

Invitation to the 2021 Annual General Meeting of Lonza Group Ltd

Ladies and Gentlemen

The Board of Directors of Lonza Group Ltd (Lonza) is pleased to invite you to the Annual General Meeting to be held on:

Thursday, 6 May 2021, at 10:00 CEST at the company's headquarters at Muenchensteinerstrasse 38, 4002 Basel, Switzerland.

Due to the COVID-19 pandemic and in line with the applicable COVID-19 regulations, the AGM 2021 will be conducted without the presence of shareholders. Shareholders are invited and encouraged to vote through the independent proxy.

Agenda

1. Annual Report, Consolidated Financial Statements and Financial Statements of Lonza

The Board of Directors **proposes** the approval of the Annual Report, the Consolidated Financial Statements and the Financial Statements of Lonza for the financial year 2020.

2. Consultative Vote on the Remuneration Report

The Board of Directors **proposes** the approval of the Remuneration Report 2020 (consultative vote).

Explanation:

The Remuneration Report 2020 is included in the Lonza Annual Report 2020 (<https://annualreport.lonza.com/2020/remuneration>). It provides information on the compensation system and the remuneration paid to the Board of Directors and the Executive Committee for the financial year 2020. The Board of Directors has decided, in accordance with the Swiss Code of Best Practice for Corporate Governance, to submit the Remuneration Report to shareholders for a separate consultative vote in addition to the binding approvals of compensation under agenda items 8 and 9.

The purpose of the Remuneration Report is to inform shareholders about the Board of Directors and Executive Committee compensation systems, policies, practices and any changes implemented during the relevant financial year, if applicable, as well as the compensation paid to the respective bodies as approved by the shareholders at the 2020 Annual General Meeting.

Our reporting of executive remuneration continues to offer a high level of transparency via the Nominations and Compensation Committee (NCC) Chairman's letter outlining the key activities during the year, an 'at a glance' section as well as graphics and tables throughout the report. This year we have further enhanced our disclosure by including both the target and the maximum performance targets for our short-term incentive which will pay out following the Annual General Meeting 2021 and our long-term incentive which vested in early 2021 in relation to the 2020 financial year. Any prior disclosure of performance targets would provide insights into confidential and strategic considerations that could threaten Lonza's competitive advantage. Thus, by taking this disclosure approach Lonza aims to protect the interests of the company and its shareholders by disclosing respective targets only after the completion of a plan period.

3. Discharge of the Members of the Board of Directors and the Executive Committee

The Board of Directors **proposes** that the members of the Board of Directors and the Executive Committee be granted discharge for the financial year 2020.

4. Appropriation of Available Earnings/Reserves from Capital Contribution

Proposal of the Board of Directors:

Balance Sheet Profit

Available earnings brought forward	CHF	2,667,715,331
Profit for the year	CHF	833,421,396
Available earnings at the disposal of the Annual General Meeting	CHF	3,501,136,727
Payment of a dividend (out of available earnings brought forward) in 2020 of CHF 1.50 per share on the share capital eligible for dividend of CHF 74,283,072 ¹	CHF	(111,424,608)
Available earnings carry-forward	CHF	3,389,712,119

¹ Depending on the amount of share capital eligible for dividend on the record date of 11 May 2021. No dividend will be paid out on shares held by the company.

Reserves from Capital Contributions

Legal capital reserves qualified as reserves from capital contributions	CHF	2,575,394,015
Reserves from capital contribution	CHF	2,575,394,015
Payment of a dividend (out of reserves from capital contributions) in 2020 of CHF 1.50 per share on share capital eligible for dividend of CHF 74,283,072 ¹	CHF	(111,424,608)
Reserves from capital contributions carry-forward	CHF	2,463,969,407

Proposed payment of a dividend out of available earnings brought forward	CHF	111,424,608
Proposed payment of a dividend out of reserves from capital contributions	CHF	111,424,608
Total proposed payment of a dividend	CHF	222,849,216

¹ Depending on the amount of share capital eligible for dividend on the record date of 11 May 2021. No dividend will be paid out on shares held by the company.

Explanation:

If the above proposal for appropriation of available earnings and distribution of reserves from capital contribution is approved, the dividend of total CHF 3.00 per share will be paid. 50% of such dividend will be paid out as repayment from reserves from capital contributions without deduction of Swiss withholding tax in accordance with Art. 5 para. 1bis of the Federal Law on Withholding Tax. The last trading day with entitlement to receive the dividend is 7 May 2021. As from 10 May 2021 (ex-date), the shares will be traded ex-dividend. The dividend will be payable from 12 May 2021.

