

Lonza – UN Global Compact Communication on Progress 2018

About Lonza

Lonza is an integrated solutions provider that creates value along the Healthcare Continuum®. Through our Lonza Pharma Biotech & Nutrition segment and our Lonza Specialty Ingredients segment businesses, we harness science and technology to serve markets along this continuum. We focus on creating a healthy environment, promoting a healthier lifestyle and preventing illness through consumers' preventive healthcare, as well as improving patient healthcare by supporting our customers to deliver innovative medicines that help treat or even cure severe diseases.

Patients and consumers benefit from our ability to transfer our pharma know-how to the healthcare, hygiene and fast-moving consumer goods environment and to the areas of preservation and protection of the world where we live.

Lonza uses science and technology to create solutions that contribute to healthier living by developing and manufacturing preventive and curative medicine for pharma and biotech companies and their patients, nutritional ingredients and personal-care products for consumer health and anti-microbial solutions for safe environment. With the Capsugel acquisition in 2017, Lonza's offers range from custom development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries.

Founded in 1897 in the Swiss Alps, Lonza today is a well-respected global company with more than 100 sites and offices and approximately 15,500 full-time employees worldwide at the end of 2018. The company generated sales of CHF 5.5 billion in 2018 with a CORE EBITDA of CHF 1.5 billion. Further information can be found at www.lonza.com.

Statement of Continued Support from Marc Funk

“Sustainability is at the core of Lonza. It describes how we conduct business and how we create value for our stakeholders. Sustainability is reflected in our long-term business approach to sustainably grow and contribute to sustainable products and services to enhance patient health, to provide preventive healthcare and to ensure we are living in a safe environment. Our commitment to corporate social responsibility was underlined by our continuing commitment to the UN Global Compact. Its principles will continue to be part of Lonza's day-to-day life, involving all sites.”

Marc Funk

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. This commitment is driven by our passion for customer success, empowerment, trust and integrity.</p> <p>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>Lonza’s Supplier Code of Conduct governs how we evaluate and set high standards for our suppliers. We are aware of the significant responsibility for assuring sustainability throughout our supplier base.</p> <p>In addition to carefully selecting and evaluating suppliers to secure specified quality raw materials and services, we reserve the right to monitor and audit suppliers to improve performance and our mutually beneficial relationships. Included into this monitoring system are the principles of the Supplier Code of Conduct.</p>	<p>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p> <p>See the “Ethics and Integrity” chapter under General Disclosures as well as the Economic and Social sections of Lonza’s Sustainability Report 2018: https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.ashx?la=en</p>

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<p>Principle 2: ... make sure that they are not complicit in human rights abuses.</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 perform all that we do with integrity and hold ourselves personally accountable to high ethical standards. We also demonstrate leadership by fostering an environment focused on performance with integrity and accountability.</p> <p>Being active in many parts of the world, Lonza is present in some regions ranking high on human rights risk indices. We see it as our responsibility to assess our own operations with regard to potential human rights violations. Therefore, we included this element in the survey initiated in 2018 across all sites.</p> <p>Lonza’s Code of Conduct requires all employees to comply with applicable laws and regulations. At any location where Lonza has operations, we exclude child labor and forced labor. Lonza provides annual training to all its employees regarding compliance with its Code of Conduct. Lonza also provides additional training to its purchasing employees on the Supplier’s Code of Conduct.</p> <p>The Lonza Ethics Hotline provides a mechanism for employees and others to report potential violations of the Code of Conduct, any Lonza policies or procedures (including those related to ethical sourcing), or applicable laws on an anonymous basis, where allowed by law.</p>	<p>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p> <p>See the “Ethics and Integrity” chapter under General Disclosures as well as the “Human Rights Assessment” chapter in the Social section of Lonza’s Sustainability Report 2018:</p> <p>https://www.lonza.com/~media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p>

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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 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>On a corporate level, Lonza is not collecting specific information about collective bargaining agreements in affiliates. Generally, the Lonza Group companies are established in countries where representation of employees via works council, unions and collective bargaining agreements are the rule. Local management is responsible to maintain good labor relations according to legal requirements and agreements with unions, work councils and other employee representing bodies.</p> <p>Lonza respects these relationships and works with these parties in a mutually respectful manner. In addition to the country-specific employee representation, Lonza has also established a European Works Council that features regular meetings to maintain a positive culture of information and communication. In the</p>	<p>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p> <p>See Disclosure 102–41 Collective bargaining agreements in Lonza's Sustainability Report 2018: https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p>

