Creating Value in 2020
Dear Stakeholders

It is a challenge to summarize in a few words all that we have achieved, and the extraordinary global developments that have redefined our working lives. It would have been a feat simply to have weathered the storm of the COVID-19 pandemic, but our achievements go far above and beyond the obvious and the ordinary. I have shared a snapshot of our endeavors and achievements below.

Financial Performance

We are looking back at another successful year. Lonza (with Specialty Ingredients reported as discontinued operations) achieved CHF 4.5 billion in sales, CHF 1.4 billion in CORE EBITDA, and CHF 1.1 billion in CORE EBIT for the full-year 2020. We delivered on our guidance with 12.0% sales growth in constant currency (7.2% in reported currency).

These strong results reflect the continued positive momentum of the pharma and biotech business. Lonza’s Pharma Biotech & Nutrition (LPBN) business achieved 12.2% sales growth in constant currency (7.3% in reported currency) and a 32.1% CORE EBITDA margin. We saw a strong performance across our LPBN businesses, with Biologics remaining a primary driver of growth. We invested around 20% of sales in CAPEX in 2020 to continue to expand the asset footprint supporting our double-digit sales growth and ROIC increase for the future.

Lonza’s Specialty Ingredients (LSI)1 business also reported a strong performance, with 3.4% sales growth alongside an improved CORE EBITDA margin, reported at 20.3%.2

Alongside this strong performance, we have also worked to establish a stronger cash position, by successfully placing our inaugural Eurobond with a value of EUR 500 million in April. This was further supported by our issuance of a CHF 150 million straight-bond in August. During the uncertainty related to the business impact of the COVID-19 pandemic, we maintained our dialogue with investors at an unscheduled Q1 business update. Alongside this, we provided a more comprehensive overview and appraisal of our new business structure at our October Investor Update. These events were scheduled in addition to our usual reporting processes and events.

Our Contribution through the COVID-19 Pandemic

In a year where the world experienced unprecedented levels of uncertainty, we have shown the collective confidence and resolve to meet unforeseen challenges and grasp unexpected opportunities. Our office-based employees have risen to the personal and professional challenges of home-working, while our lab and manufacturing employees have adapted to maintain operations through new professional practices, including new work shifts and social distancing measures.

Both segments of our business have worked tirelessly in the fight against the COVID-19 pandemic. Our LPBN segment has continued to develop and manufacture a large number of life-saving treatments. These enable our customers to protect their most vulnerable patients, whose needs have never been greater. Meanwhile, the LSI segment has continued to focus on delivering microbial control solutions, which have played a significant role in containing the spread of the virus.

As well as establishing our position as a provider of essential products and services, our colleagues in LPBN have also worked with customers to deliver a direct contribution to controlling the COVID-19 pandemic. Our partnership with Moderna on the COVID-19 Vaccine has placed us in the global spotlight as a company at the forefront of efforts to control the pandemic. Alongside this critical program, we are also working to support a broad range of customers developing treatments and therapies related to COVID-19, including AstraZeneca, Altimmune and Humanigen. Our colleagues in LSI have been similarly industrious in the efforts to control the spread of the virus, with 16 Lonza disinfectant ingredients securing EPA approval for hard surface use against COVID-19.

Redefining our Structure and Focus

While managing the unprecedented uncertainties in our operating environment, we have also worked to redefine and harmonize our business and structure. At a Group level, we have completed the LSI carve-out and made the decision to commence a divestment process. In February 2021, we entered into a definitive agreement with Bain Capital and Cinven to acquire the LSI business and operations for an enterprise value of CHF 4.2 billion. The transaction is anticipated to close in H2 2021. Bain Capital and Cinven have shown they understand the value of the experience and expertise of our Specialty Ingredients employees. They presented the most compelling industrial strategy and vision for the business, and are also keen to prioritize R&D and innovation, as well as to invest in existing facilities to unlock the potential of the business.

As the divestment of LSI continues to gather momentum, we have redoubled our focus on our LPBN business, which will become the

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1 Specialty Ingredients Business (excluding Corporate/carve-out and divestiture costs directly attributable to LSI)
2 Sales and CORE EBITDA margin in constant exchange rate (CER)
We remain committed to achieving industry best practice in sustainability. Our activities to deliver a sustainable business throughout 2020 are detailed in our designated Sustainability report, which forms a companion document to this 2020 Annual Report.

We recognize the importance of sustainability as an essential component of our long-term strategy (see more on page 21). This is an ethical imperative for our own business. It is also important to ensure we are aligned with the expectations of our customers, investors and employees.

As a company with 123 years of industrial history, in recent years we have actively tackled a number of legacy issues and successfully implemented solutions. During 2020 we informed the public of nitrous oxide emissions caused by niacin production at our Visp (CH) site. While these emissions are not subject to regulatory requirements, we have invested in a catalyst, which will reduce these emissions by up to 98%. This will be operational from 2021.

Outlook
As we look towards 2021, we are cautiously optimistic about our performance. We have proved to be robust and resilient to challenges during 2020 and we remain positive that we will continue to manage any new challenges in the months to come. In this context, our 2021 Outlook anticipates low double-digit CER sales growth, driven by sustained strong momentum across our businesses. We expect this to translate into a CORE EBITDA margin improvement that aligns to our 2023 Mid-Term Guidance trajectory.

Looking to the longer term, we reconfirm our 2023 Mid-Term Guidance at double-digit sales growth per year driven by Biologics, Small Molecules and Cell & Gene Technologies. We anticipate a CORE EBITDA margin of around 33% to 35%, accompanied by double-digit ROIC driven by growth and margin expansion.

Thanks to our Colleagues and Leaders
On behalf of the business, I would like to take this chance to thank Albert Baehny and his leadership team for their tireless and fastidious work across the course of the year. In his role as CEO ad interim until November 2020, Albert has galvanized and led the business through a period of unprecedented external uncertainty alongside a time of extensive internal transformation. He has handed over a business with a simplified structural design that is ready and eager to capitalize on the opportunities of the coming year.

More widely, I would like to extend my thanks to all our stakeholders, our customers, shareholders and suppliers, who have supported the Lonza business in 2020. Most importantly, I would like to take a moment to recognize the exceptional contributions of our global community of more than 16,000 employees. Their resolve, determination and fortitude has allowed us to grow and flourish during a year of unprecedented disruption and doubt. Their consistent and concerted efforts have enabled us to achieve our financial targets for the Group, while setting a foundation to deliver long-term advantage. I am proud and grateful for their achievements and look forward to working with them on the next stage of our journey in 2021.

Pierre-Alain Ruffieux
Chief Executive Officer (CEO)
2020 Highlights

January
We started 2020 by announcing strong full-year 2019 results.

April
We reported a solid Q1 financial performance, despite a challenging environment early on in the pandemic, during an unscheduled investor update.

We successfully placed our inaugural Eurobond with a value of EUR 500 million.

May
We entered into a landmark ten-year collaboration agreement with Moderna Inc. to manufacture the drug substance for Moderna’s COVID-19 Vaccine, alongside other mRNA-based collaboration projects from Moderna’s innovation pipeline.

