

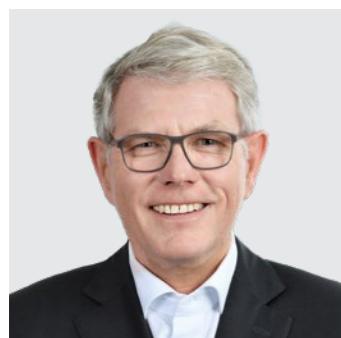


# Creating Value in 2023

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# Letter to Stakeholders



## Albert M. Baehny

Chairman of the Board of Directors and CEO *ad interim*

2023 was a year of challenge and change, both in the world and at Lonza. We have seen high interest rates, persistent inflation, supply chain disruptions, wars in Ukraine and the Middle East, growing geopolitical tensions, and the continuing challenges of climate change. However, corporate investments remained solid, harnessing innovation and technology to address the challenges of the future.

Over the course of 2023, Lonza continued to pursue its ambitious growth trajectory in a dynamic macroeconomic environment. Our Capital Markets Day in October provided us with a timely opportunity to reset expectations, set out our strategy, and confirm our future growth plans.

As we look to the future, we see high potential in the healthcare industry, with strong market growth, a robust pipeline of new drugs, the continuous search for new modalities, and new administration methods. Within our business, we have delivered on existing customer commitments and signed a series of new landmark contracts. We have also maintained our sustained organic growth levels – supported by bolt-on acquisitions – to set the stage for long-term success.

Our business is built on attractive and robust fundamentals, and I am confident that we are well-placed to drive success in 2024 and the years to come for our customers and shareholders.

### Financial Performance

In 2023, Lonza reported sales of CHF 6.7 billion, sales growth of 7.9% AER (10.9% CER) and CHF 2 billion CORE EBITDA, resulting in a margin of 29.8%. These solid financial results were driven by the Biologics and Small Molecules divisions, with a softer performance in Cell & Gene and Capsules & Health Ingredients.

The year brought several opportunities for direct engagement with our investor community. In addition to our Half-Year and Full-Year updates, we conducted quarterly qualitative financial updates to increase shareholders' visibility throughout the financial year.

In May, we hosted the first in-person Lonza Annual General Meeting (AGM) since before the pandemic, close to our global headquarters in Basel (CH). Our Capital Markets Day in October, which we hosted at our Visp (CH) site, provided a further opportunity for connection with our investors. Here, we shared a detailed update on our strategic priorities, provided an updated Mid-Term Guidance for 2024 to 2028, and guided the market on our post-pandemic business outlook.

### Investing to Generate Long-Term Value

Our investment strategy focuses on areas of sustained customer demand and market growth to capture opportunities with attractive margins and decreased risk. In 2023, CAPEX was 25% of sales as we invested to facilitate growth and maintenance projects that will strengthen our long-term offering.

In January 2023, we celebrated the groundbreaking of our large-scale commercial drug product (DP) facility in Stein (CH). In February, we completed an expansion of our conjugation facility in Visp (CH), adding development and manufacturing capacity for our bioconjugates business. In March, we completed our cGMP DP manufacturing line in Visp (CH), which can now support customers with clinical and commercial manufacturing capabilities. Then, in June, we announced a strategic collaboration with Vertex to co-invest in a dedicated facility for manufacturing Vertex's Type 1 Diabetes (T1D) cell therapy candidates at our Portsmouth (US) site, for which construction is already underway.

At the end of 2023, we were executing more than 20 large ongoing growth projects across our network, each representing investments of CHF 50 million or more. Our investment portfolio is expected to return at least twice the cost of capital once complete. Our governance structure ensures that each project is completed to precise budgets and timelines, as well as meeting strict IRR and ROIC<sup>1</sup> thresholds. This disciplined approach brings us confidence in our future value-creation potential.

### Talent Retention and Development

Our colleagues are the heart of our business and our global people strategy is designed to enable our colleagues to come, stay and grow at Lonza.

In 2023, more than 2,000 new colleagues joined Lonza. In joining our colleague community, this strong and highly capable group brought new skills and expertise to create sustainable value for our business and stakeholders. We improved the onboarding experience in 2023 with the launch of a digital onboarding tool to support all new employees globally.

Talent retention remained a key focus in 2023, and we offered expanded opportunities to support internal career development, personal growth and professional learning. As a result, we increased the percentage of positions filled with internal candidates in 2023, supporting business continuity. We also achieved a year-on-year decrease in voluntary turnover, trending in line with the industry standard.

### Progress on Corporate Responsibility

Sustainable value creation is an ethical, social and commercial imperative for our business and supports us in fulfilling our purpose of enabling a healthier world. Our leadership team and global colleague community have a shared commitment to corporate social responsibility.

We marked several sustainability milestones in 2023, including the development of a comprehensive climate plan to reduce Scope 1 and 2 emissions<sup>2</sup> by more than 40% by the end of 2030. We submitted this plan to the Science Based Targets initiative (SBTi), alongside a letter of commitment.

We also signed two major Power Purchase Agreements (PPAs) to support our ambition to source all electricity from renewable sources by 2025, where available. Collectively, the agreements will decarbonize Lonza's Scope 2 electricity emissions across Switzerland, the European Union, and China. Together, these agreements underline our long-term commitment to sustainable business practice.

<sup>1</sup> Internal Rates of Return (IRR) and Return on Invested Capital (ROIC)

<sup>2</sup> Scope 1 includes direct GHG emissions from sources owned or controlled by Lonza. Scope 2 encompasses GHG emissions from purchased electricity and steam

### Leadership and Governance

The Board of Directors continued to work closely with the Executive Committee (EC) throughout 2023 to set and guide the overarching strategic direction of the group business. The EC oversaw strategy implementation and supported the activities of divisions, functions and the global business service organization. Both the EC and Board have taken steps during 2023 to ensure the company strategy remains focused on serving customer needs while creating long-term value for our business and our stakeholders.

### Looking to 2024

It has been my privilege to lead the group business in 2023 as both Chairman of the Board of Directors and CEO *ad interim*. After seven years as a Board member and six years as Chairman, I have decided not to stand for re-election at the AGM in May 2024. I am very pleased that Jean-Marc Huët is nominated to succeed me as Chairman, and I share the Board's confidence in his capability to support Lonza's continued success in a constantly changing market environment.

