

**Regulations Governing Internal  
Organization and Board  
Committees**

**Version dated 24 October 2018**

The Board of Directors of Lonza Group Ltd, Basel, Switzerland (“Lonza Group” or the “Company”), has issued the following Regulations Governing Internal Organization and Board Committees ("Organizational Regulations") based on Art. 17 to 19 of the Articles of Association of Lonza Group.

### **Art. 1 Definitions**

In these Organizational Regulations the following terms are to be understood to have the meaning as specified below:

- Affiliate:        company in which Lonza Group holds 50% of voting rights or less, directly or indirectly;
- Group:            Lonza Group and its Subsidiaries and Affiliates;
- Subsidiary:      company in which Lonza Group holds more than 50% of voting rights, directly or indirectly.

### **Art. 2 Board of Directors**

#### **2.1    *Function***

In accordance with Art. 716 CO, the Board of Directors may pass resolutions on all matters not reserved to the general meeting by law and the Articles of Association; the Board of Directors is responsible for managing the business of Lonza Group unless responsibility for such management has been delegated under the terms of these Organizational Regulations.

The Board of Directors is responsible for the tasks assigned to it under the terms of Art. 18 of the Articles of Association, in particular for the ultimate management of Lonza Group and for the ultimate supervision of the persons entrusted with Company management, especially with regard to compliance with the law, the Articles of Association, regulations and directives. It is entitled to issue all necessary directives.

The Chairperson, the Vice Chairperson and the other members of the Board represent the Company with joint signature by two.

## 2.2 *Constitution*

Except for the election of the Chairperson and the members of the Nomination and Compensation Committee, the Board of Directors constitutes itself. The Board of Directors elects a Vice Chairperson and, a Secretary. The Secretary need not be a member of the Board of Directors.

The Chairperson is elected by the Shareholders' Meeting for a term of office until completion of the next ordinary Shareholders' Meeting. If the office of the Chairperson is vacant, the Board shall appoint a new Chairperson from among its members for the remaining term of office.

The Board of Directors may assign special duties to individual members or to separate committees. The standing committees of the Board of Directors are described in **Appendix 1**.

## 2.3 *Number of Members*

The Board of Directors shall be composed of at least five members.

## 2.4 *Term of Office and Limit of Incumbency*

The term of office for each member of the Board of Directors is from one ordinary Shareholders' Meeting until the next ordinary Shareholders' Meeting.

Members may not serve more than nine complete terms of office on the Board of Directors. If deemed in the best interest of the Company, the Board of Directors can extend this limit.

## 2.5 *Meetings*

The Board of Directors meets as often as business requires, but at least four times a year.

### *Calling Meetings*

Meetings of the Board of Directors are called by the Chairperson or the Vice Chairperson. The Chairperson shall convene a meeting if he/she receives a written request, stating the reasons, from the Executive Committee or any member of the Board of Directors.

### *Chairpersonship*

At meetings of the Board of Directors, the chair is held by the Chairperson, or if he/she is prevented, by the Vice Chairperson; if both the aforementioned are prevented, the chair is taken by a Chairperson-for-the-day, elected by the Board of Directors from among its members for the meeting in question.

### *Invitation; Agenda*

As a rule, invitations to meetings of the Board of Directors and the meeting's agenda are to be sent to members at least one week before the date of the meeting. The agenda for meetings of the Board of Directors is drawn up by the Chairperson or the Vice Chairperson.

### *Participants Without Voting Rights*

In general, the members of the Executive Committee are invited to attend the meetings of the Board of Directors. Other persons may be invited. The members of the Executive Committee and other persons invited do not have the right to vote.

### *Quorum Requirements*

The Board of Directors has a quorum when more than half of its members are present. The requirement of presence is met if the members are able to communicate simultaneously (by telephone, video, internet/intranet or other technical means).

No presence quorum is required for formal resolutions of the Board of Directors in connection with a capital increase.

### *Resolutions*

Resolutions of the Board of Directors are passed with the simple majority of the votes submitted. In the event of a tie vote, the Chairperson shall have the casting vote.

### *Circulation Resolutions*

Resolutions of the Board of Directors may be passed by circulation (letter, facsimile, e-mail) inasmuch as no member of the Board of Directors requests of the Chairperson a Board meeting on the matter prior to adoption. Resolutions passed by circulation are subject to the same majority as the other resolutions.