March
We strengthened our Executive Committee with the appointment of new Chief Human Resources Officer (CHRO) Caroline Barth, who joined Lonza in May.
October

We provided details of our new structural design, cultural values and external reporting during Investor Update event.

We announced an expansion of our capsule manufacturing capacity.

We announced an agreement to manufacture AstraZeneca’s COVID-19 long-acting antibody combination.

Our Diversity and Inclusion global taskforce lead team was formed.

November

We welcomed new Group Chief Executive Officer (CEO) Pierre-Alain Ruffieux.

We announced an expansion of our highly potent drug product development and manufacturing capabilities in Tampa (USA), as well as our particle engineering and drug product capabilities in Bend (USA).

December

We announced the construction of two new customer-dedicated conjugation suites for the commercialization of ADC in Ibex® Dedicate, Visp (CH).

July

We expanded our global particle engineering network and added new dedicated development capacity for spray dry processing.

We reported strong operational performance maintained during COVID-19, with Pharma Biotech business driving group sales growth and margin improvement in Q1 2020. In addition, the Board of Directors reviewed strategic options for the long-term future of the LSI business and decided to divest the LSI segment via a sale process.

We announced that our Ibex® Dedicate facility will support the commercial manufacture of Kodiak’s KSI-301 – an Antibody Biopolymer Conjugate (ABC) for retinal diseases.

August

We expanded our microbial manufacturing facility in Visp (CH) and extended the long-term partnership with Servier for L-asparaginase API manufacturing.

September

We qualified the Cocoon® Platform towards clinical and commercial readiness and treated the first patient at Sheba Medical Center (IL) with an autologous CAR-T therapy, manufactured using the Cocoon® Platform.
Lonza at a Glance

Annual Report 2020

- **CORE EBIT in CHF**: 1,095 m
- **Sales in CHF**: 4,508 m
- **CORE EBIT margin in %**: 12.0%
- **Sales Growth in %**: 12.0%
- **CORE EBITDA in CHF**: 1,406 m
- **CORE EBITDA margin in %**: 31.2%
<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROIC in %</td>
<td>9.6</td>
</tr>
<tr>
<td>Employee (Full-Time Equivalent)</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Nationalities</td>
<td>&gt;1,065</td>
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<tr>
<td>Trademark filings</td>
<td>5,278</td>
</tr>
<tr>
<td>Active patent families</td>
<td>569</td>
</tr>
<tr>
<td>Small and large molecules</td>
<td>&gt;100</td>
</tr>
<tr>
<td>Brands</td>
<td>792</td>
</tr>
</tbody>
</table>

1. Continuing Business, excluding the Specialty Ingredients business that was reclassified to discontinued operations
2. Sales in constant exchange rate; in actual exchange rate: 7.2%
3. Employees including the Specialty Ingredients business: 16,540
4. Trademark filings including the Specialty Ingredients business; excluding: 2,360
5. Active patent families including the Specialty Ingredients business; excluding: 406
6. Brands including the Specialty Ingredients business; excluding: 270
7. Including active pharmaceutical ingredients (API), highly potent API (HPAPI), dosage form and delivery systems and particle engineering
8. Including mammalian, microbial, cell & gene therapy products and bioconjugates (applied protein services and drug product services are included for pre-clinical and clinical molecules only)
We are looking back at another successful year. Lonza (with Specialty Ingredients reported as discontinued operations) achieved CHF 4.5 billion in sales, CHF 1.4 billion in CORE EBITDA, and CHF 1.1 billion in CORE EBIT for the full-year 2020. These strong results reflect the continued positive momentum of the pharma and biotech business. We delivered on our guidance with 12.0% sales growth in constant currency (7.2% in reported currency). Our CORE EBITDA margin was 31.2%, resulting in a small margin decline of 50 bps which was anticipated and reflects the investments behind our growth initiatives.

The Swiss Franc appreciation against all our major currencies had a major impact on reported sales and led to a significant difference between the sales growth in constant currency and reported currency. However, balance sheet hedges and natural hedges mitigated the FX impact on margins.

Two other important KPIs – earnings per share (EPS) and return on invested capital (ROIC) – have seen an increase in 2020. We are pleased to have achieved a strong 6.9% year on year increase of diluted CORE EPS (CHF 12.19 for 2020) and a 9.6% ROIC, 40 bps ahead of the previous year. These strong results reflect our positive profit performance and an exceptionally low 8.8% tax rate – 1.1 pts below the prior year.

The tax rate was positively impacted by a combination of country profit mix and favorable one-time effects, including the impact of the adoption of Swiss tax reform, fully effective in 2020. We will now guide a tax rate for Lonza, excluding the Specialty Ingredients segment, of around 16% – 18% going forward.

In 2020, we increased the level of capital expenditure (CAPEX) investments to 19.7% of sales. Around 70% of our CAPEX was deployed on growth projects across businesses and geographies to drive long-term business growth. Examples include clinical mammalian capacity in Guangzhou (CN), mid-scale mammalian capacity in Portsmouth (USA), and different mammalian clinical and commercial modular facilities as part of our Ibex® Solutions in Visp (CH). All of these investments continue to build our enterprise value, as they carry attractive rates of return and ROIC levels of more than 30% after operations ramp-up. In addition, many of these investments are made against already partially or fully contracted commercial programs, leading to lower investment risk.

We have achieved an operational free cash flow before acquisitions of CHF 504 million in full-year 2020, resulting in a 36% increase versus the prior year, despite the higher levels of CAPEX investment. This exceptional result reflects the strong EBITDA improvement, continued tight net working capital management – which remained at around 16% of sales – and increased customer funding for some of the investment initiatives. With the positive cash flow result and the higher CORE EBITDA, our Net Debt to CORE EBITDA ratio decreased to 1.63 times by the end of 2020. We remain fully committed to maintaining our investment-grade rating, which is now more strongly underpinned by the favorable net leverage metrics.

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1 All figures refer to Continuing Business, excluding the Specialty Ingredients business that was reclassified to discontinued operations

2 Based on Lonza Group figures, including the discontinued operations
Outlook 2021
and Mid-Term Guidance 2023

Lonza provides the following Outlook for Full-Year 2021:

- Low double-digit CER sales growth
- CORE EBITDA margin improvement in-line with Mid-Term Guidance

Lonza confirms its Mid-Term Guidance 2023:

- Double-digit sales growth per year
- CORE EBITDA Margin of around 33%–35%
- Double-digit ROIC

Outlook 2021 and Mid-Term Guidance 2023 are based on the present business composition, existing visibility and constant exchange rates. While the businesses have shown a strong levels of resilience during the pandemic, all forecasts should continue to be treated with some caution at this time of global uncertainty arising from the COVID-19 pandemic.
### Historical Progression

#### Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4,152</td>
</tr>
<tr>
<td>2017</td>
<td>5,083</td>
</tr>
<tr>
<td>2018</td>
<td>6,542</td>
</tr>
<tr>
<td>2019</td>
<td>4,207</td>
</tr>
<tr>
<td>2020</td>
<td>4,508</td>
</tr>
</tbody>
</table>