5. Re-Elections to the Board of Directors and the Nomination and Compensation Committee

All members of the Board of Directors will stand for re-election.

5.1 Re-Elections to the Board of Directors

The Board of Directors **proposes** the re-election of the following individuals to the Board of Directors for a further one-year term each until completion of the Annual General Meeting 2022:

- a) Werner Bauer,
- b) Albert M. Baehny,
- c) Dorothee Deuring,
- d) Angelica Kohlmann,
- e) Christoph Mäder,
- f) Barbara Richmond,
- g) Jürgen Steinemann,
- h) Olivier Verscheure.

Explanation:

Re-elections will be held individually. Detailed biographical data of the candidates for re-election can be found in the Corporate Governance Report: (<https://annualreport.lonza.com/2020/governance>)

5.2 Re-Election of the Chairman of the Board of Directors

The Board of Directors **proposes** the re-election of Albert M. Baehny as Chairman of the Board of Directors for a one-year term until completion of the Annual General Meeting 2022.

Explanation:

According to Article 16 of Lonza's Articles of Association, the General Meeting shall elect the Chairperson of the Board of Directors for a one-year term of office until completion of the next Annual General Meeting.

On 12 November 2019, Albert M. Baehny took on the additional responsibility as Chief Executive Officer on an *ad interim* basis until his successor, Pierre-Alain Ruffieux, assumed the position on 1 November 2020.

To ensure continuing good corporate governance, Lonza appointed Christoph Mäder as Lead Independent Director in accordance with Article 19 of the Swiss Code of Best Practice for Corporate Governance. Christoph Mäder has been a member of Lonza's Board of Directors and Nomination and Compensation Committee since 2016 and the Chairman of the Nomination and Compensation Committee since 2018. Christoph Mäder is an experienced board member as well as an executive with extensive experience in mergers and acquisitions, capital markets transactions, industry regulation and governance. In accordance with Article 19 of the Swiss Code of Best Practice for Corporate Governance, the Lead Independent Director is entitled to convene and chair meetings of the Board of Directors on his own, if necessary.

5.3 Re-Elections to the Nomination and Compensation Committee

The Board of Directors **proposes** the re-election of the following individuals to the Nomination and Compensation Committee each for a further one-year term until completion of the Annual General Meeting 2022:

- a) Angelica Kohlmann,
- b) Christoph Mäder,
- c) Jürgen Steinemann.

Explanation:

Re-elections will be held individually. According to Article 20 para. 2 of Lonza's Articles of Association, the General Meeting shall elect the members of the Nomination and Compensation Committee for a one-year term of office until completion of the next Annual General Meeting.

The Board of Directors intends to re-elect Christoph Mäder as Chairman of the Nomination and Compensation Committee.

6. Re-Election of the Auditors

The Board of Directors **proposes** the re-election of KPMG Ltd, Zurich (CH), as auditors for the financial year 2021.

7. Re-Election of the Independent Proxy

The Board of Directors **proposes** the re-election of ThomannFischer, Attorneys at Law and Notaries, Elisabethenstrasse 30, 4010 Basel, Switzerland, as the independent proxy for a one-year term until completion of the Annual General Meeting 2022.

Explanation:

According to Article 7 para. 2 letter b) of Lonza's Articles of Association, the Annual General Meeting shall elect the independent proxy for a one-year term of office until completion of the next Annual General Meeting.

8. Compensation of the Board of Directors

The Board of Directors **proposes** the approval of the maximum aggregate amount of compensation of the Board of Directors for the period from the Annual General Meeting 2021 to the Annual General Meeting 2022 of up to CHF 2,677,000.

Explanation:

Why this approval?

This approval is a prospective and binding vote according to Article 22 para. 1 letter a) of Lonza's Articles of Association. It allows shareholders to approve the aggregate maximum compensation of the Board of Directors for the forthcoming term of office.

How is the proposed maximum amount calculated?