Following a robust hiring process to identify a permanent successor to the CEO role, the Board is delighted to have appointed Wolfgang Wienand as CEO. A seasoned leader with a strong and established track record of success in the CDMO industry, Wolfgang Wienand will bring a wealth of knowledge and experience to Lonza, complemented by his deep scientific and strategic expertise. To ensure continuity and a seamless transition, I will continue to serve as CEO *ad interim* until Wolfgang commences his tenure.

In the meantime, I extend my thanks to our colleagues across the global network for their hard work and dedication. I continue to be inspired by their energy, creativity and commitment to enable a healthier world, and I look forward to seeing what our people will achieve together in the coming years.

## Albert M. Baehny

Chairman of the Board of Directors and CEO *ad interim*

# 2023 Highlights

## March

We announced the [upgrade](#) of our powder characterization capabilities at our Tampa (US) site.

We [completed](#) the clinical and commercial drug product manufacturing line in Visp (CH).

We announced the [initiation](#) of our share buyback program of up to CHF 2 billion.

## June

We announced the [acquisition](#) of Synaffix to strengthen our antibody-drug conjugates offering.

We signed a ten-year [Virtual Power Purchase Agreement](#) (VPPA) that will provide solar energy equal to Lonza's electricity needs across Switzerland and the European Union.

We announced an [agreement](#) with Vertex to build a dedicated manufacturing facility for Type-1 diabetes (T1D) cell therapies.

## September

We announced the [upgrade](#) of our MODA-ES® Module for enhanced electronic batch record execution.

## January

We announced the [completion](#) of our Solid Form Services expansion at our Bend (US) site.

We also reported strong [Full-Year 2022](#) financial results.

## October

We [announced](#) the expansion of the collaboration with a major biopharmaceutical partner for the manufacture of antibody-drug conjugates.

We [announced](#) a new filling line for commercial supply of antibody-drug conjugates for a dedicated customer.

We announced the expansion of our [collaboration](#) with Vaxcyte to include global commercial manufacturing of broad-spectrum pneumococcal conjugate vaccines (PCVs).

At our [Capital Markets Day 2023](#), we announced our new Mid-Term Guidance 2024 – 2028 and confirmed our 2023 Outlook.

## April

We [announced](#) the increase of our straight bond by CHF 150 million.

## July

We announced the [launch](#) of the TheraPRO® CHO media system to improve productivity and quality in therapeutic protein manufacture.

We [communicated](#) our Half-Year 2023 financial results.

## February

We [announced](#) the issuance of a CHF 300 million straight bond.

We [expanded](#) our Early Development Services Offering in North America.

We announced the completion of the [expansion](#) of our conjugation facility in Visp (CH).

## May

We [announced](#) the issuance of a EUR 500 million straight bond.

We [expanded](#) our Cell & Gene offering with the launch of the TheraPEAK® T-VIVO® cell culture medium to accelerate cell therapy development.

## August

We [launched](#) the Nebula® Absorbance Reader for streamlined endotoxin and pyrogen testing.

## November

We [published](#) the issuance of a dual-tranche straight bond.

We [launched](#) the GS Effex® cell line for the development of therapeutic antibodies with increased potency.

# Lonza at a Glance

~18,000

Employees (Full-time equivalent)

1,999m

CORE EBITDA in CHF

~350

New CDMO programs signed

>30

Global development and manufacturing sites

29.8

CORE EBITDA margin in %

2,711

Trademark filings

6,717m

Sales in CHF

286

Brands

~130

New CDMO customers

10.9

Sales growth in %<sup>1</sup>

>1,075

Small<sup>2</sup> and large<sup>3</sup> molecules

8.7

ROIC in %

>770

CDMO customers<sup>4</sup>

388

Active patent families

<sup>1</sup> Constant exchange rate (CER); in actual exchange rate (AER) +7.9%

<sup>2</sup> Including active pharmaceutical ingredients (API), highly potent API (HPAPI), dosage form and delivery systems and particle engineering

<sup>3</sup> Including mammalian, microbial, bioconjugates, drug product services and cell and gene therapy products (personalized medicines are included in pre-clinical and clinical molecules only, early development services are included for pre-clinical molecules only)

<sup>4</sup> Based on distinct companies

# Financial Highlights

2023 was another year of strong performance for Lonza with CHF 6.7 billion sales (7.9% AER; 10.9% CER sales growth) and CHF 2.0 billion CORE EBITDA, resulting in a margin of 29.8%. The solid financial results were driven by the Biologics and Small Molecules divisions, with a softer performance in Cell & Gene and Capsules & Health Ingredients.

Between 2022 and 2023, absolute CORE EBITDA remained flat, resulting in a CORE EBITDA margin decline of 2.3%pts. This was driven by softness in the early stage CDMO business in Biologics and Cell & Gene Technologies and customer destocking in the nutraceutical capsules market impacting our Capsules & Health Ingredients division. The ramp-up of multiple growth projects also diluted margins year-on-year.

Throughout 2023, we continued our accelerated investment program to support future growth. For the Full-Year, total capital expenditures (CAPEX) reached CHF 1.7 billion or 25% of sales, of which around 70% was deployed for growth projects, mainly for Biologics which continues to be the growth engine of the

company. At the end of 2023 we were delivering more than 20 large growth projects, each designed to deliver an attractive risk and return profile.

In 2023, we delivered a strong operational free cash flow (FCF) before acquisitions and divestments of CHF 329 million, supported by Net Working Capital improvements and CAPEX prioritization. Before growth CAPEX, we delivered a cash conversion of more than 20%.

We saw an increase in leverage compared to 2022 (from -0.1x Net Debt/ CORE EBITDA to 0.5x for 2023). This was driven by an increase in net debt of CHF 1.1 billion due to investments in organic growth and the execution of the share buyback program. Our balance sheet provides significant headroom for organic growth investments, bolt-on acquisitions and shareholder returns. We also remain fully committed to maintaining our current BBB+ investment rating and target a mid-term leverage of between 1.5x and 2x.