#### CORE EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>222.2</td>
</tr>
<tr>
<td>2017</td>
<td>26.5%</td>
</tr>
<tr>
<td>2018</td>
<td>27.3%</td>
</tr>
<tr>
<td>2019</td>
<td>31.7%</td>
</tr>
<tr>
<td>2020</td>
<td>31.2%</td>
</tr>
</tbody>
</table>

#### CORE EBIT Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>15.8%</td>
</tr>
<tr>
<td>2017</td>
<td>20.1%</td>
</tr>
<tr>
<td>2018</td>
<td>21.0%</td>
</tr>
<tr>
<td>2019</td>
<td>24.8%</td>
</tr>
<tr>
<td>2020</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

#### ROIC

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8.4</td>
</tr>
<tr>
<td>2018</td>
<td>8.0</td>
</tr>
<tr>
<td>2019</td>
<td>9.2</td>
</tr>
<tr>
<td>2020</td>
<td>9.6</td>
</tr>
</tbody>
</table>

#### Capital Expenditures (CAPEX)

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>575</td>
</tr>
<tr>
<td>2018</td>
<td>705</td>
</tr>
<tr>
<td>2019</td>
<td>693</td>
</tr>
<tr>
<td>2020</td>
<td>889</td>
</tr>
</tbody>
</table>

#### CAPEX/Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8.9%</td>
</tr>
<tr>
<td>2017</td>
<td>6.9%</td>
</tr>
<tr>
<td>2018</td>
<td>5.3%</td>
</tr>
<tr>
<td>2019</td>
<td>16.5%</td>
</tr>
<tr>
<td>2020</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

#### Net Debt/CORE EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.73x</td>
</tr>
<tr>
<td>2017</td>
<td>2.70x</td>
</tr>
<tr>
<td>2018</td>
<td>3.28x</td>
</tr>
<tr>
<td>2019</td>
<td>1.8%</td>
</tr>
<tr>
<td>2020</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

1. Reported pro-forma 2017 financial results (restated for IFRS 15) include Capsugel full-year 2017 financial result.
2. Restated 2018 financial results reflect the classification of the Water Care business as discontinued operations.
3. Restated 2019 financial results reflect the classification of the Specialty Ingredients business as discontinued operations.
4. Continuing Business, excluding the Specialty Ingredients business that was reclassified to discontinued operations.
5. Based on Lonza Group figures, including discontinued operations.
In a uniquely challenging year, our business has delivered a strong financial performance while effectively executing on key growth projects. By completing the carve-out and commencing the sale of LSI, we were able to focus on investing in our Pharma, Biotech and Nutrition portfolio while optimizing our productivity and cash management.

We continued to keep the bar high for the return on our growth capex initiatives. Once sales for these new assets ramp-up, the expected ROIC is typically more than 30%, helping us achieve our mid-term target of double-digit ROIC. Our cost and cash optimization programs have also helped us to partially fund these investments.

In the uncertain market conditions arising from the COVID-19 pandemic, we have also worked to safeguard our liquidity through increased committed bank facilities and the extension of debt maturity. We also undertook the refinancing of CHF 1 billion, which included a EUR 500 million inaugural Eurobond issuance, the first ever launched with a 100% virtual communication to our investor community.

We remain confident that we can maintain our strong momentum in the future. This confidence is reflected in our revised Mid-Term Guidance for 2023 and in our more granular external reporting, which will be updated to include divisional performance in the future. In order to achieve our Mid-Term Guidance, we will continue investing ambitiously in opportunities to support future growth while optimizing performance across the business.
Road in between tulip fields as seen from above, Netherlands
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 2020 at CHF 568.8 per share, which represents an increase of 61.56% in 2020.

The free float in Lonza Group Ltd registered shares reached 99.75% at year-end, and the average daily trade volume was 368,854 shares in 2020.

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 2020:

Principal Shareholder:
BlackRock, Inc., New York, NY (USA) 9.67%

We know of no other shareholder(s) that owned more than 3% of our share capital as of 31 December 2020. 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 2020, please refer to the SIX Swiss Exchange disclosure platform.

More information for our shareholders and the capital market is available on Lonza’s Investor Relations webpage.

Dividend

Lonza’s Board of Directors is proposing a dividend increase for shareholders of CHF 0.25 per share to CHF 3.00 per share. The proposal represents a pay-out of 25.8% of 2020 reported net profit. Subject to approval at the upcoming Annual General Meeting (AGM) on 6 May 2021, 50% of the dividend of CHF 3.00 per share will be paid out of the capital contribution reserve and will therefore be free from Swiss withholding tax.

Dividend Payment History

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<thead>
<tr>
<th>Year</th>
<th>Payment (CHF/Share)</th>
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<tr>
<td>2010</td>
<td>1.75</td>
</tr>
<tr>
<td>2011</td>
<td>2.15</td>
</tr>
<tr>
<td>2012</td>
<td>2.15</td>
</tr>
<tr>
<td>2013</td>
<td>2.15</td>
</tr>
<tr>
<td>2014</td>
<td>2.15</td>
</tr>
<tr>
<td>2015</td>
<td>2.15</td>
</tr>
<tr>
<td>2016</td>
<td>2.50</td>
</tr>
<tr>
<td>2017</td>
<td>2.50</td>
</tr>
<tr>
<td>2018</td>
<td>2.75</td>
</tr>
<tr>
<td>2019</td>
<td>2.75</td>
</tr>
<tr>
<td>2020</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Creating Value in 2020
Lonza Share Price Development 2020
In CHF/Share

Lonza Share Price Development vs. Swiss Market Index (SMI), MSCI Chemicals Index and MSCI Healthcare Index
Rebased to 100

Full-Year Results 2019: 21.01.2020
Annual Report 2019: 17.03.2020
Q1 Review 2020: 17.04.2020
Annual General Meeting: 28.04.2020
Ex-Dividend Date: 30.04.2020
Record-Dividend Date: 04.05.2020
Dividend-Payment Date: 05.05.2020
Half-Year Results 2020: 24.07.2020
Investor Update: 15.10.2020

Share Price High: CHF 622.2
Share Price Low: CHF 322.8
Share Price Closing: CHF 568.8