This maximum amount has been derived from adding the following components:

- Gross fixed compensation of CHF 2,400,000 comprising the gross Chairperson fee (CHF 600,000), gross board membership fees (CHF 200,000 per director), gross committee chair fees (CHF 80,000 per committee chairperson), and gross committee membership fees (CHF 40,000 per committee member) for eight Board members proposed for re-election under agenda item 5.1;
- Mandatory employer contributions to social security of approximately CHF 127,000; and
- A reserve of CHF 150,000 for unforeseen events has been included in the proposed maximum amount. The Board of Directors will only make use of this reserve amount in exceptional circumstances (e.g. possible changes in social security contributions).

The fixed compensation above is expected to remunerate all activities to be performed by the board members.

The board compensation will be paid in quarterly instalments, 50% in cash and 50% in shares. The number of shares will be determined based on the average

closing share price of the last five trading days of each quarter, the first time at the end of June 2021. These shares are blocked for a period of three years and are eligible to receive dividends. For further details on the board compensation, please refer to the Lonza Remuneration Report 2020 (<https://annualreport.lonza.com/2020/remuneration>).

Does the proposed maximum amount represent an increase compared with the previous reference period?

The proposed maximum amount reflects a decrease in budget compared to the budget that was approved by shareholders at the Annual General Meeting 2020 for the previous reference period (Annual General Meeting 2020 to Annual General Meeting 2021). This small decrease reflects the need for eight Board of Directors, rather than nine as put forward at last year’s Annual General Meeting.

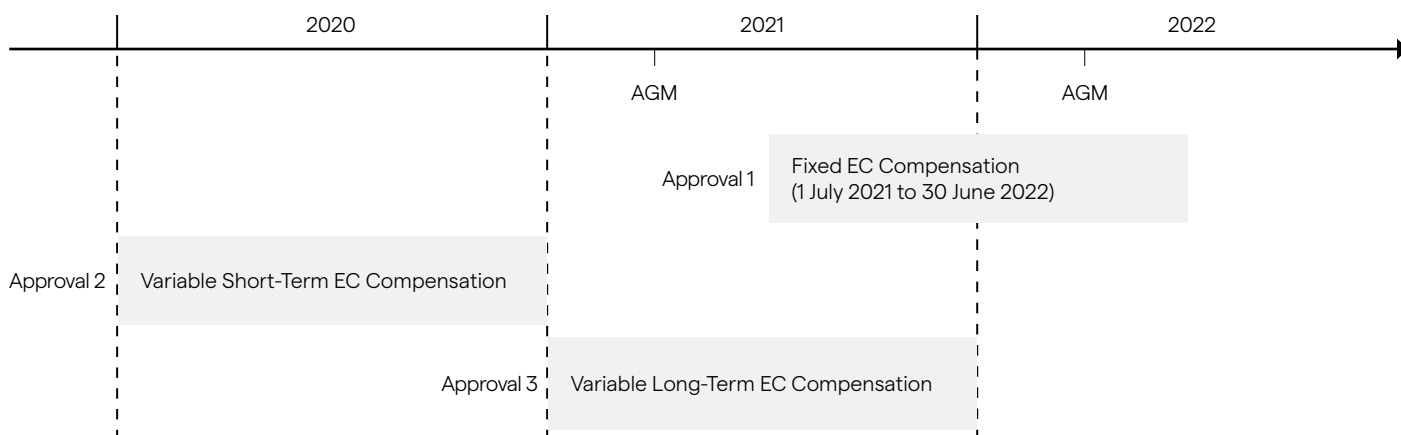
Will the effective pay-out be disclosed?

The actual pay-out to the members of the Board of Directors for the term of office from the Annual General Meeting 2021 to the Annual General Meeting 2022 will be disclosed in the Remuneration Reports 2021 and 2022. Please note, the Board compensation disclosed in the Remuneration Report reflects the total amount for the full year (1 January to 31 December) of the applicable year, while the Annual General Meeting budget request reflects the period between Annual General Meetings (1 May to 31 April).

9. Compensation of the Executive Committee

The approval of the compensation of the members of the Executive Committee (EC) is divided into three separate votes:

1. The first approval relates to the maximum **fixed compensation** of the EC members for the period from 1 July 2021 to 30 June 2022 (prospective budget approval).
2. The second approval relates to the **variable short-term compensation** to be paid to the EC members under the company’s Short-Term Incentive Plan (STIP) for the financial year 2020 (retrospective approval).
3. The third approval relates to the maximum **variable long-term compensation** granted to the EC members under the company’s Long-Term Incentive Plan (LTIP) for the financial year 2021 (prospective budget approval).