### *Minutes*

The Secretary takes minutes of the meetings of the Board of Directors; these minutes are to be signed by the person chairing the meeting and by the Secretary himself.

### 2.6 *Chairperson's Duties*

The Chairperson is responsible for informing the Board of Directors about the business activities of the Group. He/she prepares the Board's meetings, chairs them and oversees the implementation of its resolutions and the business activities of the Group. The Chairperson maintains regular contact with the Executive Committee, in particular with the Chief Executive Officer ("CEO"), and acts in an advisory capacity. He/she ensures that – together with the Vice Chairperson– he/she is kept constantly informed about all important business matters from the outset.

### 2.7 *Vice Chairperson's Duties*

If the Chairperson is prevented, the Vice Chairperson assumes all his/her duties and keeps himself or herself constantly informed about on-going business in such a way that he/she is in a position to substitute for the Chairperson.

### 2.8 *Duties and Responsibilities*

The **Board of Directors** has the following duties and responsibilities:

#### 2.8.1 It **takes decisions** on the following general matters:

- a) the establishment of the corporate principles;
- b) the establishment of Group strategy;
- c) the definition of the general organizational structure of the Group;
- d) the issuance of material Group guidelines and policies;
- e) the annual budget (which includes investment projects);

- f) the appointment and dismissal of the CEO, the other members of the Executive Committee and, to the extent this duty has not been delegated by the Board of Directors, other persons entrusted with management such as managers, mandatories and other proxies;
- g) the determination of the remuneration for the members of the Board of Directors in accordance with the Articles of Association, subject to approval of the compensation of the Board of Directors by the Shareholders' Meeting pursuant to the Articles of Association;
- h) the authorization granted to members of the Executive Committee to accept mandates outside the Group within the limitations set out in Art. 26 of the Articles of Association;
- i) proposals to the Shareholders' Meeting on all matters which, under the law or the Articles of Association, fall within the competence of the Shareholders' Meeting, particularly in connection with the approval of the management report, the consolidated financial statements and the annual statutory financial statements, as well as the application of the balance sheet income, the approval of the compensation of the Board of Directors and the Executive Committee, amendments to the Articles of Association and elections;
- j) calling ordinary and extraordinary Shareholders' Meetings, fixing the place, time and agenda;
- k) reviewing auditors' reports on Lonza Group and on the verification of the consolidated financial statements;
- l) the establishment of the guidelines for the transfer of registered shares in accordance with Art. 6 of the Articles of Association;
- m) the notification of the judge in the event of over-indebtedness;
- n) the approval of the periodic reports by the Executive Committee on the development of sales, income, financial situation, investment activity, as well as all other material events;
- o) the preparation of the remuneration report; and
- p) all other matters falling within the competence of the Board of Directors and not delegated in accordance with Art. 19 of the Articles of Association, in particular amendments to and individual deviations from these Organizational Regulations.

2.8.2 It **takes decisions** on the following matters of the Company or any Subsidiaries:

- a) capital expenditures within the scope of the budget approved by the Board of Directors with a value in excess of 50 million Swiss francs;
- b) capital expenditures outside the budget approved by the Board of Directors with a value in excess of 20 million Swiss francs;
- c) M&A and divestiture transactions in accordance with the attached M&A table (**Appendix 2**);
- d) the initiation and settlement of legal proceedings with a value in excess of 10 million Swiss francs or of fundamental significance; and
- e) financial indebtedness and guarantees (such as moneys borrowed, credit facilities, bonds (other than performance or advance payment bonds), credits by suppliers exceeding 180 days payment terms) in the principal amount in excess of 100 million Swiss francs, excluding transactions between the Company and Subsidiaries or among Subsidiaries.

In calculating the value of capital expenditures for purposes of the limits set forth in clauses (a) and (b) above, all capital expenditures that relate to a capital appropriation project should be aggregated.

**Appendix 3** summarizes the competencies of the Board of Directors pursuant to this Art. 2.8.2.

## 2.9 *Duty of Care and Loyalty; Conflicts of Interest*

The members of the Board of Directors are under a duty to carry out their duties with all due care and to safeguard and further the interests of Lonza Group in good faith.