Source: Bloomberg
Ten-Year Overview of Major Highlights

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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,692</td>
<td>3,925</td>
<td>3,584</td>
<td>3,640</td>
<td>3,803</td>
<td>4,132</td>
<td>4,548</td>
<td>5,542</td>
<td>4,207</td>
<td>4,508</td>
</tr>
<tr>
<td>CORE EBITDA</td>
<td>n.a.</td>
<td>663</td>
<td>711</td>
<td>743</td>
<td>793</td>
<td>918</td>
<td>1,196</td>
<td>1,511</td>
<td>1,334</td>
<td>1,406</td>
</tr>
<tr>
<td>Margin in %</td>
<td>n.a.</td>
<td>16.9</td>
<td>19.8</td>
<td>20.4</td>
<td>20.9</td>
<td>22.2</td>
<td>26.5</td>
<td>27.3</td>
<td>31.7</td>
<td>31.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>537</td>
<td>645</td>
<td>647</td>
<td>737</td>
<td>780</td>
<td>848</td>
<td>1,084</td>
<td>1,429</td>
<td>1,264</td>
<td>1,378</td>
</tr>
<tr>
<td>Margin in %</td>
<td>19.9</td>
<td>16.4</td>
<td>18.1</td>
<td>20.2</td>
<td>20.5</td>
<td>20.5</td>
<td>23.8</td>
<td>25.8</td>
<td>30.0</td>
<td>30.6</td>
</tr>
<tr>
<td>CORE EBIT</td>
<td>326</td>
<td>398</td>
<td>436</td>
<td>475</td>
<td>524</td>
<td>651</td>
<td>904</td>
<td>1,165</td>
<td>1,044</td>
<td>1,095</td>
</tr>
<tr>
<td>Margin in %</td>
<td>12.1</td>
<td>10.1</td>
<td>12.2</td>
<td>13.0</td>
<td>13.8</td>
<td>15.8</td>
<td>20.1</td>
<td>21.0</td>
<td>24.8</td>
<td>24.3</td>
</tr>
<tr>
<td>Result from operating activities (EBIT)</td>
<td>261</td>
<td>340</td>
<td>253</td>
<td>423</td>
<td>428</td>
<td>486</td>
<td>673</td>
<td>842</td>
<td>825</td>
<td>901</td>
</tr>
<tr>
<td>Margin in %</td>
<td>9.7</td>
<td>8.7</td>
<td>7.1</td>
<td>11.6</td>
<td>11.3</td>
<td>11.8</td>
<td>14.8</td>
<td>15.2</td>
<td>19.6</td>
<td>20.0</td>
</tr>
<tr>
<td>CORE RONOA in %</td>
<td>n.a.</td>
<td>8.8</td>
<td>12.3</td>
<td>14.3</td>
<td>16.4</td>
<td>21.5</td>
<td>30.0</td>
<td>31.4</td>
<td>32.1</td>
<td>28.9</td>
</tr>
<tr>
<td>RONO in % 4</td>
<td>6.9</td>
<td>7.5</td>
<td>5.9</td>
<td>10.3</td>
<td>10.8</td>
<td>12.7</td>
<td>9.8</td>
<td>12.1</td>
<td>13.4</td>
<td>14.0</td>
</tr>
<tr>
<td>ROIC in % 5,4</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>8.4</td>
<td>8.0</td>
<td>9.2</td>
<td>9.6</td>
</tr>
<tr>
<td>Net Operating Assets (NOA) 3</td>
<td>4,205</td>
<td>3,990</td>
<td>3,916</td>
<td>4,094</td>
<td>3,739</td>
<td>3,739</td>
<td>6,852</td>
<td>6,795</td>
<td>6,166</td>
<td>6,411</td>
</tr>
<tr>
<td>CORE EPS (diluted) in CHF</td>
<td>4.34</td>
<td>4.54</td>
<td>4.97</td>
<td>6.76</td>
<td>6.76</td>
<td>8.38</td>
<td>10.78</td>
<td>11.98</td>
<td>11.40</td>
<td>12.19</td>
</tr>
<tr>
<td>EPS (diluted) in CHF</td>
<td>2.97</td>
<td>3.35</td>
<td>1.67</td>
<td>4.54</td>
<td>5.26</td>
<td>5.69</td>
<td>9.70</td>
<td>0.00</td>
<td>8.68</td>
<td>9.77</td>
</tr>
<tr>
<td>Operational free cash flow (bef. acquisitions)</td>
<td>127</td>
<td>510</td>
<td>519</td>
<td>476</td>
<td>693</td>
<td>638</td>
<td>658</td>
<td>884</td>
<td>371</td>
<td>504</td>
</tr>
<tr>
<td>Net debt 4</td>
<td>2,647</td>
<td>2,301</td>
<td>2,103</td>
<td>2,011</td>
<td>1,660</td>
<td>1,584</td>
<td>3,762</td>
<td>3,534</td>
<td>2,961</td>
<td>2,813</td>
</tr>
<tr>
<td>Net debt /CORE EBITDA 4</td>
<td>n.a.</td>
<td>3.47</td>
<td>2.96</td>
<td>2.70</td>
<td>2.09</td>
<td>1.73</td>
<td>2.70</td>
<td>2.28</td>
<td>1.83</td>
<td>1.63</td>
</tr>
<tr>
<td>Number of employees (Full-Time Equivalent) 3</td>
<td>11,001</td>
<td>10,789</td>
<td>9,935</td>
<td>9,809</td>
<td>9,829</td>
<td>10,130</td>
<td>14,618</td>
<td>15,375</td>
<td>15,468</td>
<td>16,540</td>
</tr>
</tbody>
</table>

1 Lanza continuing operations, excluding the Water Care business classified as discontinued operations
2 Restated to reflect the classification of the Specialty Ingredients business as discontinued operations (see note 5)
3 Introduced in 2018, comparable data for 2017 was provided
4 RONO in % and ROIC in % reflect total group including discontinued operations
5 refer to section “Alternative Performance Measures” of the Financial Report for more details on the calculation methodology

Creating Value in 2020
Throughout our 123-year history, the Lonza business strategy has been to respond dynamically to the demands and opportunities of the external environment. This has been a key factor in our growth and success. 2020 provided a unique operating environment, as the business world absorbed and learned to manage the impacts of the COVID-19 pandemic. True to our heritage, we remained agile to these developments by maintaining a strategic focus on internal evolution and external adaptation.

Internally, the decision to divest the Lonza Specialty Ingredients (LSI) segment provided an opportunity for us to refocus on our objective to consolidate our position as a leading partner to the healthcare industry. Concurrently, we remained responsive to the demands of the pandemic, and the developments of the industry. This strategic approach has enabled us to deliver a strong set of financial results while ensuring that the business is set up for long-term success. Importantly, it has also allowed us to make an active and decisive contribution to controlling the pandemic.

Structural Design

The decision to divest the LSI segment has allowed us to focus our energy and attention as a pure-play partner to the healthcare industry. In this context, we have redesigned the Lonza company structure to meet customer needs and expectations, as well as delivering optimal levels of productivity and efficiency. From 1 January 2021, our businesses have been placed into four divisions, each of which are set out below. From 2021, we will report the financial performance for each division.

Our Strategic Focus

Small Molecules
- Active Pharmaceutical Ingredients
- Drug Product Formulation

Biologics
- Mammalian
- Microbial
- Licensing
- Bioconjugates
- Parenteral Drug Product Services
- mRNA

Cell & Gene
- Cell & Gene Technologies
- Personalized Medicines
- Bioscience

Capsules & Health Ingredients
- Capsules
- Health Ingredients
Business Performance

In the context of the COVID-19 pandemic, we have redoubled our focus on ensuring business continuity and maintaining resilience. We have worked to strengthen our supply chain and increase our free cash flows, while implementing new safety measures to ensure that employees can still safely attend our manufacturing plants and laboratories. We have been impressed by our people’s resolve, dedication and energy throughout the pandemic, as they have adapted to their new working conditions.

