

## **Lonza Forced Labour Report**

This report is made in compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") by the Lonza affiliates set forth in the attestations ("Lonza" or "we").

This report has been prepared for the calendar year ended December 31, 2023.

Lonza's board of directors, as the principal governing body, approved the report pursuant to section 11(5) of the Act on the dates set forth in the attestations.

### **Who We Are**

We are a leading strategic global partner to the healthcare industry, founded in Switzerland in 1897. We enable a healthier world by collaborating with our customers on new and innovative medicines that help treat a wide range of diseases. We achieve this by combining technological insight with world-class manufacturing, scientific expertise and process excellence. Our unparalleled breadth of development and manufacturing processes enable our customers to commercialize their discoveries and innovations in the pharmaceutical, biotech and nutrition markets. We operate across five continents, and our structure of four divisions has been designed to capture synergies and meet the needs of our global customers. More information on our business model is provided in the Our Businesses section of our [2023 Annual Report](#).

### **What We Do**

Every day, our products and services have a positive impact on a large number of people's lives. As much as this is a great privilege, it is also a great responsibility. Responsible business is both an ethical and a business imperative for Lonza. Our purpose to enable a healthier world includes our responsibilities across environmental, social and governance areas. We are committed to ethical business practices and sustainability in how we work. Every employee is trained regularly to fully understand and uphold these principles. Our respect for human rights is evident in all we do. We take an active approach to provide value to stakeholders, our partnerships and our community involvement initiatives, generating sustainable value for society. We are contributing to communities, employees, customers, shareholders and suppliers. Inclusion and diversity, and integrity are high values and abundance is monitored in our premises and supply chain through assessments, surveys, data analytics and evaluations.

To manage supply chain complexity and mitigate ESG risks, our Procurement Team includes category managers and site-based buyers. They develop and implement category strategies and manage the selection of suppliers and negotiation of terms on behalf of our divisions and enabling functions. This approach enables us to embed responsible sourcing criteria across our business relationships. All activities are based on our Procurement Policy, which was enhanced in 2023 with the fundamental principles of responsible sourcing. A Responsible

Sourcing Standard Operating Procedure (SOP) was implemented to provide more detailed guidance for the program's implementation.

The breadth and diversity of our business is reflected in our supply chain, which involved approximately 14,700 suppliers in 2023. Approximately 1,700 are direct material suppliers ranging from basic chemicals and naturally derived materials such as gelatin, to high-end systems and consumables for biopharmaceuticals or specialized components for cell and gene therapy production.

### **How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour**

Our responsible sourcing approach focuses on embedding ESG principles and compliance with applicable regulations within our procurement management processes. Dialogue and intensive collaboration with our suppliers are both essential for achieving responsible consumption and production, in alignment with our ambitions under Sustainable Development Goal 12, Responsible Consumption and Production (SDG 12). In 2023, we enhanced our responsible sourcing program to enable a comprehensive view of sustainability and decarbonization aspects along our supply chain.

Our responsible sourcing program, aligned with the OECD Due Diligence Guidance for Responsible Business Conduct, is an integral component of our sourcing process. Our procurement buyers make use of this transparency to ensure adherence to the Supplier Code of Conduct principles and to continuously improve sustainability and decarbonization performance in the value chain.

Our Supplier Sustainability Initiative for Incumbent Suppliers aims to identify, measure and mitigate the ESG risks of our existing suppliers, including conflict minerals and child labour. All applied evaluation methodologies generally include environmental criteria (including climate and energy), social standards (including child labour), ethics, and health and safety, among others. Strategic or critical suppliers are evaluated based on our Supplier Sustainability Risk Evaluation Framework considering criteria such as purchasing volume and actual or potential sustainability risks.

We use EcoVadis online questionnaires and Together for Sustainability (TfS) on-site audits to evaluate suppliers within this framework. For other suppliers, alternative types of sustainability evaluations are accepted, such as the Integrity Next self-assessments that we piloted in 2023.

Based on the risk evaluation results, we work with selected suppliers to devise a corrective action plan (CAP) in EcoVadis, support with CAP implementation and monitor progress until a re-evaluation takes place. In 2023, more than 60% of re-evaluated suppliers improved their sustainability scores compared to their last evaluation. This year, we also completed several key supplier site audits, and communicated where compliance gaps were found. We continue to track their resulting remediation plans. To determine a risk level for non-evaluated suppliers, and thus prioritize further follow-up, we conduct a desktop supplier ESG risk

classification using a methodology developed by Integrity Next. It is based on online indices of ESG risks, related to countries (e.g., UNICEF's Children's Rights in the Workplace Index) and industries.

The most frequently identified negative environmental and social impacts are gaps in suppliers' sustainability management systems, such as lack of policies, reporting or actions on human rights issues, as well as insufficient measures related to working conditions or employee health and safety, mostly for suppliers located in North America and APAC. In line with our Sustainability Risk Evaluation Framework, we collaborate with suppliers on closing the gaps through CAPs.