## Personal Perspective

**Philippe Deecke**  
Chief Financial Officer

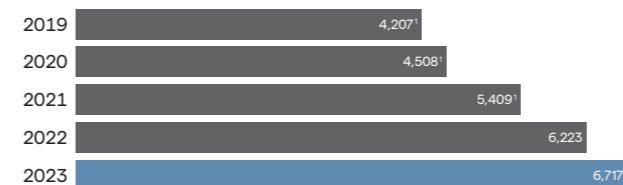
“Our capacity to deliver long-term value is supported by our strong balance sheet and our sustained approach to organic growth investments to meet customer needs.”



### Historic Progression

#### Sales

Million CHF



#### ROIC

in %

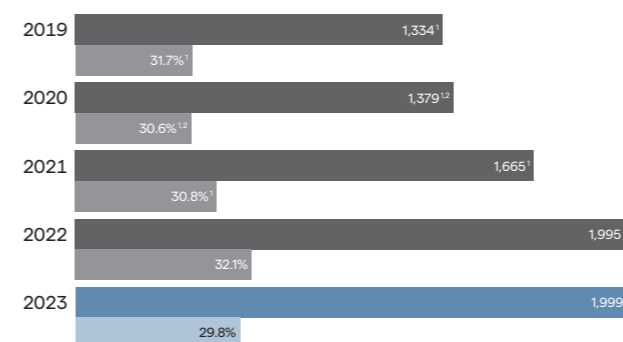


#### CORE EBITDA

Million CHF

#### CORE EBITDA Margin

In %

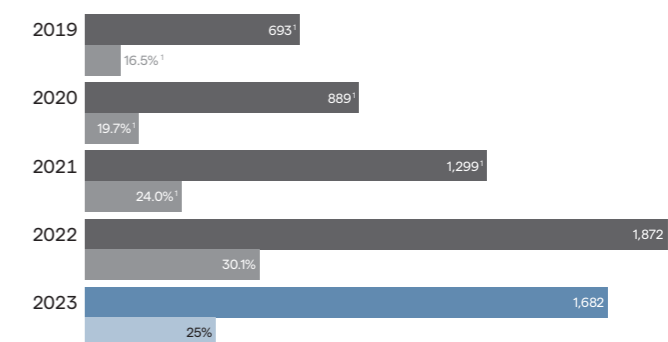


#### Capital Expenditures (CAPEX)

Million CHF

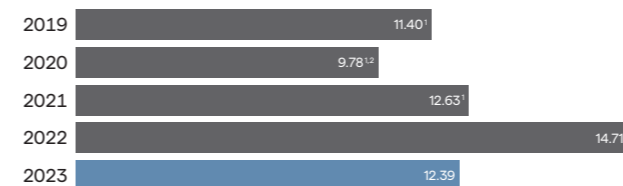
#### CAPEX/Sales

In %



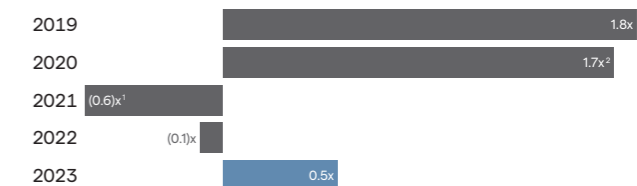
#### CORE EPS diluted

CHF



#### Net Debt/CORE EBITDA<sup>3</sup>

Ratio



<sup>1</sup> Lonza continuing operations excluding the Specialty Ingredients business that was sold on 1 July 2021

<sup>2</sup> CORE results for the Full-Year 2020 were restated to reflect the changes from the revised Alternative Performance Measures policy that was introduced on 1 January 2021

<sup>3</sup> "Net debt", "Net debt / CORE EBITDA" reflect total group including discontinued operations from 2019 to 2020 and continuing operations (excluding Lonza Specialty Ingredients business) from 2021 onwards



# Investor Information

Shares of Lonza Group Ltd are listed on the SIX Swiss Exchange and Swiss Market Index (SMI). We also maintain a secondary listing on the SGX Singapore Exchange. The nominal value of the Lonza Group Ltd share is CHF 1. Our share price closed at the end of 2023 at CHF 353.7 per share, which represents a decrease of 21.9% in 2023.

The free float in Lonza Group Ltd registered shares reached 96.84% at year-end, and the average daily trade volume was 202,139 shares in 2023.

## Listing and Security Information

### Stock Exchange Listing / Trading:

SIX Swiss Exchange  
SGX Singapore Exchange

### Common Stock Symbols:

Bloomberg LONN SW  
Reuters LONN.S  
Six Swiss Exchange LONN  
SGX Singapore Exchange O6Z

### Security Number:

Valor 001384101  
ISIN CH0013841017

## Shareholdings

According to disclosure notifications filed with Lonza, the following shareholders held more than 3% of Lonza's share capital as of 31 December 2023:

### Principal Shareholders:

BlackRock, Inc., New York, NY (USA) 9.85%  
Norges Bank, Oslo, Norway 3.04%  
UBS Fund Management (Switzerland) AG, Basel, Switzerland 3.01%

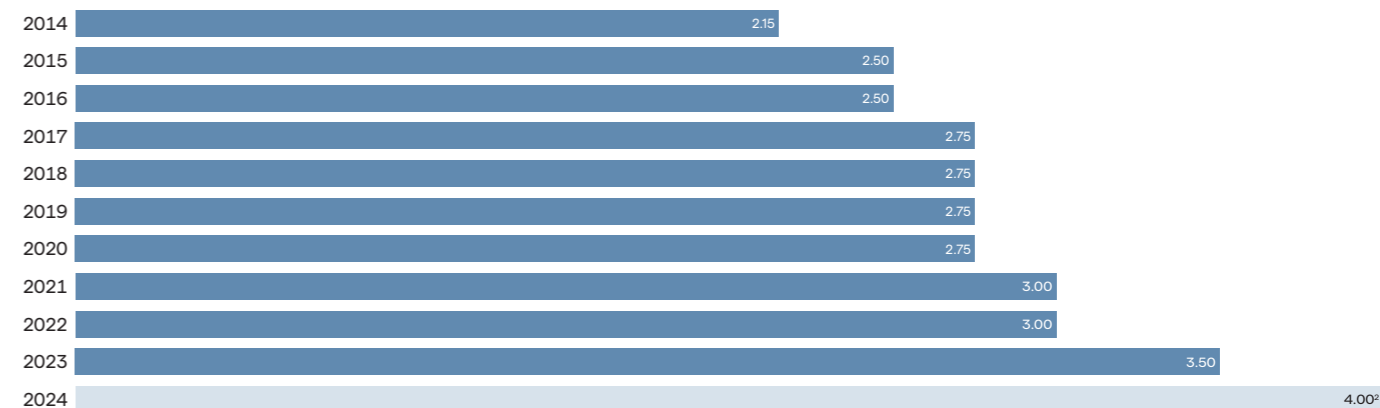
We know of no other shareholder(s) that owned more than 3% of our share capital as of 31 December 2023. To the best of our knowledge, the shareholders mentioned above are not linked by any shareholders' agreement or similar arrangement with respect to their shareholdings in Lonza or the exercise of shareholders' rights. For a full review of the individual disclosure notifications made during 2023, please refer to the SIX Swiss Exchange disclosure platform.