To further improve margins during a time of high CAPEX investment, we have redoubled our efforts to deliver lean operations, while maintaining our focus on quality. Although speed has always been an important consideration for our customers, it has become a critical necessity in the context of the COVID-19 pandemic. Our agreement to manufacture the drug substance for Moderna’s COVID-19 Vaccine progressed from contract negotiations to production in eight months at our site in Visp (CH), and even more rapidly in Portsmouth (USA). The pre-built capacity provided by our Ibex® Solutions offering has been instrumental in accelerating delivery timelines, and has provided advantages to our customer’s business, as well as wider societal benefits.

Innovation

We understand that innovation provides a point of differentiation for our business. We drive innovation with new manufacturing processes, as demonstrated by our work to deliver the mRNA platform in the Moderna COVID-19 Vaccine drug substance. We are also working on process innovation by increasing automation to streamline human intervention. This can be seen in our Cocoon® Platform, which improves efficiency in cell therapy manufacturing by providing an automated, closed production platform.

Our approach to innovation further extends across the entire breadth of our divisional offerings from small molecules to biologics. Our Ibex® Solutions offering provides pre-built capacity that can deliver drug product for clinical trials, and expedite clinical and commercial production. We are also extending our capabilities in meeting our customers’ complex manufacturing needs, across a wide variety of products and services.

Sustainability

Sustainability is a strategic priority for our business. We have an ethical responsibility to protect the environment, promote diversity and invest in our local communities. It is also an increasing priority for our customers, investors and employees.

We have an established track record in delivering improved levels of environmental stewardship. We are reducing our energy consumption and carbon footprint, while refocusing on renewable energy resources. We are also continuing to decrease our industrial water intensity.

Alongside these important measures, we are taking steps to become a more inclusive and purpose-led organization. In 2020, we established a global Diversity and Inclusion Taskforce to ensure that we provide a welcoming environment in which colleagues are valued for their differences of characteristic, preference, perspective and belief.

We have also worked on multiple community investment projects across the locations and markets in which we operate. Among other projects, in response to the COVID-19 pandemic, we provided disinfectant solutions and personal protective equipment to hospitals in Switzerland and the US, while supporting critical hygiene projects in India.

Long-term Focus

All four of our business divisions operate in growing markets, and our long-term demand forecasts have left us confident to make significant and sustained investments in capacity expansion. We plan to maintain existing levels of CAPEX expenditure for the next two years, to ensure that we fully capitalize on market growth opportunities. In the short term, we are working to improve margins by managing our OPEX, when facilities and operations come online and commence ramp-up. Looking to the longer term, these investments are set to deliver sustained growth while differentiating the scope and scale of our offerings.
Our Approach to Sustainability

We are dedicated to providing the highest quality products and services to our customers, while minimizing our impact on the environment, striving for energy and resource efficiency and helping to improve quality of life.

As part of this commitment, we work to ensure transparency by reporting in line with the Global Reporting Initiative (GRI) Standards. These represent the industry standard for reporting on economic, environmental and social indicators. The Lonza Sustainability Report 2020 focuses on the topics most relevant to our business, as identified in our 2018 materiality assessment.

Material Topics and Sustainable Development Goals

In 2018, we performed a materiality assessment with the involvement of more than 100 stakeholders to prioritize our initiatives and activities that best support sustainable development. A total of 16 topics were identified as the most relevant for us globally, reflecting the sustainability benefits and impacts of our operations, products and services along our value chain.

The Sustainability Report 2020 provides more detail on each topic and outlines our management approach and performance results.

In addition to the materiality topics, we also recognize the importance and relevance of the UN Sustainable Development Goals (SDGs). The goals contain a broad range of sustainable development themes, including alleviating poverty and hunger, improving health and education, reducing inequalities, promoting responsible consumption, combating climate change and protecting natural resources. There is a global ambition to achieve these interconnected goals by 2030.

Our Policy

Our Environment

We improve our environmental footprint by continually reducing energy, water and material demand.

Compliance and Integrity

We ensure that regulatory compliance, integrity and ethical conduct are the foundations in every place we operate.

Vision ZERO

We continually improve our systems and aspire to ZERO incidents, injuries or emissions.

Our People

We develop our employees by helping them grow. We provide safe workplaces, care for employees' well-being and foster their involvement and participation.

Value for Society

We create value for society by delivering science-based solutions to develop the medicines and consumer products of tomorrow. We engage in the communities where we operate.
We are committed to contributing to the realization of these goals. From the 17 SDGs, we have identified the eight that we consider the most relevant and pressing for our own industry, operations and sustainability focal areas.

We contribute to the SDGs through our crop protection solutions, which improve crop yields and food quality. Similarly, our nutritional supplements and our products, services and cutting-edge technologies help save, extend and enhance lives. Our company is an equal opportunity employer, empowering employees and investing to improve innovation and resource efficiency. We have also established partnerships and sponsoring programs for research, education and basic healthcare.
Safety and Sustainability Targets

Our long-term goal is to improve our sustainability performance and reduce our environmental footprint. Using 2018 as the baseline, we have defined the targets from 2020 to 2030 (see the table below). We are working to achieve a greenhouse gas reduction of more than 50% compared with our 2010 carbon footprint intensity, in line with the Paris Agreement timeline.

Accidental emissions or leakages are unintended occurrences and are reported when observed. At one production plant at our Visp (CH) site, an unintended release of nitrous oxide emissions (N2O) was detected, which we addressed as leakage in our 2019 Sustainability Report. The site has developed an action plan together with the relevant authorities. It includes the installation of a new state-of-the-art exhaust gas treatment process to mitigate the emissions, based on a selective catalytical process. The installation will be approximately 18 meters high with an area of 95 m²; construction began as soon as the permits were granted by the authorities. With this treatment plant, the N2O emissions will be largely eliminated. It is estimated that it will be in operation by the end of 2021.

Given the nature of the N2O emission and the measures undertaken to reduce it in the next two years, we will continue to track our 2019 to 2030 targets using the same baseline and targets as defined in 2018. In parallel, we will track and provide updates on the intensity of the emissions and on the absolute carbon emissions with and without the N2O leakage, as detailed in our Sustainability Report.

Our safety targets are aligned with our Vision Zero initiative, which aims to accomplish zero workplace injuries or illnesses, zero manufacturing process incidents, zero environmental incidents and zero transportation incidents involving our products or services. Since 2019, our safety targets are set on a local basis and linked to metrics based on identification and closure of safety-related corrective actions at each of our operating sites. This moved us from a lagging metric based on injuries that can have high year-on-year variability, to a leading metric that drives employee behavior and involvement.
We applied targets per CHF 1 million sales on the basis of our diverse product portfolio, which ranges from manufacturing of chemical bulk products to pharmaceutical ingredients; from medical capsules to food supplements; from gene technology to cell-media production. This diversity could only be reconciled with a financially focused denominator. The targets and baseline will be reassessed with the divestment of the Specialty Ingredients segment.