In 2023, no business relationship with suppliers was terminated as a result of the environmental and social assessment.

### **Child and Forced Labour Due Diligence Program and 2023 Findings**

We have put in place a due diligence process in relation to child and forced labour, which consists of the following elements:

- A supply chain policy reflecting child and forced labour due diligence obligations, which is publicly communicated in the form of our Supplier Code of Conduct. It clearly communicates our expectations to our suppliers and promotes respect for human rights
- Reporting tools regarding concerns around child and forced labour in the supply chain through our Ethics and Compliance Hotline, as well as due diligence alert systems
- A risk management process according to the likelihood of occurrence and severity of adverse impacts to identify, assess, eliminate, prevent, minimize or mitigate the risks of potential and actual cases of child or forced labour in the supply chain
- Traceability measures through the addition of supplier country information in our risk identification process

As part of our due diligence process, we differentiate between three levels of child and forced labour risk:

- An actual risk is identified in case of controversies or negative events confirmed via a supplier sustainability evaluation, alerts systems or external sources. If a confirmed child or forced labour incident occurs, we engage with the relevant suppliers to restate our expectations on human rights, initiate a dialogue on enhancing human rights due diligence in the supply chain and check that a remediation response is provided.

In 2023, we identified through our diligence tools one confirmed child labour incident in a US third-party services provider of two direct suppliers of ours. The incident was not directly associated with the manufacturing of the product provided by our direct suppliers. As we usually have no direct contractual relationships with our upstream supply chain, we seek to collaborate with our direct suppliers, with whom we initiate corrective actions on the monitoring and enforcement of human rights due diligence

obligations within their operations and with their subcontractors. No forced labour incident was identified in our supply chain in 2023.

- A potential risk is derived from performance gaps in a supplier's human rights and labour management system, as highlighted in the sustainability evaluation results. We focus on mitigating risks related to suppliers without evidence of policies or actions on combating child and forced labour in their operations and supply chain, by requesting them to work on Corrective Action Plans.

In 2023, we identified 7 suppliers, mainly located in APAC, with potential risks of child labour or forced labour and triggered corrective actions for all of them.

- A theoretical risk is identified based their location (country) and industry related risks. In such cases, we request our suppliers to perform a sustainability evaluation to confirm that they have child and forced labour risk management systems in place. Based on the results, suppliers are then prioritized for further due diligence through the Supplier Sustainability Initiative for Incumbent Suppliers.

In 2023, we identified 23 suppliers, mainly located in North America and APAC, with theoretical risks of child labour or forced labour and will invite all of them to a sustainability evaluation in 2024.

More information is available on our website: [Responsible Sourcing | Lonza](#) and in our [2023 Sustainability Report](#).

## **Training**

We provide training and capacity-building programs for our employees, contingent workers and suppliers, through the TfS Academy, a learning platform provided by TfS, and through our Ethics and Compliance learning platform for employees and contingent workers.

In 2023 our Ethics and Compliance training included mandatory, annual Code of Conduct training for employees and certain contingent workers, including a segment on human rights and our guidelines regarding Freely Chosen Employment (no modern slavery, human trafficking, child or forced labor) within our own operations and in our supply chain. The Ethics and Compliance training also included a more in-depth human rights module, which was mandatory for Human Resources and Procurement colleagues.

In 2023, we also introduced three learning paths for Procurement teams, tailored to each employee's role (operational, strategic or advanced procurement), including principles of responsible purchasing.

## **How We Have Remediated Forced Labour and Child Labour Incidents**

In 2023, we identified through our diligence tools one confirmed child labour incident in a US third-party services provider of two direct suppliers of ours. The incident was not directly associated with the manufacturing of the product provided by our direct suppliers. As we usually have no direct contractual relationships with our upstream supply chain, we seek to collaborate with our direct suppliers, with whom we initiate corrective actions on the monitoring and enforcement of human rights due diligence obligations within their operations and with their subcontractors. No forced labour incident was identified in our supply chain in 2023.

### **How We Assess the Effectiveness of Our Policies and Processes**

To ensure the ongoing effectiveness of our responsible sourcing approach, we have implemented a regular review process of our Supplier Code of Conduct and responsible sourcing Standard Operating Procedure, related to forced labour and child labour. These documents are regularly scrutinized to ensure alignment with international standards such as those set forth by the International Labour Organization (ILO) and the UN Guiding Principles on Business and Human Rights. We also integrate stakeholder feedback and stay attuned to emerging best practices in the field.

We have established a robust set of key performance indicators (KPIs) to monitor the success of our responsible sourcing program. These KPIs serve as measurable benchmarks for tracking progress and driving continuous improvement. For instance, we monitor the percentage of spend sourced from suppliers who have undergone sustainability evaluations focusing on human rights issues among other ESG areas. Additionally, we track improvements in supplier practices over time, allowing us to assess the tangible impact of our efforts and identify areas for further enhancement.

