



Statement Regarding the California Transparency in Supply Chains Act of 2010

Lonza is a member of the United Nations Global Compact (UNGC) and believes in the eradication of human slavery and human trafficking. The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. These ten principles are based on, among other things, the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Included in the ten principles are respect for internationally recognized human rights, avoidance of complicity in human rights abuses, elimination of all forms of forced and compulsory labor, including the abolition of child labor, and awareness of potential human rights issues both upstream and downstream in global sourcing and distribution. In addition, the Lonza Code of Conduct mandates that Lonza will not engage in or support, directly or indirectly, child labor, or bonded or forced labor of any kind. Lonza also requires its significant suppliers to comply with its Supplier's Code of Conduct. This code, among other things,

- prohibits the use forced or involuntary labor,
- prohibits child labor below age 15 and limits child labor above age 15 to non-hazardous work and only if above the local law's legal age for employment
- prohibits inhumane and physical punishment of workers, (iv) requires suppliers' business behavior to comply with all applicable international, national and local laws, and
- requires suppliers to possess internal measuring procedures to ensure compliance with this code.

This code also applies to subcontractors (outsourcing) of our suppliers. We believe the risk of slavery and human trafficking in our supply chain is low as many, if not all, of the countries from which our suppliers supply us outlaw such practices.

The *California Transparency in Supply Chains Act of 2010* (SB 657), effective January 1, 2012, requires certain companies doing business in California to disclose information regarding their efforts to eradicate slavery and human trafficking from their supply chains. In accordance with the Act, Lonza's disclosures are contained in this statement.

1. **Verification.** Lonza does not currently evaluate its suppliers in terms of slavery and human trafficking. If Lonza were to use a supplier in a jurisdiction where there is known risk of such practices, it would consider implementing a verification program.
2. **Auditing.** Lonza does not currently conduct on-site audits of suppliers related to trafficking and slavery in supply chains given the low risk.

3. **Certification.** Lonza requires all suppliers to comply with applicable laws and government regulations, including those outlawing slavery and human trafficking; however, it does not generally require certification from its suppliers again due to low risk.
4. **Accountability.** Lonza's employees are held internally accountable for ensuring that Lonza meets its standards regarding slavery and trafficking through its Code of Conduct. This includes disciplinary action including termination. We also require compliance with applicable government regulations by our suppliers and for significant suppliers, with our Supplier's Code of Conduct. Suppliers who fail to comply are subject to termination and in many cases will trigger a breach of contract.
5. **Training.** Lonza provides training to all its employees regarding compliance with its Code of Conduct and to its purchasing employees additional training on the Supplier's Code of Conduct.