## Dividend

Lonza's Board of Directors is proposing a dividend for shareholders of CHF 4.00 per share for 2023. The proposal represents a payout of 44% of 2023 reported profit for the period of Lonza Group. Subject to approval at the upcoming Annual General Meeting (AGM) on 8 May 2024, 50% of the dividend of CHF 4.00 per share will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

## Dividend Payment History<sup>1</sup>

In CHF/Share

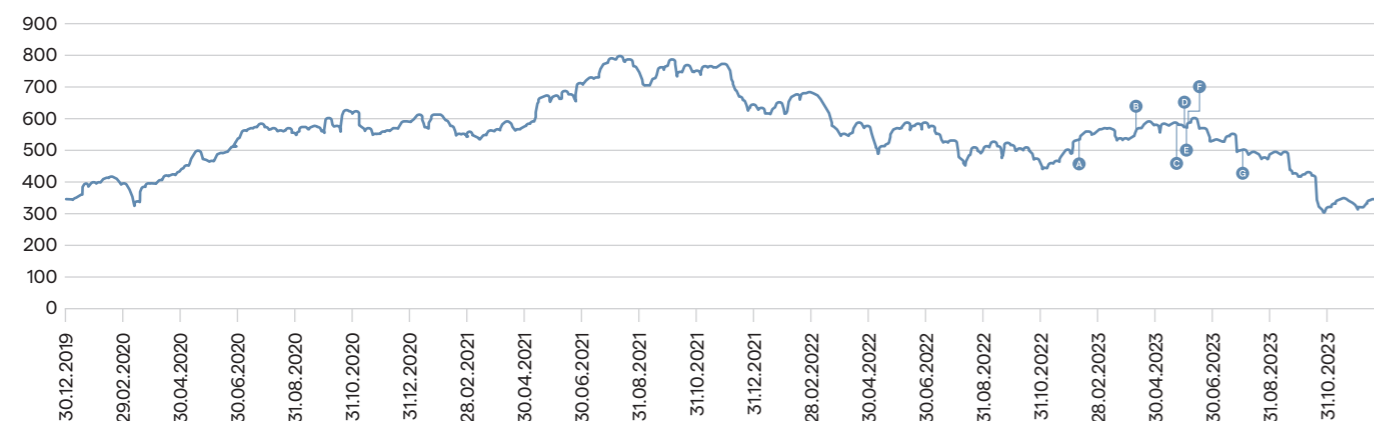


<sup>1</sup> This overview shows year of pay-out for all past years, thereby addressing some inconsistencies in previous reports

<sup>2</sup> Proposed

### Lonza Share Price Development 2020-23

In CHF/Share



#### Financial Events in 2023

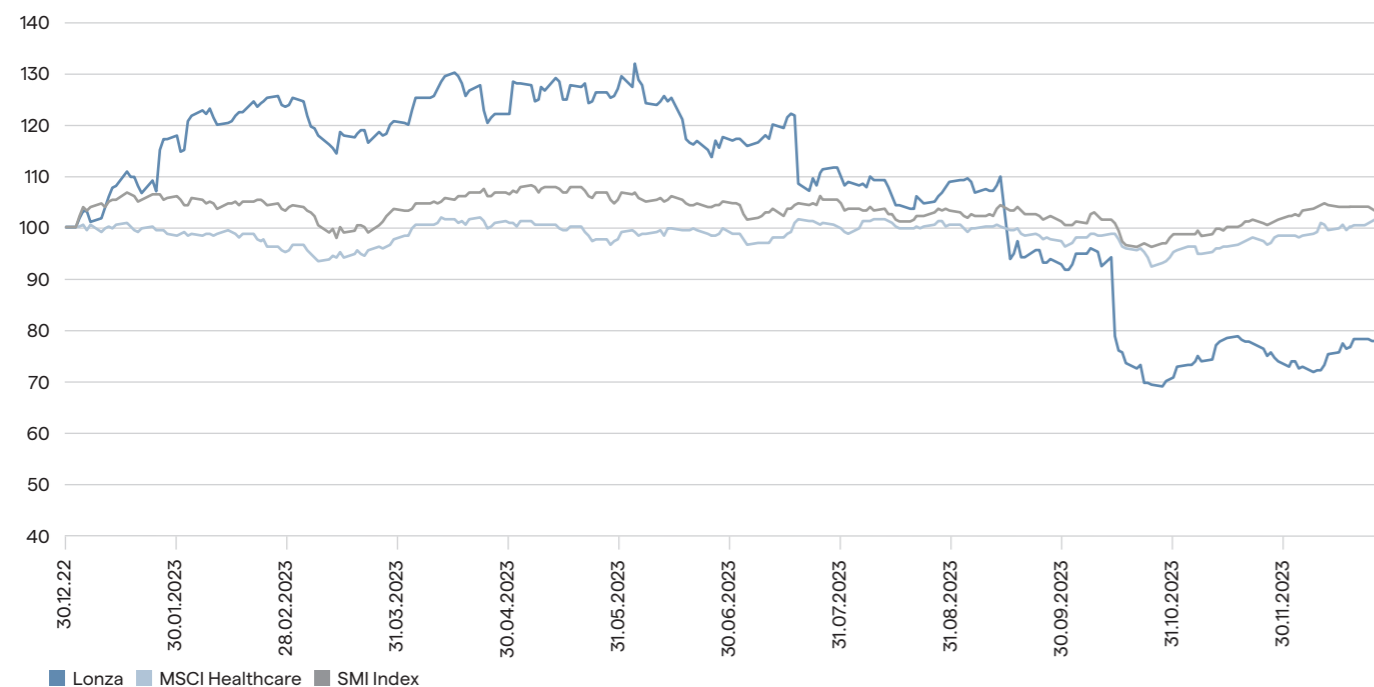
Full-Year Results 2022	25.01.2023
Annual Report 2022	27.03.2023
Annual General Meeting	05.05.2023
Ex-Dividend Date	09.05.2023
Record-Dividend Date	10.05.2023
Dividend-Payment Date	11.05.2023
Half-Year Results 2023	21.07.2023