In addition to the global goals, sites set local targets for material topics for their locations (such as emissions, water quantity and parameters). Sites will develop a three-year roadmap, which will include their action plans around global and local targets.

A Systematic Approach to Safety and Sustainability

Our approach to safety and sustainability in Lonza is committed and systematic. We have policies in place, including our aspirational Vision Zero, for the reduction of accidents, incidents and emissions. Across all our sites, we collect data for accidents and incidents, energy, water and waste, and analyze deviations from established goals. Our Environment, Health, Safety and Sustainability (EHS&S) team regularly visits and audits our sites to identify compliance risks and procedures that do not meet our standards.

We also review the impact of workplace risks on our business performance and find ways to mitigate these risks. In this context, we see safety and sustainability as opportunities that allow us to maximize our value creation for society, our customers and our people while reducing our environmental footprint. During the COVID-19 pandemic, additional guidance and procedures were implemented to keep our employees safe and ensure continuity of operations.

At the end of the reporting year, approximately 228 people worked in the core EHS&S field across Lonza. EHS&S operating costs amounted to CHF 67,100 million in 2020. Capital expenditure on EHS&S totaled CHF 79,904 in 2020.

Our Progress in 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY 2018</th>
<th>FY 2020</th>
<th>Change</th>
<th>2020 Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (GJ/million CHF)</td>
<td>2,098</td>
<td>1,790</td>
<td>-14.7%</td>
<td>-4% Achieved</td>
</tr>
<tr>
<td>CO$_2$-eq (Scope 1 &amp; 2 mt/million CHF)$^2$</td>
<td>150</td>
<td>129</td>
<td>-13.9%</td>
<td>-6% Achieved</td>
</tr>
<tr>
<td>Waste (mt/million CHF)</td>
<td>27.1</td>
<td>27.9</td>
<td>+3%</td>
<td>-4% Not Achieved</td>
</tr>
</tbody>
</table>

1 The baseline has been restated due to the inclusion of three sites in the reporting framework (Monteggio, CH, Geleen, NL and Hayward, USA), and the correction of previous data entry inaccuracies
2 The CO$_2$-eq rate and the reduction target is relative to the 2018 baseline, recording routine emissions from combustion and general sources, excluding the N$_2$O leakage, see more in 2020 Sustainability Report

Creating Value in 2020
Our Approach to the COVID-19 Pandemic

COVID-19: Maintaining Business Continuity and Protecting our Employee Community

Throughout 2020, we worked tirelessly to manage our business through the COVID-19 pandemic. Our business of delivering medical treatments and microbial control solutions proved critical in the fight against COVID-19 and led to the categorization of Lonza as an “essential business”. As such, our license to operate remained intact in nearly all markets with only temporary interruptions in some of our Specialty Ingredients sites.

Even before the scale of the pandemic was fully recognized, we set up a global Lonza Taskforce and implemented global pandemic guidance for our employees. We closely monitored the spread and development of the pandemic, adapting global and local measures, as required, to ensure the continuing safety of our global employee community, whilst also maintaining business continuity as a supplier of essential products and services. Such measures included the implementation of COVID-19 specific components of business continuity plans at each site, restrictions on all international business travel and the requirement that employees should work from their homes if they were able to do so. At all times, local rules and restrictions implemented by different jurisdictions were carefully observed and followed.

While we were able to control and support our operations, we remained dependent on suppliers for raw materials and logistics companies to deliver them. Our teams worked diligently across our supply chain to minimize any disruption, keeping in close contact with suppliers and customers to mitigate any delays arising from a stretched supply chain.

Global COVID-19 Taskforce

To help steer the company through the pandemic, a Global COVID-19 Taskforce was formed in January 2020. This included representatives from a wide range of functions across the business, including Operations, Legal, HR, EHS&S, Corporate Risk and Strategy Implementation, and Communications. This group has worked throughout the pandemic to address challenges, protect Lonza’s employees and to help ensure business continuity.

As the pandemic has progressed, additional working groups have been formed to tackle the specific challenges that have arisen. Regional working groups for the EMEA, APAC and the Americas regions were convened, as well as groups to address more specific issues such as personal protective equipment (PPE) supplies and supply chain. Each of these working groups report into the Global COVID-19 Taskforce to ensure a consistent response across the business.

The Taskforce was also responsible for scenario planning to ensure that the business was set up to respond to anticipated challenges. During the first months of the pandemic, the group centralized plans for the anticipated “second wave” of infections. As this new wave of infections spread across many markets in the latter half of 2020, all our sites remained operational thanks to the measures taken, based on learnings from the “first wave” of the pandemic. These measures enable us to ensure the continued health and safety of our global employee community and business continuity for our customers.

Protecting our Employee Community

Since the start of the pandemic, we remained steadfast that employee safety was our top priority. As a manufacturing company, factory- and laboratory-based employees needed to continue to attend work to maintain business continuity. For our site-based colleagues, we made specific provisions for each site to afford the highest possible levels of safety to all employees. Such measures included daily temperature screening, social distancing on site, the provision of mandatory personal protective equipment, increased disinfecting schedules and split team working arrangements. At our Visp (CH) site, we opened a testing center outside the site premises to offer COVID-19 tests for employees who showed symptoms of the virus, or who were requested to test by the SwissCOVID app.

For our employees who transitioned to working remotely, additional resources were provided to assist with the shift and further IT measures were established to ensure that our systems could support the increase in agile and remote working practices. We also provided guidance to help employees make optimal use of our remote working technologies and maintain strong levels of cybersecurity.
The wellbeing of our employee community has been a continuing focus throughout the pandemic. Cognizant of the impact that the pandemic may have on employee mental health, our HR teams have offered advice and support where needed. As an example, our Employee Assistance Program was launched in 2020 and provides a confidential counselling service designed to help employees and their families to navigate any professional or private challenges.

**Keeping our Stakeholders Up to Date**

Alongside the extensive work undertaken to protect and engage the global employee community, we also worked closely with customers and investors throughout the pandemic. Many investors were rightly concerned by potential financial and economic impacts arising from high levels of macroeconomic uncertainty.

In response to these concerns, we provided an unscheduled quantitative update on our financial performance at the end of Q1 2020. We also provided and attended a number of virtual investor roadshows and conferences throughout the year. In line with the local Swiss regulations and measures to fight COVID-19, we decided to conduct the Lonza Annual General Meeting in 2020 solely by voting through the independent proxy, and without the physical attendance of shareholders. This measure allowed us to hold the Annual General Meeting as planned, in a virtual format.

Our Half-Year 2020 results presentation was executed as a hybrid event. In addition, we held a hybrid Investor Update in October where we provided visibility on the status of COVID-19-related customer projects, as well as information on our new divisional structure, divisional priorities and our 2023 Mid-Term Guidance. Both events were conducted in line with local Swiss regulations including the limitation on number of people being physically present, and the continuing management of social distancing provisions for those who were able to attend.

In the early days of the pandemic, the Global COVID-19 Taskforce established a set of agreed behaviors to steer our response: no panic, and no complacency. Achieving the best possible outcome from a challenging situation has remained our end goal and guiding star.