9.1 Maximum Aggregate Amount of Fixed Compensation of the Executive Committee

The Board of Directors **proposes** the approval of the maximum aggregate amount of fixed compensation of the Executive Committee for the period from 1 July 2021 to 30 June 2022 of up to CHF 5,563,100.

Explanation:

Why this approval?

This approval is a prospective, binding vote according to Article 22 para. 1 letter b) of Lonza's Articles of Association. It allows shareholders to approve the aggregate maximum fixed compensation of the EC for the forthcoming period.

How is the proposed maximum amount calculated?

This maximum amount has been derived from adding the following components:

- Gross base salaries of CHF 3,948,900 as of 1 July 2021, comprise gross levels for seven EC members, four active and three recently appointed (please see lonza.com/news-and-media/news-archive). The levels reflect no change to base salary levels for the active EC members in office at the previous AGM compared to the previous period. The Board determined to increase the size of the Executive Committee primarily to ensure adequate business representation based on Lonza's size and organizational set up and also ensure adequate stewardship of functions that are integral to business growth and locations of key responsibility;
- Total employer contributions to social security and pension fund of CHF 816,900;
- Other benefits (such as car allowance, executive medical insurance, etc.) of CHF 447,300; and
- An unchanged reserve of CHF 350,000 for unforeseen events has been included in the proposed maximum amount. The Board of Directors will only make use of the reserve amount in exceptional circumstances (e.g. possible changes in social security contributions, new allocation of responsibilities among existing EC members, etc.).

Does the proposed maximum amount represent a change compared with the previous reference period?

Compared with the budget approved by the shareholders at the Annual General Meeting 2020 (CHF 5,830,000) for the previous reference period (1 July 2020 to 30 June 2021), the proposed aggregate maximum amount reflects a decrease of about 4.6%. This is also reflected in the per capita value for active EC members which has decreased by 23.3% when comparing the AGM 2021 and AGM 2020 periods.

Will the effective pay-out be disclosed?

The actual fixed compensation paid out to the EC members for the period from 1 July 2021 until 30 June 2022 will be disclosed in the Remuneration Report 2021 and in the Remuneration Report 2022.

9.2 Aggregate Amount of Variable Short-Term Compensation of the Executive Committee

The Board of Directors **proposes** the approval of the aggregate amount of variable short-term compensation under the Short-Term Incentive Plan (STIP) of the Executive Committee for the 2020 financial year in the amount of CHF 3,315,135.

Explanation:

Why this approval?

This approval is a retrospective, binding vote according to Article 22 para. 1 letter c) of Lonza's Articles of Association. It allows shareholders to approve the aggregate variable short-term compensation of the EC. This retrospective vote on the variable short-term compensation of the EC for the 2020 financial year provides for optimal accountability towards the shareholders and fully implements the notion of "say on pay".

How is the proposed amount calculated?

This amount results from the addition of the following components:

- Cash STIP of CHF 2,860,035;
- STIP provided in shares reflecting a value of CHF 233,750. STIP is paid out as 50% cash and 50% shares to those EC members who are yet to meet the minimum Shareholding Guideline. See page (205) of the Lonza Remuneration Report 2020 for further details; and
- Total employer contributions to social security and pension fund of CHF 221,350.

For more details on the proposed STIP pay-out (including targeted percentage of base salary, performance metrics, achievement and the link between pay and performance), please refer to page (207) of the Lonza Remuneration Report 2020.

Does the proposed amount represent an increase compared with the previous reference period?

Compared with the STIP for the 2019² financial year, the proposed STIP amount for the 2020 financial year represents a decrease of 18.0% despite the higher performance outcome compared to 2019 (102% of target in 2019 compared to 187% of target in 2020). This is primarily a result of EC member changes made during the year, which resulted in pay-outs for three active and one former EC member in 2020, compared to pay-outs for three active and three departed EC members in 2019, all per the plan rules.

Will the effective pay-out be disclosed?

The proposed amount corresponds to the effective pay-out (subject to approval by the Annual General Meeting 2021) as disclosed in the Lonza Remuneration Report 2020.

² The STIP 2019 amounted to CHF 4,048,800. See Section 9.2 of the Lonza 2020 AGM Invitation under "Aggregate Amount of Variable Short-Term Compensation of the Executive Committee".