Members of the Board of Directors shall avoid entering into any situation in which their personal or financial interest may conflict with the interests of Lonza Group. Where any such potential conflict may arise, the member of the Board of Directors shall declare that interest to the Chairperson (or in the case of the Chairperson, to the Chairperson of the Audit and Compliance Committee) and seek that individual's approval as to how to avoid the conflict.

Subject to exceptional circumstances in which the best interests of Lonza Group's dictate otherwise, the member of the Board of Directors with a conflict of interest shall not participate in any discussions involving the interest at stake. Members of the Board of Directors shall refrain from voting on any item in which they have a conflict of interests.

### **Art. 3 Chief Executive Officer**

The CEO supervises the activity of the Executive Committee. He/she ensures that the Executive Committee is informed on the business activities of the Group, prepares the meetings of this body and supervises the implementation of its resolutions.

Together with the Chairperson, the CEO informs the Board of Directors on the business activities of the Group and keeps the Board of Directors constantly informed on all important business transactions and issues.

The CEO is responsible for submitting proposals to the Nomination and Compensation Committee concerning the appointment of the members of the Executive Committee (with the exception of the CEO).

The Board of Directors may assign special or additional duties to the CEO and other members of the Executive Committee. Such duties are listed in **Appendix 4**.

### **Art. 4 Executive Committee**

#### **4.1** *Structure and Functions*

The Executive Committee consists of the CEO and such other members as appointed by the Board of Directors.

Unless otherwise provided in these Organizational Regulations or its Appendices, the Executive Committee is the supreme management body of Lonza Group. It performs the duties assigned to it by the Board of Directors, either under the terms of these Organizational Regulations or otherwise. It is responsible for managing the Group, especially for developing and implementing Group policy and strategy. It controls and coordinates the activities of the Segment Organizations. It designates its Secretary.



#### 4.2 *Meetings, Calling Meetings*

Meetings of the Executive Committee are held as often as business requires. They are convened by the CEO, who also stipulates the agenda. Each member of the Executive Committee may request the convening of a meeting and the inclusion of certain items on the agenda.

##### *Chairpersonship*

The meetings of the Executive Committee are chaired by the CEO; in the event of his/her being prevented, by the Chief Financial Officer ("CFO") or, should the CEO and the CFO be absent, by another member of the Executive Committee participating in the meeting (for the purpose of this Art. 4.2, "Chairperson").

##### *Quorum Requirements, Resolutions*

The Executive Committee has a quorum when more than half of its members are present. The presence requirement is met if the members are able to communicate simultaneously (by telephone, video, internet/intranet or other technical means). In order for a resolution to be valid, the approval by the simple majority of the votes submitted is required. In the event of a tie vote, the Chairperson shall have the casting vote.

##### *Participants Without Voting Rights*

The Executive Committee may invite other persons to its meetings upon application by one of its members. Such persons have only an advisory function. They are not entitled to voting rights.

##### *Circulation Resolutions*

Resolutions of the Executive Committee may be passed by circulation (letter, facsimile, e-mail) inasmuch as no member of the Executive Committee requests of the CEO a Committee meeting on the matter prior to adoption. Resolutions passed by circulation are subject to the same quorums as the other resolutions.

##### *Minutes*

The Secretary draws up minutes on the meetings of the Executive Committee; these minutes are to be signed by the Chairperson and by the Secretary.

### 4.3 *Duties and Responsibilities of the Executive Committee*

#### 4.3.1 The Executive Committee takes decisions on the following general matters:

- a) the nomination of the candidates for the corporate bodies of Subsidiaries and Affiliates, foundations and other institutions. Mandates are awarded subject to the principle that Lonza Group can as a rule be represented only by persons actively engaged in the day-to-day management of the Subsidiaries and Affiliates' affairs and the limitations as determined in the Articles of Association;
- b) the nomination of the candidates for senior managerial functions in Subsidiaries and Affiliates. The Executive Committee is responsible for informing the Nomination and Compensation Committee about such nominations;
- c) the implementation of, and compliance with, the issuance of material Group guidelines and policies; and
- d) the opening or closing/liquidation of Subsidiaries, Affiliates and branch offices.