As a global business with a strong internal network, we called on the experience of our teams in China and Singapore early in the pandemic to ensure we were prepared for the eventual spread of the virus to Europe and the Americas. The success of our approach depended on remaining one step ahead of the virus whenever possible. For example, we undertook extensive risk analysis and scenario planning in anticipation of the “second wave” of infection, which commenced in Europe and the Americas during the latter half of 2020.

For Lonza, the pandemic provided an opportunity to support not only our customers and their patients through continuous business operations, but also our employees and their families by promoting safety in the workplace. In addition, we had the opportunity to provide support to local communities around our sites. Last, but certainly not least, we have been pleased and proud to support our customers in commercializing their therapies and treatments to control the COVID-19 virus.

While the pandemic has caused multiple global challenges, it has also demonstrated that our work can make a significant difference to people’s lives. As an essential business, we bring our energy, experience and expertise to help solve one of the most significant issues yet faced by humankind in the third millennium.
Our Role in the Fight Against COVID-19

As a leading global biopharmaceutical development and manufacturing company, it was important to us to participate in projects that support the global efforts against COVID-19. As our business and people demonstrated their resilience by maintaining operations and managing supplies, we were well positioned as a global partner of choice for customers in search of advanced and robust manufacturing capabilities.

In this context, we have received more than 200 enquiries to collaborate with customers on COVID-19 related projects. From an early stage, we chose to focus our energy and attention on those projects where our involvement would create the most beneficial outcomes. Below, we provide a snapshot of the projects that we have supported throughout the year:

- **Moderna COVID-19 Vaccine**: in May 2020, we entered into a ten-year global strategic collaboration with Moderna, in which we became the named manufacturing partner for Moderna’s mRNA technologies. Specifically, we were listed as the preferred manufacturer for the drug substance of Moderna’s COVID-19 Vaccine – one of the first vaccines considered safe and effective to be deployed in the long-term fight to control and contain COVID-19. Moderna’s COVID-19 Vaccine has been already authorized for use in the US, Europe and Switzerland. For more information, refer to page 59.

- **AstraZeneca**: we announced an agreement with AstraZeneca in October 2020 to manufacture its COVID-19 long-acting antibody combination, AZD7442, which is currently being developed for the potential prevention and treatment of COVID-19. Manufacturing is due to begin in H1 2021 at our Portsmouth (USA) site.

- **Altimmune**: in November 2020, we announced an agreement to manufacture Altimmune’s AdCOVID™ single-dose intranasal vaccine candidate for COVID-19, expanding commercial readiness in preparation to produce the commercial vaccine in 2021.

- **Humanigen**: we are collaborating with Humanigen to expand Lenzilumab manufacturing capacity in advance of potential Emergency Use Authorization (EUA). Lenzilumab is an antibody with the potential to prevent and treat an immune hyper-response called ‘cytokine storm’ in COVID-19 patients.

- **U.S. Environmental Protection Agency (EPA) approval for 16 Lonza disinfectant ingredients**: in August 2020, 16 Lonza disinfectant ingredients secured EPA approval for surface use against SARS-CoV-2 virus and were specifically approved to kill the virus on hard surfaces. We experienced unprecedented demand for quaternary (“quat”) ammonium-based disinfectant products during the COVID-19 pandemic and committed to increasing production to meet the surge in demand for hygiene products to stop the spread of SARS-CoV-2.

In addition to these group-wide efforts in the fight against COVID-19, our sites have undertaken local initiatives to support the communities in which they operate. These initiatives included hand sanitizer production to provide to hospitals, nursing homes and other institutions in Visp (CH) and Williamsport (USA). We have also supported NGO Hand in Hand Switzerland’s emergency plan and delivered sanitizers to 500,000 households in rural, underprivileged communities. Furthermore, we have provided community support, such as donating more than 10,000 pieces of personal protective equipment to the medical teams in Colmar (FR). For more information, please refer to page 9 of the Sustainability Report.
Talent Management

2020 has been a year of uncertainty, challenge and opportunity, all of which have focused our attention on supporting our people and the strategic ambitions of our business. Growth remains a priority across many business units, and HR has supported in delivering this objective by hiring and onboarding new talent (2,377 new employees) while looking after our 16,540 existing employees, by keeping them engaged and motivated. As part of the carve-out and divestment of the Specialty Ingredients business, we have worked to transform it into an independent unit, while redoubling our efforts to optimize the new organizational structure of the wider Group business by establishing future-fit HR systems and processes.

Many colleagues (36% of the global employee population) are now working remotely due to the pandemic. However, our essential workers (64% of employee population) continue to come to our manufacturing sites and research and development (R&D) facilities, with clear guidelines and procedures to protect and maintain their health and safety. This hybrid approach to on-site and remote working across the organization brings an opportunity to explore innovative ways to use communications and technologies to engage and equip our workforce. Many of these changes have allowed us to become more effective in our collaboration and our sharing of knowledge, and they have set a positive precedent for how we will work in the future.

The Lonza workforce now covers all generations from Baby Boomers through to Generation Z, making us a truly cross-generational community. Female presence increases through the generations with a 54% higher presence among Generation Y compared to Generation X. Indeed, in some countries such as the United Kingdom, Spain and the Netherlands, the female-to-male employee ratio broadly sits at 50:50. Overall, the Lonza workforce comprises colleagues from more than 100 countries, providing a vibrant and diverse community of multiple nationalities, languages, cultures and perspectives.

Caring for our Colleagues During the COVID-19 Pandemic

Providing support, safety and security to our colleagues during this time has remained a top priority for our business. Regular communication to our global employees has played a critical role in maintaining their safety. We have developed a comprehensive well-being offering, including an Employee Assistance Program, which is accessible to all of our global employees. We have also updated our absence policy in 2020, to provide greater flexibility to those who need it. Furthermore, as the pandemic has evolved, we have continued to ensure that employees travelling on business away from their home country are fully supported and those who wish to be repatriated can do so safely. With COVID-19 restrictions in place, “virtual assignments” were created as a temporary replacement for all new hire contracts that required a relocation. This ensured we did not lose any incoming talent, as those affected were still able to commence their employment at Lonza.

We understand that the employee experience is a critical component of talent attraction and retention. As many of our employees try to achieve a fair balance between their home and working lives, it has become increasingly important to identify a globally consistent way of recognizing exceptional commitment and additional workloads. In this context, we have rolled out a global recognition scheme, named “Bravo”, to allow colleagues to recognize each other, no matter where they are based and what function they are in.

To support the enhanced employee experience, the HR function has also launched several initiatives to review and improve the moments that matter in the candidate and employee journeys. Many employee interviews were conducted to collect valuable feedback and insights into how we can improve the experience.

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1 All figures reflect total Lonza Group, including Lonza Specialty Ingredients business
2 The generation is generally defined as people born from 1946 to 1964
3 The generation is generally defined as people born from 1997 to 2012/15
4 The generation is generally defined as people born from 1981 to 1995
5 The generation is generally defined as people born from 1965 to 1979/80
Geographic Diversity

- APAC
- Central America
- EMEA
- North America
- South America

The figures reflect total Lonza Group, including Lonza Specialty Ingredients business.