#### Share Price in 2023

Share Price High	CHF 597.8 on 06.06.2023
Share Price Low	CHF 311.5 on 30.10.2023
Share Price Closing	CHF 353.7 on 29.12.2023

### Lonza Share Price Development vs. Swiss Market Index (SMI), MSCI Healthcare Index

Rebased to 100



### Upcoming Financial Events

Date	Time	Event
5 May 2024	5:00pm CEST	Closing of the Share Register
8 May 2024		Annual General Meeting for the Financial Year 2023
13 May 2024		Ex-Dividend Date
14 May 2024		Record-Dividend Date
15 May 2024		Dividend-Payment Date
25 July 2024		Half-Year Results 2024
31 January 2025		Full-Year Results 2024

More information for our shareholders and capital market is available on Lonza's Investor Relations [webpage](#). To learn more about Lonza's activities during 2023, refer to our [News Archive](#).

### Ten-Year Overview of Major Key Indicators

million CHF	2014	2015	2016	2017	2018 <sup>1</sup>	2019 <sup>2</sup>	2020 <sup>2,3</sup>	2021 <sup>2</sup>	2022	2023
Sales	3,640	3,803	4,132	4,548	5,542	4,207	4,508	5,409	6,223	6,717
CORE EBITDA	743	793	918	1,196	1,511	1,334	1,379	1,665	1,995	1,999
Margin in %	20.4	20.9	22.2	26.5	27.3	31.7	30.6	30.8	32.1	29.8
EBITDA	737	780	848	1,084	1,429	1,264	1,378	1,365	2,139	1,940
Margin in %	20.2	20.5	20.5	23.8	25.8	30.0	30.6	25.2	34.4	28.9
Result from operating activities (EBIT)	423	428	486	673	842	825	901	851	1,541	880
Margin in %	11.6	11.3	11.8	14.8	15.2	19.6	20.0	15.7	24.8	13.1
ROIC in % <sup>4</sup>	n.a.	n.a.	n.a.	8.4	8.0	9.2	9.1	10.7	11.4	8.7
CORE EPS (diluted) in CHF	6.76	6.76	8.38	10.78	11.98	11.40	9.78	12.63	14.71	12.39
EPS (diluted) in CHF	4.54	5.26	5.69	9.70	8.77	8.68	9.77	9.05	16.34	8.88
Operational free cash flow (bef. acquisitions and divestitures)	476	693	638	658	884	371	504	399	(465)	329
Net debt / (net cash) <sup>5</sup>	2,011	1,660	1,584	3,762	3,534	2,961	2,813	(958)	(186)	922
Net debt / CORE EBITDA <sup>5</sup>	2.7	2.1	1.7	2.7	2.3	1.8	1.7	(0.6)	(0.1)	0.5
Number of employees (Full-Time Equivalent) <sup>6</sup>	9,809	9,829	10,130	14,618	15,375	15,468	14,062	16,218	17,494	18,000

<sup>1</sup> Lonza continuing operations, excluding the Water Care business classified as discontinued operations

<sup>2</sup> Lonza continuing operations, excluding the Specialty Ingredients business classified as discontinued operations and disposed of effective 1, July 2021

<sup>3</sup> CORE results for the Full-year 2020 (CORE EBITDA, ROIC, CORE EPS) were restated to reflect the changes from the revised Alternative Performance Measures policy that was introduced on 1 January 2021

<sup>4</sup> Refer to section "Alternative Performance Measures" of the Financial Report for more details on the calculation methodology

<sup>5</sup> "Net debt", "Net debt / CORE EBITDA" reflect total group including discontinued operations from 2014 to 2023, except for 2021 and 2022 where we reflected Lonza continuing operations basis (excluding Lonza Specialty Ingredients business)

<sup>6</sup> "Number of employees (Full-time Equivalent)" reflect total group (including discontinued operations) from 2014 to 2023, except for the year 2020 where Lonza Specialty Ingredients business was excluded

# Our Strategic Priorities

Across our four divisions, we offer a broad range of products and services that drive progress towards our group vision to bring any therapy to life.

Our business is underpinned by five strategic priorities which sit at the heart of our customer strategy: service, scope, sustainability, solutions and speed.

While remaining steadfast in executing against these key priorities, we continued to monitor and respond to evolving external dynamics throughout 2023. By pursuing a focused strategy while remaining flexible to change, we will continue to deliver on our long-term ambitions and ensure long-term value creation for our shareholders, customers and society.

## Service

*We prioritize operational excellence to deliver quality, value and right-first-time.*

Outstanding customer service is key to building long-term relationships and differentiating our business. We understand that customer trust is earned over time through our approach to operational excellence and our track record on quality, value and right-first-time.

In this context, we continued to strengthen our focus on continuous improvement and operational excellence across the business in 2023. We embedded Lean operating principles across all sites and major assets and integrated these principles into our development framework for leaders. In addition, approximately half of our global colleagues have now undertaken our Lean training program to guide their continuous improvement activities and support excellent customer service.

We ran our Lonza Promoter Score (LPS) survey for the fourth consecutive year in 2023, and gathered more than 1,500 responses. The survey provides a quantifiable and consistent measure of customer engagement across Lonza. Aligned with previous results, the 2023 LPS survey found that our customers continue to value our highly skilled employee community. In addition, the quality of our services and products was also widely acknowledged. This feedback was consistent across our customer base.

