p>EHS risk assessments serve as valuable tools in our business and operating practices and in our planning processes. We review new ventures, capital investments in production equipment and systems and other major projects not only for the business opportunities they present, but also for their environmental, health and safety impact.</p>	
<p>Principle 8: ...undertake initiatives to promote greater environment responsibility; and ...</p>	<p>Providing transparent evidence of corporate sustainability practices is part of our commitment to excellence. Most of this information is shared on our corporate website; and in addition, we disclose climate data and activity assessments in the framework of the Carbon Disclosure Project for the benefit of our stakeholders.</p> <p>Our U.S. facilities are third--party certified under the Society of Chemical Manufacturers and Affiliates (SOCMA) ChemStewards® initiative. Lonza Ltd in Switzerland is a Responsible Care® company, and our facility in Nansha (CN) is certified under both ISO 14001 and OHSAS 18001. All of our facilities adhere to the Lonza EHS management system, which is based on the ChemStewards® program and addresses all aspects of environment, health, safety and security.</p>	<p>Sustainability homepage: http://www.lonza.com/about-lonza/global-citizenship/sustainability/continual-improvement.aspx</p> <p>EHS-performance tracking: http://www.lonza.com/about-lonza/global-citizenship/sustainability/air.aspx</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 environmental, health and safety issues. We keep track of our EHS performance and make the outcomes transparent for the general public.

Lonza supports ICCA's Responsible Care Global Charter and has signed their declaration of support.

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.

CoPE (energy savings), horseshoe crab conservation (endotoxin detection), MODA green alternatives (paperless, efficient QC micro processes) are sustained examples for such initiatives.

Intensities¹ of Selected Parameters

		2017	Change from 2016
Energy consumption	GJ/t	16	-11%
Industrial water	m ³ /t	12	-5%
CO ₂ e (scope-1) ²	kg/t	656	-19%
CO ₂ e (scope-2) ²	kg/t	389	-14%
Air impurities ³	kg/t	1.1	-21%
Hazardous waste	kg/t	194	32%

¹ Consumption of a resource or emission of a pollutant in relation to the production of one metric ton of finished goods

² Carbon dioxide equivalents

³ Air impurities comprise VOC, nitrogen oxides (NOx), sulphur dioxide (SO₂) and particulate matter

Energy and climate:
<http://www.lonza.com/about-lonza/global-citizenship/management/climate-change.aspx>

Year 2017:
<http://annualreport.lonza.com/2017/company/corporate-responsibility-insights/investing-environment-health-safety>

For further details, go to FINANCIAL REPORTS on Lonza.com and click on the ANNUAL REPORT ONLINE and choose the section "Corporate Responsibility Insights"

<p>Principle 9: ...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>About two thirds of the EHS capital expenditure in 2017 was absorbed by the large chemical and pharmaceutical manufacturing complex at Visp and the related infrastructure. Most prominent were the preinvestment related to the planned new Ibex manufacturing complex, the replacement of electrofilters in the solid and liquid residual waste incineration plant to allow a continued state-of-the-art highly efficient operation, besides the revamping of a plant complex where ammonia recovery, the breakdown of non-biodegradables and wastewater extraction activities take place. An investment into a significant improvement to avoid emissions from process wastewater collection and pretreatment basins was realized and leads to a sustained reduction of odor emissions while setting an even higher standard to safeguard against potential groundwater contamination.</p> <p>Numerous EHS-related capital was spent on projects at other sites in 2017, including significant warehouse safety upgrades at the French water site in Amboise, and at the biopharmaceutical activities in Porriño (ES). Further projects included safety upgrades at the U.S. site in Rockland, ME, and in Rochester, NY.</p>	<p>http://annualreport.lonza.com/2017/company/corporate-responsibility-insights/investing-environment-health-safety</p>
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Anti-Corruption

Principle 10:
Business should work against corruption in all its forms, including extortion and bribery.

Lonza takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly, and with integrity at all times.

Lonza’s Anti-Corruption and Anti-Bribery Policy applies to everyone working for any company within the Lonza group of companies, including all officers, managers, directors, employees (whether permanent, fixed-term, or temporary), agents, consultants, contractors, secondees, temporary workers and agency staff, students, or any other person associated with Lonza.

Lonza conducts business in countries around the world and deals with many different cultures. Regardless of where Lonza is doing business, it will uphold its standard of conduct by acting ethically and responsibly and by complying with the applicable laws of the countries in which it operates. In the event that the laws of more than one country apply to the transaction, Lonza employees must act in accordance with the most restrictive anti-bribery and anti-corruption laws that apply.

<https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/anti-corruption-anti-bribery.aspx>