9.3 Maximum Aggregate Amount of Variable Long-Term Compensation of the Executive Committee

The Board of Directors **proposes** the approval of the maximum aggregate amount of variable long-term compensation under the Long-Term Incentive Plan (LTIP) of the company of the Executive Committee for the financial year 2021 of up to CHF 10,526,400.

Explanation:

Why this approval?

This approval is a binding vote according to Article 22 para. 1 letter d) of Lonza's Articles of Association. It allows shareholders to approve the aggregate maximum variable long-term compensation of the EC under the LTIP for the current financial year. The LTIP 2021 is an equity-based plan under which equity awards are granted to EC members in 2021. Those equity awards will only vest after a three-year vesting period if the predetermined performance metrics are fully or partially met as of year-end 2023. If the performance metrics are not met, no LTIP equity award will vest.

How is the proposed maximum amount calculated?

This maximum amount results from the addition of the following components:

- Maximum value under the LTIP 2021 is CHF 10,024,500, assuming 200% maximum target achievement. The value of the LTIP 2021 at target (100%) would amount to CHF 5,012,250. The number of LTIP equity awards to be granted is calculated according to the closing share price as of the last trading day of January 2021 (29 January 2021, CHF 570/share). The LTIP target (as a percentage of the base salary) is 125% for each EC member and 150% for the CEO.
- At the vesting date, which is three years from grant, the CEO and EC members may receive between 0% and 200% of the target equity awards granted, subject to the achievement of predetermined performance metrics CORE³ EPS (Earnings Per Share) and ROIC (Return On Invested Capital) during the performance period, each weighted at 50%. For transparency reasons Lonza has decided to use the maximum vesting at 200% at market value for the proposed amount under this agenda item 9.3., i.e., a maximum compensation of CHF 10,526,400, including an estimated maximum total employer contributions to social security of CHF 501,900 calculated at grant date at maximum vesting of 200%;
- CORE EPS and ROIC target performance levels are determined on the basis of Lonza's 2023 Guidance and align to the vesting of 100% of the LTIP equity awards.

Why CORE EPS and ROIC?

The 2021 LTIP awards are subject to CORE EPS and ROIC performance measures, each with an equal weighting. These measures remain appropriate to measure the long-term performance of Lonza. They both align the interests of the EC with Lonza's financial performance and in turn the interests of our shareholders. In particular ROIC which is defined as adjusted net operating profit after tax divided by average invested capital, measures the return the company generates on its organic and inorganic investments. It is deemed the most appropriate measure to reflect Lonza's growth strategy focusing on key sites and business units. This

³ For the definition of "CORE" results, please refer to Alternative Performance Measures of the Financial Statements Section of the Annual Report 2020. The concept of "CORE" results has been applied consistently in all Lonza financial reports since 2013 and in the guidance provided to the market.

measure is also a reflection of the effect of decisions taken by EC members and senior management over the course of the relevant LTIP performance period.

Performance targets and pay-out curves for CORE EPS and ROIC

The 2021 LTIP award performance targets are based directly on the Lonza 2023 Guidance. These are more stretching than previously set performance targets and reflect the future Lonza business. Similar to previous years, no LTIP award will vest, if the threshold performance levels are not reached. Threshold performance reflects 90% of on-target performance which corresponds to a 50% of target level pay-out, 100% of on-target performance reflects a 100% of target pay-out and 110% of on-target performance aligns with 120% of target level pay-out. The maximum performance levels have been set at a stretching 140% on target performance, which reflect performance levels that are around 50% above threshold performance levels. A linear pay-out curve is to be applied between these points. Targets and target achievement will be fully disclosed in the Remuneration Report 2023.

Does the proposed maximum amount represent a change compared with the previous reference period?

For the financial year 2021, this amount represents a reduction of about 10% compared with the maximum LTIP budget approved at the AGM 2020 (CHF 11,953,100) for the financial year 2020. Despite an increase in EC members for 2021 (6.8 in 2021 compared to 5.7 in 2020), this slight decrease in total maximum value is due to the unique requirement in the 2020 financial year to include an incoming CEO and EC member and an outgoing CEO in line with contractual obligations and the plan rules.

10. Renewal of Authorized Capital

The Board of Directors **proposes** to renew the authorized capital in the amount of CHF 7,500,000, corresponding to 7,500,000 registered shares with a nominal value of CHF 1.00 each, until 6 May 2023. The Board of Directors shall be entitled to issue shares under the authorized and conditional share capital cumulatively only up to a maximum amount of CHF 7,500,000.