## Scope

*We have an unparalleled breadth of offerings across services and modalities.*

Our breadth of offerings was strengthened by our growth project portfolio in 2023. We continued to progress with more than 20 large growth projects in 2023 – each representing investments of more than CHF 50 million – of which seven are already completed. We invested CHF 1.7 billion in growth and maintenance CAPEX to support our increase in both capacity and capability. Our investments were driven by a clear governance structure to deliver projects on time and on budget with defined minimum levels of Internal Rates of Return (IRR) and Return on Invested Capital (ROIC). See the Group Operations section on page 30 for more detail.

The execution of our growth strategy is illustrated by the development of our Drug Product Services offering. In January 2023, we celebrated the [groundbreaking](#) of a large-scale commercial drug product (DP) facility in Stein (CH). This was followed in March 2023 by the [completion](#) of a new cGMP clinical and commercial DP manufacturing line in Visp (CH). The completion of these projects supports our ambition to provide an integrated, end-to-end offering from drug substance to drug product.

Our ambitious growth program is complemented by strategic acquisitions, which are designed to build capability in areas of high market growth and demand. In June 2023, we announced the [acquisition](#) of Synaffix, an innovative biotech company with a clinical-stage technology platform for antibody-drug conjugates (ADCs). The acquisition underlined the strategic importance of bioconjugates in our portfolio, expanded our offering in a fast-growing market and continues to enhance our value proposition for clinical stage ADC customers.

## Sustainability

*We strive to create long-term value – environmentally, socially and economically.*

We attained multiple sustainability milestones in 2023 to help fulfil our purpose of enabling a healthier world. At a group level, we devised a comprehensive climate plan to reduce Scope 1 and 2 emissions<sup>1</sup> by more than 40% by the end of 2030. The plan combines elements including green electricity, efficiency projects, low-carbon assets, and enhanced training to build expertise. We also signed a letter of commitment and submitted our targets to the Science Based Targets initiative (SBTi).

We made progress in moving to green electricity in 2023 by signing two power purchase agreements. In Europe, we signed a ten-year [Virtual Power Purchase Agreement](#) (VPPA) that will provide solar energy equal to Lonza’s electricity needs across Switzerland and the European Union. In China, we secured a three-year multi-party [renewable power agreement](#) which will decarbonise 100% of our Scope 2 electricity emissions in China.

We also strengthened our Responsible Supply Chain initiative by updating our Supplier Code of Conduct, undertaking assessments on child labor and conflict minerals in the supply chain, and launching a supplier decarbonization program to reduce Scope 3 emissions<sup>2</sup>.

Alongside group level initiatives, we also pursued focused sustainability efforts within our divisions. In Small Molecules, our updated customer proposal format gives visibility on raw material, CO<sub>2</sub> footprint and water intensity for each process step. It also incorporates potential process improvements to enable informed decision making and promote sustainable production methods.

## Our Strategic Priorities



<sup>1</sup> Scope 1 includes direct GHG emissions from sources owned or controlled by Lonza. Scope 2 encompasses GHG emissions from purchased electricity and steam

<sup>2</sup> Scope 3 includes GHG emissions from purchased goods and services, business travel, upstream and downstream transportation, waste disposal, employee commuting, etc



## Solutions

*We have the scientific, regulatory and manufacturing expertise to solve our customers' challenges.*

By delivering end-to-end services, supported by scientific, regulatory and manufacturing expertise, we build strong and lasting customer relationships. Three out of four customers of our Biologics division, for example, go on to purchase further services after entering an initial relationship with Lonza.

We continue to support customers with integrated and cross-divisional capabilities. We are able to manufacture all components of bioconjugates between our Small Molecules and Biologics divisions, and this end-to-end offering simplifies the drug development supply chain for our customers. Two customer programs announced in 2023 – a dedicated ADC [filling line](#) and a dedicated ADC commercial [manufacturing suite](#) – illustrate the value of our integrated bioconjugates offering.

In Small Molecules, we continue to address the increasing complexity of the pipeline with upgraded solutions and specialist offerings. In January 2023, we announced the completion of our Solid Form Services expansion in Bend (US), which is helping us to meet accelerated timelines for increasingly complex molecules. Further, we continued to strengthen our drug substance capabilities in highly potent API (HPAPI) commercial manufacturing and containment to capture sustained customer demand in this area.

In Cell & Gene, our Bioscience business launched several new innovative solutions for our customers, including two new cell culture media products ([TheraPEAK® T-Vivo®](#) and [TheraPRO® CHO](#)) to optimize CAR T-cell manufacturing. The new media products are free from animal components, and provide customers with increased process control.

We also continued to build upon our innovative capsule solutions in Capsules & Health Ingredients. Our Enprotect® enteric capsule, launched in 2022, enables targeted intestinal delivery of live bio-therapeutic therapies. By considering additional applications for this technology, we are now exploring over 200 unique customer opportunities.

## Speed

*We enable our customers to accelerate the path to commercialization.*

We are accelerating the path to commercialization with flexible partnership models. In Cell & Gene, we [announced](#) plans in June to collaborate with Vertex on a dedicated manufacturing facility for the commercial manufacture of Vertex's Type 1 Diabetes (T1D) cell therapy portfolio, which is currently in clinical trials. We celebrated the groundbreaking ceremony of the new facility at our Portsmouth (US) site in August 2023.

We also continued to harness technology and innovation to accelerate the path to market. In 2023, our Capsules & Health Ingredients division commenced the roll out of next-generation capsule manufacturing technology at our Bornem (BE) site, which is expected to increase individual line output by approximately 15%, reduce our carbon footprint and set a new product quality standard.

We also continued the roll-out of automated visual inspection systems that further improve quality to ensure consistently reliable capsule filling performance for our customers.



# Our Approach to Sustainability

Our purpose – to enable a healthier world – shapes the products and services that we deliver to our customers and their patients, and our approach to sustainability. Across our global network, we create value by enhancing social engagement, strengthening our governance, and reducing our environmental footprint.

We grouped our sustainability initiatives around material themes and selected key Sustainable Development Goals (SDGs). The SDGs comprise the global blueprint of the United Nations (UN) to achieve a better and sustainable future for humanity. While the UN has identified 17 SDGs to address global challenges, we have selected seven of the UN SDGs that are most relevant to our business.