Hires in 2020 by Region

- APAC
- Central America
- EMEA
- North America
- South America

The figures reflect total Lonza Group, including Lonza Specialty Ingredients business.

Broad Balance Across Age Groups

- Male
- Female
- >70
- 66–69
- 61–65
- 56–60
- 51–55
- 46–50
- 41–45
- 36–40
- 31–35
- 26–30
- 21–25
- <20

Male – Including LSI
Female – Including LSI
Male – Excluding LSI
Female – Excluding LSI

Six employees did not wish to disclose their gender.

The figures reflect total Lonza Group, including Lonza Specialty Ingredients business.
Attracting Talent

The exceptional circumstances of 2020 gave us the opportunity to further develop and optimize our online and digital talent acquisition technologies. Despite the pandemic and its impact on the global economy, we continued on our growth trajectory, meeting our original hiring plan of recruiting more than 2,300 employees, supporting business continuity across all sites, as well as global growth and strategic projects.

Our collaboration with Moderna has led to growth opportunities at our sites in Portsmouth (USA) and Visp (CH). We are now focused on ensuring the consortium can attract and hire the right people, in the right places at the right time. At a time of restriction on talent mobility, our 436 global mobile workforce has been supported to navigate challenges efficiently, while also ensuring compliance. Most importantly, we have worked to ensure our people are safe and supported. Our talent mobility brings with it an increased global presence for our Lonza brand, and confers greater attractiveness as an employer (we have seen a 29% increase in the number of applications for available roles compared to 2019).

Through video conferencing technology, our interviewing and onboarding processes are now adapted to accommodate a fully remote setting. These platforms have allowed us to adapt dynamically to the environmental constraints of the pandemic, while allowing us to continue to bring top talent into Lonza in support of our ambitious hiring agenda.

Developing Talent

We have approached talent development in a focused way in 2020, by prioritizing specific areas such as Engineering, Operations and Finance. For selected top talent groups, we have a fully virtual mentoring program with a number of expert speakers on leadership development. Furthermore, to support our agile business and respond to the business environment, selected employees have been given the chance to complete a change management certification.

People Managers (17% of Lonza’s workforce) play a key role in employee engagement, satisfaction and performance. We understand their importance and provide them with support and development via guided virtual training and refresher courses. These monthly virtual sessions for all Lonza People Managers cover a range of relevant topics such as interviews with our senior executives on how they work from home, to cross-cultural communications and coaching for development. We also offer timely topics to support these People Managers in delivering the specialist professional responsibilities.

In addition, we have made significant progress in applying digital tools for training, such as virtual reality (VR) to allow employees to prepare for their tasks in production at their own speed. There are already five VR training modules with specific “standard work units” successfully deployed; a further 34 modules are currently in development.

We work to ensure that all of our employees have access to training and development, whether they continue to operate in our labs, on our sites or from their homes. We understand that continual learning is key to both professional and personal development. We saw a surge in the use of our e-book library and webinars, as more than 20% of our employee community were recorded as unique users. The content of greatest interest focused on resilience, conducting virtual meetings and leading under crisis and uncertainty. In addition, we offered a five-part “Summer Reading Series” with targeted resources, webinars and training to help our colleagues in the pandemic. Topics included support on parenting, stress management, self-care and personal resilience.

We believe our colleagues and their experiences are a key source of learning. Our mentoring programs across the business allow our employees to learn from each other, create vital networks and share relevant experience and knowledge. We offer global virtual mentoring, which adds a fresh dimension, through learning from different cultural experiences. We also work to ensure that Lonza remains a place to stay and grow for existing employees. Our high internal fill rate across the organization at 30% is testament to this. This means our people often have the chance to move into new roles within the organization and continue on their learning and development journey. This also includes global assignments for select employees.

Embracing Diversity and Inclusion

Diversity and Inclusion (D&I) at Lonza is focused on creating the environment, systems, structures and behaviors for employees to feel truly valued and respected, as well as providing an authentic sense of belonging to our global community. We continue working to ensure that our employees feel they have a voice that will be listened to and the opportunity to work at their best, because our business truly values diversity and difference of characteristic, preference, belief and perspective.

External developments and events this year caused Lonza to stop and think more deeply about our culture of inclusion and the diversity of our workforce. The wide-ranging diversity of our global employee community brings with it a spectrum of opinions, perspectives and experiences, which are the strongest drivers of innovation and creativity.
We understand that hard work and commitment are required to ensure we attract and retain a diverse employee base. As such, we have redoubled our commitment to ensuring Lonza is a place for all, both now and in the future. To support this, we have established a D&I Steering Committee, comprising Group Heads of HR, Communications, Ethics and Compliance and Legal. This is designed to provide strategic direction to a D&I Global Taskforce, comprising select employees to consider the D&I issues that may impact our community. This Taskforce is supported by a community of D&I Ambassadors, who monitor local issues and bring to life our D&I agenda across our global site network.

This comprehensive governance structure is designed to provide a robust assessment of D&I across the company to develop a D&I roadmap. It aims to mitigate unconscious bias, foster inclusive leadership and ensure that all Lonza talents are able to thrive and add value. These initial steps represent the beginning of a journey, and we look forward to sharing further progress in the coming year.

Bringing our Culture to Life

Building a culture relies on a core set of shared values, beliefs, habits and behaviors, as well as a united employee community. A cultural identity must be built and earned. It forms a compass to guide the behavior and mindset of individual employees. Based on this, we are finalizing a refreshed set of cultural values, defining key behaviors that we encourage all employees to embrace every day.

2020 has proved to be a year of many unprecedented events and unexpected opportunities. Our achievement in the HR function allows us to look positively into the future, as we make plans to embed our new values and behaviors into our company culture and engage our valued employees in the journey.

Personal Perspective

Caroline Barth
Chief Human Resources Officer (CHRO)

The HR Function has worked with great care and perseverance on a hiring strategy to meet Lonza’s ambitious growth plans. New hiring records were reached and in October 2020 alone more than 300 candidates globally accepted offers of employment from Lonza. This looks set to increase again in 2021, as we anticipate more than 30% further increase on current hiring levels.

During the COVID-19 pandemic, we have flexed to meet changing business needs while adapting to navigate restrictions on movement, always with a focus on providing high touch support for our colleagues on assignment or relocating. Remote interviews have improved efficiency for our hiring managers, while virtual onboarding has provided a fresh view on the employee journey for our candidates. At a leadership level, we also worked on our governance and decision-making processes to maintain a careful balance between business need and recruitment in an uncertain environment.

Turning to our existing employee community, we are working to develop a more robust and structured approach to Diversity and Inclusion, while establishing an Employee Assistance Program (EAP). Such an offering has become particularly important over the last year, when employees are facing unexpected challenges in both their professional and personal lives. As we move into 2021, we will continue to focus on the experience of our existing employees, by ensuring that we localize and live our Employment Value Proposition (EVP), as well as working with the Lonza leadership team and the broader organization to embed a revised set of company values.
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