

California Supply Chain Transparency Statement

This statement provides information about supply chain transparency at Lonza and has been published in accordance with the California Transparency in Supply Chains Act (the “Act”). It sets out the steps that Lonza, Inc., Lonza Walkersville, Inc., and Arch Chemicals, Inc. have taken during the financial year ending 31 December 2018, and plan to continue taking, to prevent modern slavery in their businesses and direct supply chains. Unless otherwise specified, all references to Lonza herein are references to the above-named Lonza entities and to Lonza globally to the extent it is subject to the Act.

About Lonza:

Lonza is a leader and trusted supplier to the pharmaceutical, biotech, and specialty ingredients markets worldwide. Lonza harnesses science and technology to create products that support safer and healthier living and that enhance the overall quality of life.

An integrated solutions provider serving the healthcare continuum, Lonza offers products and services from the custom development and manufacturing of active pharmaceutical ingredients to innovative dosage forms for the pharma and consumer health and nutrition industries. Lonza is also an innovator in the fields of agricultural ingredients and coatings and composites.

Founded in 1897 in the Swiss Alps, today Lonza is a well-respected global company. A strong ethical thread is interwoven throughout the entire Lonza organization and consists of a firm commitment to ethical business conduct. Lonza also takes a sustainable approach to minimizing our impact on the environment, conserving energy and natural resources, and helping to improve the quality of life. As such, Lonza fully embraces the spirit of the objectives reflected in the Act, and has implemented policies and processes in place to prevent the use of unpaid or forced labor in the production of its products and services. Lonza prides itself on its safety, quality, and human resource initiatives, which are designed to make Lonza the Place to Go, Stay, and Grow. This Supply Chain Transparency Statement describes particular policies and procedures that Lonza has in place to prevent the use of such labor.

1. Verification Procedures

Suppliers that enter into Lonza’s standard supply agreement agree to adhere to [Lonza's Supplier Code of Conduct](#), which sets forth certain ethical and quality standards, including standards related to labor, health and safety, and the environment. Lonza’s Supplier Code of Conduct embraces the principles behind the Act, including:

- Requiring that its suppliers act in a socially responsible and ethical way and that their business behavior be in compliance with all applicable international, national, and local laws and contractual terms, as well as with generally accepted standards in relation to child labor and safety.
- Prohibiting the use of forced or involuntary labor.
- Prohibiting the use of child labor below the age of 16 or the applicable minimum legal age, whichever is higher.
- Requiring work hours, minimum wages, and overtime hours to be paid to employees, as well as any fringe benefits, in compliance with applicable law.
- Prohibiting inhumane treatment or physical punishment of workers.

Lonza’s Supplier Code of Conduct applies to both its suppliers and to any subcontractors or other third parties that a supplier may engage in the performance of its contractual obligations.

Currently, Suppliers are instructed to implement internal measuring procedures, tools, and indicators required to guarantee adherence to the Lonza Supplier Code of Conduct principles. Suppliers are encouraged to report any violations by sending an e-mail to compliancegroup@lonza.com or by using our ethics and compliance reporting hotline (www.lonzaethicshotline.com.) In addition, Lonza is currently developing an automated diligence monitoring platform for screening and monitoring Lonza suppliers.

2. Audit

Per the Lonza [Sourcing and Purchasing Policy](#), Lonza reserves the right to ask for a written confirmation of a supplier's compliance with the Supplier Code of Conduct and to audit its suppliers accordingly.

3. Certification

Suppliers that execute Lonza's supply agreements, warrant that they will comply with Lonza's Supplier Code of Conduct, which in addition to the principles outlined in Section 1 above, also states that Lonza follows the [Principles of the United Nations Global Compact](#) as well as the [Pharmaceutical Industry Principles for Responsible Supply Chain Management](#). In the event that Lonza become aware of any actions or conditions not in compliance with its Supplier Code of Conduct, Lonza reserves the right to request corrective actions and the right to terminate any agreement with a non-compliant supplier unless our supplier agreement provides otherwise.

4. Internal Accountability

Lonza's internal Code of Conduct defines the professional standards we aspire to in all our activities and the standards we expect of our employees. In keeping with the fundamental Lonza values of openness, loyalty, fair dealing, integrity, mutual respect and honesty, Lonza sees the Code of Conduct as a key element of our relationships with employees and third parties.

The Lonza Code of Conduct includes a prohibition on discrimination, which states in part that "Lonza does not tolerate any discrimination, harassment or bullying on the basis of ethnicity, national origin, color, religion, sexual orientation, creed, age, sex, disability or any similar characteristic. Nor will Lonza engage in or support, directly or indirectly, child labor, or bonded or forced labor of any kind."

The Lonza Code of Conduct is issued as part of the terms of employment of all Lonza companies, and the Board of Directors insists on full compliance by all employees, regardless of their position.

Moreover, Lonza's [ethics and compliance 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. Those found responsible for any violations may face disciplinary action, to include termination of employment.

5. Training

Lonza provides annual training to all its employees regarding compliance with its Code of Conduct, which includes a prohibition on engaging in or supporting the use of forced labor. Lonza also provides additional training to its purchasing employees on the Supplier's Code of Conduct.