This section of our Annual Report provides a short overview of our progress and key achievements relating to the seven SDGs in 2023. It is supported by the [2023 Sustainability Report](#), which offers more information and insight into our sustainability commitments and our performance indicators. The Sustainability Report follows the Global Reporting Initiative (GRI) Standards, to ensure thorough and transparent reporting on all our sustainability ambitions and commitments.

## Personal Perspective

**Andreas Bohrer**  
General Counsel

*Sustainability is a key aspect of value creation, alongside quality and efficiency. It is integrated into our business strategy, and supported by clear delivery targets in our remuneration policies.*



## Our Ambitions, progress and achievements

SDG	Ambition	Progress and achievements
 <b>SDG 3 Good Health and Well-being</b>	<p>To support our customers and their patients to deliver their treatments.</p> <p>To provide safe workplaces, caring for well-being and the health of the planet.</p>	<ul style="list-style-type: none"> <li>• Environmental, Social and Governance (ESG) rating (EcoVadis) increased by three points, improving our Silver Medal status</li> <li>• Enhanced monitoring and reporting on ethics and compliance and climate change risk assessment</li> <li>• Conducted the Lonza Promoter Score (LPS) survey for the fourth consecutive year to measure customer engagement, receiving more than 1,500 responses</li> </ul>
 <b>SDG 4 Quality Education</b>	<p>To establish an internal learning system to support employee engagement and professional development.</p>	<ul style="list-style-type: none"> <li>• Newly developed global training hub for employees and managers</li> <li>• Improved visibility of quality education activities</li> <li>• Establishment of a Lonza Learning Network to develop and execute a global learning strategy</li> </ul>
 <b>SDG 5 Gender Equality</b>	<p>To attract and retain female candidates and employees, increasing the percentage of women in management roles to 35% by 2035.</p>	<ul style="list-style-type: none"> <li>• Formation of women's leadership group to explore the challenges and opportunities specific to women in the workplace</li> <li>• Review of local family leave and part-time working practices, supported by global principles</li> </ul>
 <b>SDG 6 Clean Water and Sanitation</b>	<p>To reduce water consumption intensity by 50% by 2030 and continuously assess water risks in our network.</p>	<ul style="list-style-type: none"> <li>• Many industrial water reduction projects are under way, delivering over 500,000 m<sup>3</sup> in water savings</li> <li>• Regular water assessment by sites to analyze water consumption, discharge quantity and quality, and identify improvement opportunities</li> <li>• A learning platform to share water saving best practices among site representatives across our network</li> </ul>
 <b>SDG 9 Industry, Innovation and Infrastructure</b>	<p>To construct and invest in sustainable facilities designed for a low carbon and resource efficient future.</p>	<ul style="list-style-type: none"> <li>• "Sustainability by design" standards implemented to reduce energy consumption for key utilities (e.g. heating, ventilation, air conditioning and water quality systems)</li> <li>• Design standards applied at the start of all large investment projects</li> </ul>
 <b>SDG 12 Responsible Consumption and Production</b>	<p>To engage our supply chain through responsible sourcing, improving its sustainability performance.</p>	<ul style="list-style-type: none"> <li>• Established a comprehensive program to evaluate and engage suppliers, focusing on compliance and sustainability, including supplier decarbonization</li> <li>• Responsible Supplier Toolkit developed and <a href="#">published online</a> to generate engagement</li> <li>• Established a Responsible Sourcing Ambassador Network in Procurement</li> </ul>
 <b>SDG 13 Climate Action</b>	<p>To decrease the greenhouse gas (GHG) footprint over the next decade and achieve net-zero GHG emissions by 2050.</p>	<ul style="list-style-type: none"> <li>• Science Based Targets initiative (SBTi) commitment signed and targets submitted</li> <li>• Virtual Power Purchase Agreement (VPPA) signed for new solar power generation in Spain equal to Lonza's electricity demands across the EU and Switzerland</li> <li>• Signed a three-year multi-party renewable power agreement in China, which will help us decarbonize our electricity consumption in the region</li> </ul>

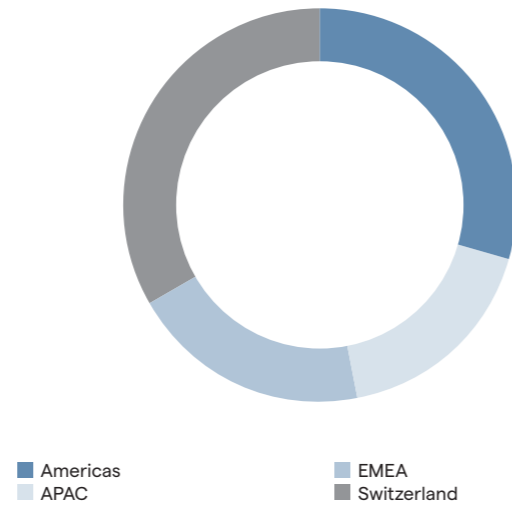
# Our People and Culture

There is a broad range of cultural backgrounds within our global employee community. Across our global network, our workforce includes more than 100 different nationalities. Our employees are balanced across a range of different age groups, and our global gender split increased its proportion of females to 37% in 2023<sup>1</sup>.

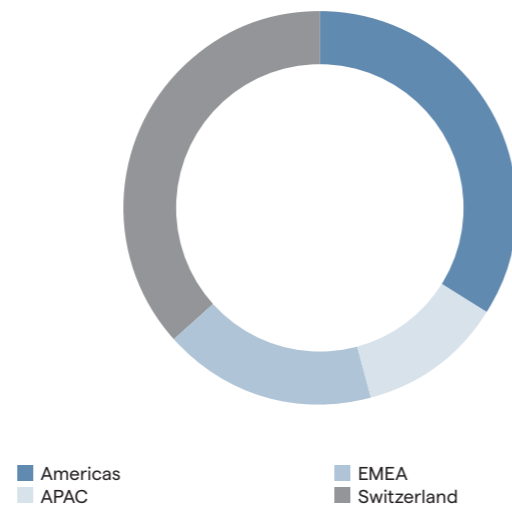
People are at the heart of our business and we strive to give our people the best possible experience. In 2023, we focused on improving the onboarding experience of new colleagues while enhancing growth opportunities and career development of all colleagues with a sustainable and competitive rewards program. We also prioritized continuous improvement across our people management initiatives. We deployed best-in-class digital solutions to enable data-driven decision making and we equipped our leaders with tailored leadership training programs. In addition, we invested time in assessing and evolving our talent and succession pipelines, which is another critical factor in Lonza's sustained success.