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	European Works Council, all European countries with more than 100 employees are represented by employee nominated delegates: Belgium, France, Germany, Czech Republic, Holland, Spain, the United Kingdom and Switzerland. The European Works Council is assisted and supported by a union secretary.	
Principle 4: ...the elimination of all forms of forced and compulsory labour; ...	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 a crucial element against forced and compulsory labor.	https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx
Principle 5: ...effective abolition of child labour; and ...	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.	https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx https://www.lonza.com/about-lonza/investor-relations/corporate-governance/policies.aspx
Principle 6: ... the elimination of discrimination in respect of employment and occupation.	<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 Global HR Data Privacy Guidelines that protects all employees against misuse of individual/personal data.</p>	https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx See "Non-Discrimination" and "Occupational Health and

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	<p>Lonza’s Ethics Hotline provides a mechanism for employees and others to report potential violations of the Code of Conduct, any Lonza policies or procedures (including those related to ethical sourcing), or applicable laws. Such reports may be made anonymously where allowable by law. Any reports of alleged discrimination made through the Ethics Hotline, or reported directly to Lonza’s compliance function in any other way, are reviewed by Lonza’s Ethics & Compliance team. Any discrimination allegation received by Lonza’s Ethics & Compliance team is reviewed in conjunction with in-house employment counsel and Lonza’s Human Resources function. Any employee found responsible for any violations may face disciplinary action, including termination of employment.</p> <p>Lonza wants every employee to return home at the end of the working day safely and in good health. We seek to provide a workplace environment that does not affect the health or otherwise compromise the well-being of our employees.</p> <p>We continuously monitor our operations regarding health risks for our employees. This encompasses but is not limited to:</p> <ul style="list-style-type: none"> — Job and technical hazard assessments, e.g. ergonomic hazards — Technical improvements — Training and education — Substance exposure monitoring for chemical exposures, according to the limit values set by the corporate toxicology group. 	<p>Safety” chapters in the Social section of Lonza’s Sustainability Report 2018: https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p>

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Environment		
<p>Principle 7: Business should support a precautionary approach to environmental challenges; ...</p>	<p>At Lonza we create value for our customers and society by innovating science-based solutions along the Healthcare Continuum® that help save lives, extend lives and improve the overall quality of life.</p> <p>At the same time, we are committed to sustainable development in all its broad and diverse meanings. In part, this means striving to reduce our use of natural resources such as water and energy, striving to reduce our carbon footprint and to reduce the generation of waste.</p> <p>In our operations, we engage and empower our employees and teams to work towards our Vision of Zero – meaning zero workplace injuries, zero manufacturing process incidents, zero emissions beyond regulatory limits, and zero transportation incidents. In the workplace, we serve as our brothers’ and sisters’ keepers when it comes to safety and identifying and eliminating potential hazards.</p> <p>Whereas our new Safety and Sustainability policy defines the high-level principles, our corporate EHS management system supports their implementation.</p> <p>The process safety team – part of the corporate EHS group – is working closely with the sites in the implementation of rules and standards for safe processes. 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</p>	<p>Corporate Citizenship website: http://www.lonza.com/about-lonza/global-citizenship.aspx</p> <p>Management: http://www.lonza.com/about-lonza/global-citizenship/management.aspx</p> <p>EHS policy: see page 4 of the 2018 Sustainability Report https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p>

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	<p>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>At all facilities worldwide, Lonza promotes and lives the cycle of continual improvement for environmental, health and safety issues. Providing transparent evidence of corporate sustainability practices is part of our commitment to excellence. Our latest step was to publish the first Lonza Sustainability Report for 2018. In addition we disclose sustainability-related information on our corporate website; within the CDP framework (former Carbon Disclosure Project) and on two widely used webhosted platforms to exchange sustainability profiles and emissions data between downstream customers and upstream suppliers (Ecovadis and Ecodesk).</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. Some of the Capsugel facilities acquired in 2017 are also ISO 14001 certified. 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>Lonza supports ICCA's Responsible Care Global Charter and has signed their declaration of support.</p>	<p>Sustainability Report 2018: https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p> <p>Annual Report EHS Section 2018: https://annualreport.lonza.com/2018/company/corporate-responsibility/sustainability-in-the-healthcare-continuum.html</p>

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	<p>Regular internal audits of different functions (Internal audit, EHS audit, loss-prevention visits, quality-audit, authority inspections, and other) assure the oversight and governance. EHS audits are regularly performed in a 3-year cycle, and resulting reports are distributed to the highest management level.</p> <p>To strengthen our commitment to sustainability and to better share best practices across the entire company, a Sustainability Council was established in 2018 by Lonza’s Executive Committee. The cross-functional Council is headed by the Lonza Group General Counsel and includes members from Legal, Environment Health & Safety, Human Resources, Investor Relations and Corporate Communications; and it directly interacts with the Executive Committee and the Board of Directors. The ultimate responsibility for all sustainability-related matters lies with the Chairperson of the Board.</p> <p>Lonza’s largest site in Visp (CH) continues to address legacy mercury contamination along a former wastewater discharge canal, on surrounding soils and other areas where contaminated sediments were deposited many decades ago. Since 2013 Lonza has worked closely with the local communities in carrying out and financing all required technical investigations in residential areas and agricultural zones between Visp and Niedergesteln (CH). By the end of 2018, 63 parcels of land in Visp and Raron (CH) were remediated; and the work will pursue in 2019.</p>	