#### 4.3.2 The Executive Committee **takes decisions** on the following matters of the Company or any Subsidiaries:

- a) Capital expenditures within the scope of the budget approved by the Board of Directors, with a value not exceeding 50 million Swiss francs;
- b) capital expenditures outside the budget approved by the Board of Directors, with a value not exceeding 20 million Swiss francs per instance; The Board of Directors will be informed yearly of such investments;
- c) M&A and divestitures transactions in accordance with the attached M&A Table (**Appendix 2**);
- d) the initiation and settlement of legal proceedings with a value not exceeding 10 million Swiss francs; The Board of Directors is responsible for instituting and approving settlement of legal proceedings of fundamental significance; and

- e) financial indebtedness and guarantees thereof (such as moneys borrowed, credit facilities, bonds (other than performance or advance payment bonds), credits by suppliers exceeding 180 days payment terms) in the principal amount not exceeding 100 million Swiss francs, excluding transactions between the Company and Subsidiaries or among Subsidiaries.

In calculating the value of capital expenditures for purposes of the limits set forth in clauses (a) and (b) above, all capital expenditures that relate to a capital appropriation project should be aggregated.

**Appendix 3** summarizes the competencies of the Executive Committee pursuant to this Art. 4.3.2.

#### 4.4 *Proposals*

The Executive Committee is **responsible for submitting proposals to the Board of Directors** concerning all business that falls within the responsibility of the Board of Directors, in particular:

4.4.1 in respect to the following general matters:

- a) the establishment of the corporate principles;
- b) the establishment of Group strategy;
- c) the definition of the general organizational structure of the Group;
- d) the issuance of material Group guidelines and policies; and
- e) the annual budget (which includes investment projects).

4.4.2 in respect to the matters set out in Art. 2.8.2.

#### 4.5 *Responsibilities*

The Executive Committee is **responsible** for:

- a) preparing the affairs of the Board of Directors, especially for preparing the Board of Directors' proposals to the Shareholders' Meeting on matters which, under the law or the Articles of Association, fall within the competence of the Shareholders' Meeting, particularly in connection

with the approval of the management report, the consolidated financial statements and the annual statutory financial statements, as well as the application of the balance sheet income, the approval of the compensation of the Board of Directors and the Executive Committee, amendments to the Articles of Association and elections;

- b) periodic reporting to the Board of Directors in connection with the development of sales and income, the financial situation, investment activity as well as all other material events. Significant events must be reported to the Chairperson of the Board of Directors without delay;
- c) the production and verification of auditors' reports on the annual financial statements of Lonza Group and of major Subsidiaries and Affiliates and on the remuneration report.

#### 4.6 *Other Duties*

The Board of Directors may delegate or assign special or additional duties and responsibilities to the Executive Committee or to individual members or sub-committees of the Executive Committee. **Appendix 5** contains a list of such duties and responsibilities and the respective members or sub-committees of the Executive Committee.

### **Art. 5 Further provisions**

#### 5.1 *Further Delegation*

The Board of Directors or, to the extent it is responsible, the Executive Committee may issue internal regulations (such as the Contract Management and Review Policy) regarding further delegation of duties and responsibilities to individual members of the Executive Committee, Heads of Business Units, Heads of Corporate Functions and Heads of Service Center Organization or any other functions.

## 5.2 *Legal Structure*

In conducting the Company's business on the basis of these Organizational Regulations, the legal structure of the Group must be taken into account.

The Lonza legal entities are governed and managed in compliance with applicable law, are separate from each other, and any internal authorizations are to be effected to comply with applicable law.

## 5.3 *Entry into Effect*

These Organizational Regulations shall enter into effect on 21 October 2015 and replace the version of the Organizational Regulations of 16 April 2014.

Basel, 24 October 2018

On behalf of the Board of Directors:  
Albert M. Baehny, Chairperson of  
the Board of Directors

## **Appendices 1 to 5**

Original version of the Regulations Governing Internal Organization and Board Committees	17 September 1999
1 <sup>st</sup> revision	7 March 2000
2 <sup>nd</sup> revision	28 March 2001
3 <sup>rd</sup> revision	27 March 2002
4 <sup>th</sup> revision	18 October 2002
5 <sup>th</sup> revision	26 March 2003
6 <sup>th</sup> revision	27 October 2003
7 <sup>th</sup> revision	18 April 2005
8 <sup>th</sup> revision	21 March 2006
9 <sup>th</sup> revision	19 December 2006
10 <sup>th</sup> revision	21 July 2008
11 <sup>th</sup> revision	7 April 2009
12 <sup>th</sup> revision	6 May 2009
13 <sup>th</sup> revision	23 March 2010
14 <sup>th</sup> revision	25 October 2010
15 <sup>th</sup> revision	5 March 2013
16 <sup>th</sup> revision	16 April 2014
17 <sup>th</sup> revision	21 October 2015
18 <sup>th</sup> revision	25 October 2017
19 <sup>th</sup> revision	24 October 2018