All our programs and actions are guided by the Lonza People Strategy which is designed to enable our people to **Come, Stay and Grow** and **Make a Meaningful Difference**. We regularly monitor the progress and impact of these programs through our Voice of Employee (VoE) engagement survey.

Headcount Split by Region



External New Joiners by Region (headcount)



## Coming to Lonza (Attracting the Right People)

In 2023, we continued to build a strong pipeline of highly capable candidates who bring professional potential and create sustainable value for our business. More than 2,000 new colleagues joined us in 2023. Our recruitment activities focused most significantly on our Visp (CH), Houston (US) and Portsmouth (US) sites.

Our talent referral program, launched in 2022, proved to be highly effective in 2023. We onboarded over 500 colleagues in 2023, who were referred to us by current employees. In addition, we deployed our digital onboarding tool globally and designed a new framework for onboarding events at key sites, including our global headquarters in Basel. The feedback from participants continues to be very positive. This is reflected in a reduction of the voluntary turnover rate of colleagues with a tenure of below one year, from 10.7% (2022) to 10.4% (2023).

We continue to review and adapt our programs to ensure we can attract industry leading talent to sustain the continued expansion of our employee community. This supports our business continuity and growth plans in the coming years.

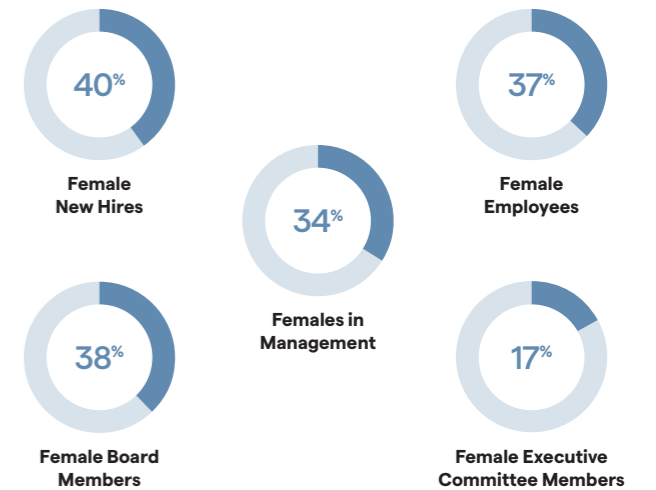
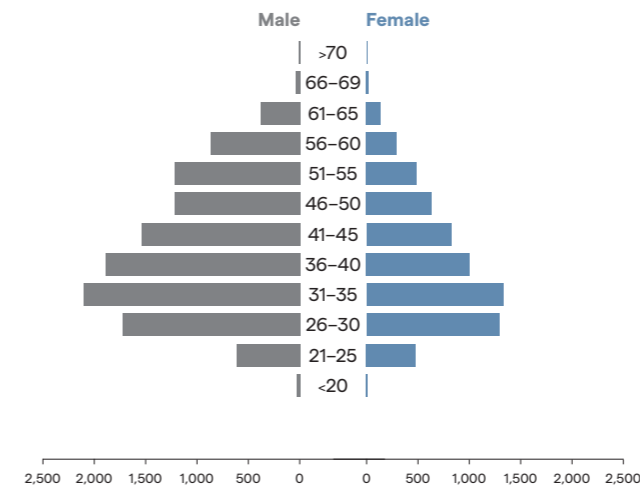
## Staying at Lonza (Fostering an Empowering Environment for our People)

Talent retention remained a key focus in 2023. With 8.3% voluntary turnover, we are trending in line with industry standard and are showing an improvement (from 10.7% in 2022).

In 2023, more than 750 colleagues benefited from our "Work from Anywhere" policy, which empowers employees to work in a different location for up to 28 days each year. We also focused on the continuation and expansion of our Wellbeing offering. Further information can be found on page 47 of the [2023 Sustainability Report](#). Looking to 2024, we will continue to review these programs to ensure they are competitive and meet the needs of our employees.

Our Lonza Bonus program is an important tool to reward sustained high performance, with our bonus payout determined by the company performance factor in combination with the personal performance factor. More information about the Lonza Bonus can be found in the Remuneration report on page 179. In addition, we expanded our employee share purchase plan to include additional key locations. This is designed to further enable our colleagues' participation in our business success.

Distribution of Employees by Gender and Age Group



25 employees did not wish to disclose their gender

<sup>1</sup> 2022 gender split: 36% female, 64% male

### Growing at Lonza (Developing our People)

We remain committed to building a positive and motivating environment where our colleagues are inspired to grow. We launched a program in 2023 to guide and support professional development for employees by encouraging an open dialog between employees and their direct manager about their aspirations and development goals. We have also further embedded our Lonza Leadership Framework across the organization. This includes the integration of our “Care, Communicate and Coach” approach into all our people programs and campaigns.

As part of our commitment to the UN’s SDG 4, we have established an internal learning system to support employee engagement and professional development. We have also formed a global training council to define and deploy Lonza’s global approach to training.

Our focus on personal growth and professional learning as well as internal career development has resulted in an increase in positions filled with internal candidates, to 39.1% in 2023 (from 29.8% in 2022). We anticipate that these efforts to recognize the potential of internal talent will create a strong return on investment and positively impact business continuity.

In 2024, we will continue to focus on leadership development and our culture of learning with a leading edge learning suite supported by best-in-class digital solutions.

### Looking to 2024

Through our shared values of Integrity, Inclusion, Innovation and Initiative, we will continue to build and develop our “One Lonza” culture, which is recognized and respected by our colleagues across our global network. Together, we will continue to make a meaningful difference to fulfil our purpose of enabling a healthier world in 2024 and beyond.



## Personal Perspective

**Ulrike Kaepler**  
Chief Human Resources Officer

“ Our people are our greatest asset. Taken together, their talent, dedication and hard work bring to life our purpose to enable a healthier world. ”



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