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	<p>Our Achievements 2010 to 2018 and Targets 2030:</p> <table border="1" data-bbox="474 419 1585 675"> <thead> <tr> <th>Indicator</th> <th>FY 2010</th> <th>FY 2018</th> <th>Change in %</th> <th>FY 2018 cont. ops.</th> <th>Targets 2030</th> </tr> </thead> <tbody> <tr> <td>Energy (GJ / Mio. CHF)</td> <td>3,136</td> <td>2,173</td> <td>-31</td> <td>2,231</td> <td>1,695</td> </tr> <tr> <td>CO₂-eq (scope 1&2 mt / Mio. CHF)</td> <td>234</td> <td>152</td> <td>-35</td> <td>151</td> <td>97</td> </tr> <tr> <td>Water (m³ / Mio. CHF) *</td> <td>2,100</td> <td>1,424</td> <td>-32</td> <td>1364</td> <td>local</td> </tr> <tr> <td>Waste (mt / Mio. CHF) †</td> <td>55</td> <td>24</td> <td>-56</td> <td>25</td> <td>19</td> </tr> <tr> <td>Accidents (LTIFR) **</td> <td>1.50</td> <td>1.29</td> <td>-14</td> <td>1.19</td> <td>New 2019</td> </tr> <tr> <td>Air Impurities (kg / Mio. CHF)***</td> <td>377</td> <td>130</td> <td>-65</td> <td>128</td> <td>local</td> </tr> </tbody> </table> <p>†) Waste 2018: without construction and demolition waste *) Industrial water only **) LTIFR: Lost time injury frequency rate, based on 1 million hours worked; the number fluctuates over the years, so the % reduction only reflect the direct comparison 2010 to 2018 ***) VOC (Volatile Organic Compounds), NOx (Nitrous Oxides), SO₂ (Sulphur Dioxide), PM (Particulate Matter); Target is to be well below permitted limits, which can be subject to frequent change</p>	Indicator	FY 2010	FY 2018	Change in %	FY 2018 cont. ops.	Targets 2030	Energy (GJ / Mio. CHF)	3,136	2,173	-31	2,231	1,695	CO ₂ -eq (scope 1&2 mt / Mio. CHF)	234	152	-35	151	97	Water (m ³ / Mio. CHF) *	2,100	1,424	-32	1364	local	Waste (mt / Mio. CHF) †	55	24	-56	25	19	Accidents (LTIFR) **	1.50	1.29	-14	1.19	New 2019	Air Impurities (kg / Mio. CHF)***	377	130	-65	128	local	
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<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 endeavor 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>Lonza is a member of a number of associations in the biopharmaceutical, the chemical or the personal care industry sector, as well as in the business community in general. Associations may serve a variety of purposes such as exchanging best practices, aligning on public policy issues or collaborating on advocacy activities. The list below presents some of those associations:</p> <ul style="list-style-type: none"> • Science Industries (https://en.scienceindustries.ch/) 	<p>See examples in the Environmental section of Lonza's Sustainability Report 2018: https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p>																																										

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PRINCIPLE	ACTIONS / POLICIES	REFERENCE
Anti-Corruption		
<p>Principle 10: Business should work against corruption in all its forms, including extortion and bribery.</p>	<p>Lonza takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity at all times.</p> <p>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.</p> <p>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.</p> <p>Lonza has a dedicated Ethics and Compliance team that is charged with monitoring and promoting compliance with anti-bribery and anti-corruption laws. In addition, Lonza will be engaging in periodic global trend analyses to identify areas of anti-corruption risk and implement mitigation steps as necessary, as well as implementing a new electronic interface for third-party due diligence.</p> <p>All employees have access via the company’s intranet site to Lonza’s Anti-Corruption and Anti-Bribery Policy. New hires are trained via an online training module on anti-corruption and anti-bribery.</p> <p>Lonza’s Ethics Hotline provides a mechanism for employees and others to report potential violations of the Code of Conduct, any Lonza policies or procedures (including those related to anti-corruption), or applicable laws or regulations.</p>	<p>https://www.lonza.com/about-lonza/global-citizenship/ethics-and-compliance/code-of-conduct.aspx</p> <p>See Anti-Corruption chapter in Economic section of Lonza’s Sustainability Report 2018: https://www.lonza.com/~/_media/Files/Investor%20Relations/Financial%20Reports/2018_Lonza_Sustainability_Report.aspx?la=en</p>

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	A survey of our sites regarding anti-corruption precautions has been initiated in 2018 with results being communicated after analysis.	