The Board of Directors therefore **proposes** the following article 4ter of the Articles of Association:

“Article 4^{ter}

Authorized Capital

- 1 The Board of Directors shall be authorized to increase, at any time until 6 May 2023, the share capital of the Company through the issuance of a maximum of 7,500,000 fully paid-in registered shares with a par value of CHF 1 each up to a maximum aggregate amount of CHF 7,500,000.
- 2 The issue price, the beginning of the entitlement to dividends and the kind of non-cash contributions shall be determined by the Board of Directors.

- 3 The Board of Directors is authorized to restrict or to suspend the subscription rights of the shareholders wholly or in part:
- a) in the event of issuance of shares for the participation of strategic partners;
 - b) for the takeover of companies, parts of companies, participations or intellectual property rights or for the financing and/or refinancing of such transactions;
 - c) for granting an over-allotment option ("greenshoe") of up to 20% of the preceding offer to the lead managers in connection with a placement of shares at market price;
 - d) for raising capital in a fast and flexible manner, which would hardly be achievable without the exclusion of the statutory subscription rights of the existing shareholders; or
 - e) for other valid reasons in the sense of Art. 652b para. 2 of the Swiss Code of Obligations.

If subscription rights are granted, but not exercised, the Board of Directors may use the respective shares in the interest of the Company.

- 4 The new shares shall be subject to the restrictions of Article 6 of these Articles of Association".

Explanation:

Article 4^{ter} of the Articles of Association authorizes the Board of Directors to increase the share capital by issuing up to 7,500,000 fully paid-in registered shares with a par value of CHF 1 each by a maximum aggregate amount of CHF 7,500,000 until 6 May 2021. To maintain flexibility, the Board of Directors proposes to renew the authorized capital at the same conditions as the previous one until 6 May 2023. The proposed amount of the authorized capital of CHF 7,500,000 corresponds to 10% of the current share capital. The Board of Directors is entitled to issue shares under the authorized and conditional share capital cumulatively only up to an overall maximum aggregate nominal amount of CHF 7,500,000.

Documentation and Attendance Procedures

Documentation

The Annual Report 2020, which includes the Remuneration Report, is available as of today at the company's head office at Muenchensteinerstrasse 38, 4002 Basel, Switzerland. In addition, shareholders may consult the online Annual Report 2020 following the link: (<https://annualreport.lonza.com/2020>) or through the shareholder online platform (see explanations below). Please note that the Annual Report 2020 is available only in English. Questions regarding the Annual Report 2020 and the Annual General Meeting 2021 may be directed to Investor Relations (investor.relations@lonza.com).

Shareholders Entitled to Vote

Shareholders entered into the share register, with the right to vote, by 22 April 2021, 5:00pm (CEST), are entitled to vote at the Annual General Meeting 2021. Shareholders who have sold their shares prior to the Annual General Meeting 2021 are no longer entitled to vote.

Power of Attorney

In line with the applicable Swiss regulation, we have decided that this year's Annual General Meeting will be conducted solely by voting through the independent proxy, and without physical attendance of shareholders. By granting power of attorney, your voting rights are fully guaranteed without you having to physically attend the Annual General Meeting. In case you would like to grant such power of attorney, you are requested to send your written instructions regarding votes and elections to the independent proxy, ThomannFischer, Attorneys at Law and Notaries, Elisabethenstrasse 30, P.O. Box 632, CH-4010 Basel, Switzerland, or use the shareholder online platform.

Deadline for Completed Power of Attorney

Please note that the power of attorney must be with ThomannFischer by 3 May 2021, 5:00pm (CEST), at the latest.

Use of Shareholder Online Platform

Shareholders may use the shareholder online platform. By using the shareholder online platform, shareholders may electronically give their voting instructions to the independent proxy. To open a shareholder online platform account, please refer to the separate shareholder platform explanations attached. Instructions can be issued electronically to the independent proxy until 3 May 2021, 5:00pm (CEST).

Basel, 25 March 2021

On behalf of the Board of Directors

The Chairman

Albert M. Baehny

Annexes

- Letter of the Chairman of the Board of Directors
- Power of attorney
- Letter regarding electronic submission of proxies through the shareholder online platform