**List of Standing Committees of the Board of  
Directors in Accordance with  
Art. 2.2 of the Regulations Governing Internal  
Organization and Board Committees**

**Audit and Compliance Committee**

**a) Function**

As per attached Audit and Compliance Charter.

**b) Composition**

The members of the Audit and Compliance Committee, nominated by the Board of Directors, nominate its Chairperson and Secretary; the latter needs not to be a member of the Audit and Compliance Committee.

**c) Minutes; Information to the Board of Directors**

The Secretary keeps the minutes of the meetings of the Audit and Compliance Committee; these are to be signed by the Chairperson of the Committee and the Secretary. The minutes are available to all the members of the Board of Directors.

# **Charter**

## **The Audit and Compliance Committee**

### **1. Status**

The Audit and Compliance Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Lonza Group. Its Charter shall be adopted by the Board. The Committee shall review and reassess this Charter periodically and recommend any proposed changes to the Board for approval.

### **2. Membership and Organisation**

The Committee shall consist of at least two members of the Board. Members of the Committee shall serve until their successors are selected by a majority of the Board. Members of the Committee may be removed upon the affirmative vote of a majority of the Board. Members of the Committee shall have sufficient experience and ability to enable them to discharge their responsibilities as members. At least one of the members of the Committee shall, in the judgment of the Board, have accounting or related financial management expertise and shall be, in the judgment of the Board, an “audit committee financial expert”. Members of the Committee shall be independent of the Group, shall have no material relationship to the Group and shall otherwise meet the independence standards required by applicable law and regulation. In particular, none shall have been employed by the Group or by the Group’s current or former auditors during the last two years and none shall be the beneficial owner of more than 10% of the Company’s equity securities. The only remuneration that Committee members will receive from the Company shall be director’s compensation for service on the Board and Committees.

The Board will designate one member of the Committee as its Chairperson. The Committee will meet separately and periodically with Company management, internal and external auditors. The Committee will meet at least three times per year. Special meetings may be convened as required. The Chairperson of the Committee will report orally to the Board on the results of these meetings. The Committee may invite to its meetings Company management, internal auditors, external auditors, and such other persons as the Committee deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to enable it to carry out its responsibilities. The internal and external auditors will be invited to make presentations to the Committee as necessary. The Committee shall have the authority to retain independent legal, accounting or other consultants to advise the Committee, and to conduct or authorize investigations into any matters within its scope of responsibilities. The Company shall provide appropriate funding, as

determined by the Committee, for the payment of compensation to the auditors and any outside advisors engaged by the Committee.

### **3. Roles and Responsibilities**

The Committee has the following roles and responsibilities:

#### *Regarding External Auditors*

- 3.1 To evaluate the performance of the auditors and to consider the auditors' independence. In this context, the Committee will at least annually obtain, review and discuss with the auditors a report from the auditors regarding
  - a) the auditors' internal quality-control procedures;
  - b) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
  - c) any steps taken to deal with any such issues, and
  - d) all relationships between the auditors and the Group;
- 3.2 To ensure that the lead audit partner of the auditors and the audit partner responsible for reviewing the audit are rotated at least every seven years, to consider rotation of the audit firm itself, and to issue policies for the Company's hiring of employees or former employees of the auditors who were engaged on the Group's account;
- 3.3 On behalf of the Board, which has fully delegated this task to the Committee, the Committee shall (i) select and nominate the auditors for election by the Shareholders' Meeting (pursuant to mandatory Swiss company law), and (ii) be directly responsible for the oversight and compensation of the auditors (including the resolution of any disagreement between Company management and the auditors regarding financial reporting). The auditors shall report directly to the Committee;
- 3.4 On behalf of the Board, which has fully delegated this task to the Committee, the Committee shall approve the fees and terms for all engagement of the auditors (i) for audit, review and attest services, and (ii) for all other services that are permissible under applicable statutory laws, regulations and listing standards. The Committee shall establish and maintain the required pre-approval procedures. The Committee shall approve (or not approve) on an individual basis audit related and other approvable services falling outside the



pre-approved categories. The Chairperson of the Committee is authorized to approve such services in urgent cases. Such approvals have to be minuted at the next meeting of the Committee;

- 3.5 To review annually the external audit scope, audit plans and relevant processes, the results of the audit, and whether recommendations made have been implemented by Company management;
- 3.6 To discuss with the auditors the results of their audits, and any unusual items or disclosures contained in the audits, including the following:
- The initial selection of and changes in significant accounting policies;
  - The methods used to account for significant or unusual transactions and the effects of significant accounting policies in controversial or emerging areas;
  - The process utilized by Company management to formulate significant accounting estimates and the basis for the auditors' conclusions regarding the reasonableness of these estimates;
  - Audit findings and recommendations, including audit adjustments that either individually or in the aggregate have a significant effect on the audit;
  - The auditors' responsibility for other information presented with the audit results, such as a management reports on financial status;
  - Any disagreements with Company management, whether or not satisfactorily resolved, concerning matters that individually or in the aggregate may be significant to the Company's or the Group's financial status or the auditor's report;
  - Significant matters that were the subject of consultations with other accountants;
  - Significant issues discussed with Company management with regard to the initial or recurring retention of the auditor; and
  - Any serious difficulties encountered in dealing with Company management during the performance of the audit.

*Regarding Internal Auditors*

- 3.7 To review periodically the adequacy of the organizational structure, budget and qualifications of the internal audit staff, and to give input periodically to the Board and the Chairperson of the Board and CEO regarding the performance of the internal auditing executive;

- 3.8 To review annually the internal audit scope, audit plans and relevant processes, the results of internal audits, and whether recommendations made in the audits have been implemented by Company management;
- 3.9 To periodically discuss with the external auditors the items mentioned in sections 3.7. and 3.8. above.

*Regarding the Company's and the Group's Accounting Policies*

- 3.10 To review with external auditors, internal auditors and the financial and accounting personnel of the Company whether the accounting policies and financial controls are appropriate, adequate and effective.

*Regarding Financial Reporting*

- 3.11 To review and discuss with Company management and the external auditors the half yearly and the annual Group financial statements to consider whether they conform to accepted accounting principles and the standards set by the Company and to understand significant transactions, significant business risk, or other unusual items or disclosures in these statements;
- 3.12 Review and discuss, prior to announcement, Company press releases regarding financial results and/or guidance and other disclosures containing financial information for the purpose of ensuring that such press releases and other disclosures properly disclose financial information presented in accordance with International Accounting Standards. The Board remains responsible for the approval of the annual financial statements of the Company and the Group and of the corresponding financial results releases and it shall also be provided with the half yearly financial statements of each calendar year at the same time as they are submitted to the Committee for review and approval.

*Regarding Compliance with Law*

- 3.13 To review major issues regarding the status of the Company's compliance with laws and regulations, as well as major legislative and regulatory developments that may have a significant impact on the Company;
- 3.14 To review the processes and procedures for Company management's monitoring of compliance with local laws. To this end, the Committee will review periodic reports submitted by those persons the Committee has designated as responsible for compliance with law.

### *Regarding Risk Management*

- 3.15 To review the processes and procedures for Company management's monitoring of any significant risks or exposures the Group may face. To this end, at least once per year, the Committee will review reports submitted by Company management and give guidance and direction on how risk management is to be conducted;
- 3.16 To review with Company management, internal auditors and external auditors any significant risks or exposures the Group may face, and to assess the steps Company management has taken to minimize such risks.

### *Regarding Compliance with Policies*

- 3.17 To review compliance by Company management with those Company policies designated by the Board from time to time, including the Code of Conduct and the Insider Trading Policy. To this end, the Committee will review periodic reports submitted by those persons the Committee has designated as responsible for implementation of and compliance with such Policies and give guidance and direction on how said Policies are to be administered.

### *Other*

- 3.18 To establish procedures for:
- a) the receipt, retention and treatment of complaints received by the Group regarding accounting, internal accounting controls or auditing matters; and
  - b) the confidential, anonymous submission by employees of the Group of concerns regarding questionable accounting or auditing matters;
- 3.19 To review disclosures made by the Company's executive officer and financial officer regarding compliance with their certification obligations, including the Company's disclosure controls and procedures and internal controls for financial reporting and evaluations thereof;
- 3.20 To review such other matters in relation to the Group's accounting, auditing, financial reporting and compliance with law as the Committee may, in its own discretion, deem desirable in connection with the review functions described above;
- 3.21 To regularly conduct a evaluation of the Committee's performance.

**List of Standing Committees of the Board of  
Directors in Accordance with  
Art. 2.2 of the Regulations Governing Internal  
Organization and Board Committees**

**Nomination and Compensation Committee**

**a) Function**

As per Art. 20 of the Articles of Association and the attached Nomination and Compensation Charter.

**b) Composition**

The members of the Nomination and Compensation Committee are elected by the Shareholders' Meeting pursuant to the Articles of Association for a term of office until completion of the next ordinary Shareholders' Meeting. They may be re-elected upon expiry of a completed term.

If there are vacancies on the Nomination and Compensation Committee, the Board may appoint the missing members from among its members for the remaining term of office.

The Board of Directors appoints the Chairperson of the Nomination and Compensation Committee. The members of the Nomination and Compensation Committee nominate a Secretary; the latter needs not to be a member of the Nomination and Compensation Committee.

**c) Minutes; Information to the Board of Directors**

The Secretary keeps the minutes of the meetings of the Nomination and Compensation Committee; these are to be signed by the Chairperson of the Committee and the Secretary. The minutes are available to all the members of the Board of Directors.

# **Charter**

## **The Nomination and Compensation Committee**

### **1. Status**

The Nomination and Compensation Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Lonza Group. Its members are elected by the Shareholders’ Meeting of the Company. Its Charter has to be adopted by the Board, in line with Art. 20 of the Articles of Association. The Committee shall review and reassess this Charter periodically and recommend any proposed changes to the Board for approval.

### **2. Membership and Organisation**

The Committee shall consist of at least three members of the Board. Members of the Committee shall be independent of the Group, shall have no material relationship to the Group and shall otherwise meet the independence standards required by applicable law and regulation. In particular, none shall have been employed by the Group during the last two years.

The Board will designate one member of the Committee as its Chairperson. The Committee will meet at least three a year.

The Committee shall have the sole authority to retain and terminate any compensation consultant or executive recruiter to be used to assist in the evaluation of Board member or senior executive compensation or the search for Board candidates and shall have sole authority to approve the consultants’ fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

### **3. Roles and Responsibilities**

The Committee shall have the following roles and responsibilities:

- to recommend and review compensation policies and plans for approval by the full Board;
- to review periodically and make recommendations to the Board regarding any variable incentive and the extent to which the plans meet their objectives;

- to advise the Board of Directors on the compensation of Board members;
- to approve the terms of employment for the members of the Executive Committee, subject to approval of the compensation of the Executive Committee by the Shareholders' Meeting pursuant to the Articles of Association;
- to review and approve the objectives relevant to the CEO's compensations, to evaluate the performance on a regular basis and to determine the CEO's remuneration based on performance, subject to approval of the compensation of the Executive Committee by the Shareholders' Meeting pursuant to the Articles of Association;
- to review and approve the remuneration proposals for members of the Executive Committee subject to approval by the Shareholders' Meeting pursuant to the Articles of Association;
- to recommend to the Board proposals to be submitted to the Annual Shareholders' Meeting for approval regarding total amounts of compensation of the Board of Directors and the Executive Committee pursuant to the Articles of Association;
- to support the Board of Directors in preparing the remuneration report;
- to inform the Board of Directors about compensation policies and programs as well as benchmark compensation of peer key companies;
- to review and reassess the adequacy of this Charter periodically and to submit proposed changes to the Board for approval;
- to permanently evaluate possible persons to become members of the Board;
- to evaluate candidates proposed as members of Executive Committee; and
- to regularly conduct an evaluation of the Committee's performance.

**List of Standing Committees of the Board of  
Directors in Accordance with  
Art. 2.2 of the Regulations Governing Internal  
Organization and Board Committees**

**Innovation and Technology Committee**

**a) Function**

As per attached Innovation and Technology Committee Charter.

**b) Composition**

The members of the Innovation and Technology Committee, nominated by the Board of Directors, nominate its Chairperson and Secretary; the latter needs not to be a member of the Innovation and Technology Committee.

**c) Minutes; Information to the Board of Directors**

The Secretary keeps the minutes of the meetings of the Innovation and Technology Committee; these are to be signed by the Chairperson of the Committee and the Secretary. The minutes are available to all the members of the Board of Directors.

# **Charter**

## **The Innovation and Technology Committee**

### **1. Status**

The Innovation and Technology Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Lonza Group. Its Charter shall be adopted by the Board. The Committee shall review and reassess this Charter periodically and recommend any proposed changes to the Board for approval.

### **2. Membership and Organization**

The Committee shall consist of at least two members of the Board who have expertise in the technology field. Members of the Committee shall serve until their successors are selected by a majority of the Board. Members of the Committee may be removed upon the affirmative vote of a majority of the Board. The majority of the members of the Committee shall be independent of the Group, shall have no material relationship to the Group and shall otherwise meet the independence standards required by applicable law and regulation. In particular, the majority of its members shall not have been employed by the Group during the last two years.

The Board will designate one member of the Committee as its Chairperson. The Committee will meet at least twice a year. Special meetings may be convened as required. The Committee may invite to its meetings members of Company management, experts and such other persons as the Committee deems appropriate in order to carry out its responsibilities.

### **3. Roles and Responsibilities**

The Committee shall have the following roles and responsibilities:

- to monitor innovative technology projects within the Company’s market environment that could represent significant long-term business opportunities;
- to encourage the implementation of the established strategy of the Company regarding technological development by supporting management in driving innovation projects both within and outside the Company;



- to support management in organizing workshops and brainstorming sessions to create new innovation ideas;
- to provide connections to the world outside the Company in order to have access to the technological basis and background to secure long-term sustainable growth of the Company developing new business areas and support the expansion and transformation of the existing business;
- to periodically review external R&D collaborations to ensure up-to-date scientific input from academia and specialized industrial partners; and
- as scientific experts to facilitate contacts with academia, universities, research institutions, etc.

## M&A Approval and Notification Table

M&A transactions, including but without limitation, asset purchases, share purchase, divestitures, sale or purchase of real estate shall follow the following notification and approval Table:

### A. Non-Binding Offers

Acquisition Price CHF Mio	Notification	Approval
≥100	-	Board of Directors
< 100	Board of Directors at next regular Board Meeting	Executive Committee

### B. Binding Offers

(A) Acquisition Price CHF Mio	(B) Acquisition Price CHF Mio	Notification	Approval
≥ 30	≥ 50	-	Board of Directors
< 30	< 50	Board of Directors at next regular Board Meeting	Executive Committee

(A): M&A transactions that have **not** obtained prior formal pre-approval by the Board of Directors.

(B): M&A transactions that have obtained prior formal pre-approval by the Board of Directors.

Before submission of a binding offer proposal, the Executive Committee shall ensure that a thorough M&A investment and integration plan review has been conducted.

The acquisition price shall be the aggregate sum of the base price, earn-outs and milestone payments. Royalty payments, if any, shall be excluded if they are treated as COGS in the business plan.

In-licensing agreements that do not have any equity purchase provisions are not considered as M&A activities and have to be approved in accordance with the Contract Management and Review Policy.

**Approval Table (except M&A)**

CHF Mio	Capital Expenditures Within Budget	Capital Expenditures Outside Budget	Litigation Start / Settlement	Financial Indebtedness and Guarantees
Board of Directors	> 50	> 20	> 10	> 100
Executive Committee	≤50	≤20	≤10	≤100

Please refer to Art. 2.8.2 and 4.3.2 of the Organizational Regulations for more detail.

Please refer to Global Authorization Policy for capital expenditures and litigation values below the lower thresholds indicated in the above table for the Executive Committee. The Global Authorization Policy governs the detail rules for Capex.

## **Appendix 4**

### **List of Special or Additional Duties Assigned to the Chief Executive Officer and Other Members of the Executive Committee in Accordance with Art. 3 of the Regulations Governing Internal Organization and Board Committees**

**[none]**

## **Appendix 5**

### **List of Sub-Committees of the Executive Committee in Accordance with Art. 4.6 of the Regulations Governing Internal Organization and Board Committees**

**[none]**