We also engage in an EcoVadis assessment to evaluate the performance of our responsible sourcing program. This external independent assessment provides a structured evaluation, through the Sustainable Procurement EcoVadis pillar, that enables us to benchmark our performance against industry peers and identify areas for improvement. The resulting scorecard offers a clear picture of our strengths and weaknesses, allowing us to prioritize actions and allocate resources effectively. In 2023, we were again awarded with the silver medal from EcoVadis, with a higher score in sustainable procurement compared to previous years – an acknowledgment of our advanced and effective management system for responsible sourcing. Our current EcoVadis scorecard does not contain any improvement areas to be implemented on child labour or forced labour in sustainable procurement.

Furthermore, we collaborate with industry peers, through our membership in TfS Initiative, to share best practices, leverage resources, and address systemic challenges related to human rights risks, such as child labor and forced labor, in supply chains. We provide training and capacity-building programs for our employees and suppliers, through the TfS Academy, to raise awareness of forced labor and child labor issues and ensure compliance with our policies and standards.

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**Lonza**

We are committed to transparency in our efforts to combat forced labor and child labor. We regularly report on our progress and how supply chain negative impacts are addressed in our sustainability reports and other public disclosures.

Lonza attestations included in the following pages.

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### Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities set forth below. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above as it relates to the entities below.

#### Lonza USA, Inc.

Full Name: Alexander H. Hoy

Title: President

Date: 27-May-2024 | 06:17:24 PDT

Signature: 

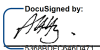
I have the authority to bind Lonza USA Inc.

#### Lonza Walkersville, Inc.

Full Name: Alexander H. Hoy

Title: Vice President and Chief Financial Officer

Date: 27-May-2024 | 06:17:24 PDT

Signature: 

I have the authority to bind Lonza Walkersville Inc.

#### Lonza Bend, Inc.

Full Name: Alexander H. Hoy

Title: Vice President and Chief Financial Officer

Date: 27-May-2024 | 06:17:24 PDT

Signature: 

I have the authority to bind Lonza Bend Inc.

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#### Lonza Tampa LLC

Full Name: Alexander H. Hoy

Title: Vice President and Chief Financial Officer

Date: 27-May-2024 | 06:17:24 PDT

Signature:  \_\_\_\_\_

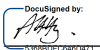
I have the authority to bind Lonza Tampa LLC

#### Lonza Greenwood LLC

Full Name: Alexander H. Hoy

Title: Vice President and Chief Financial Officer

Date: 27-May-2024 | 06:17:24 PDT

Signature:  \_\_\_\_\_

I have the authority to bind Lonza Greenwood LLC

#### Capsugel Canada Corp.

Full Name: Alexander H. Hoy

Title: Vice President and Chief Financial Officer

Date: 27-May-2024 | 06:17:24 PDT

Signature:  \_\_\_\_\_

I have the authority to bind Capsugel Canada Corp.



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### Octane Biotech, Inc.

Full Name: Alexander H. Hoy

Title: Vice President and Chief Financial Officer

Date: 27-May-2024 | 06:17:24 PDT

Signature:  \_\_\_\_\_

I have the authority to bind Octane Biotech, Inc.

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### Lonza K.K.

Full Name: Olivier van Hoorebeke

Full Name: Toru Kobayashi

Title: Director

Title: Representative Director and President

Date: 24-May-2024 | 17:33:16 CEST

Date: 25-5-2024 | 07:29:33 JST

Signature:  \_\_\_\_\_  
DocuSigned by:  
Olivier van Hoorebeke  
C2B5F7C70B149D...

Signature:  \_\_\_\_\_  
DocuSigned by:  
Toru Kobayashi  
9922C714C0C94F...

I have the authority to bind Lonza K.K.

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#### Lonza Costa Rica S.A.

Full Name: Alexander H. Hoy


Full Name: Kimberly Cox Harrelson

Title: Vice President and Treasurer

Title: Secretary

Date: 27-May-2024 | 06:17:24 PDT

Date: 24-May-2024 | 08:14:40 PDT

Signature: 

Signature: 

I have the authority to bind Lonza Costa Rica S.A.

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#### Lonza Sales AG

Full Name: Albert Pereda

Full Name: Cordula Altekruiger

Title: Associate General Counsel

Title: Assistant General Counsel

Date: 24-May-2024 | 17:38:13 CEST

Date: 25-Mai-2024 | 08:35:16 MESZ

Signature:  DocuSigned by:  
Albert Pereda

Signature:  DocuSigned by:  
Cordula Altekruiger

I have the authority to bind Lonza Sales AG

#### Lonza AG

Full Name: Daniel Blaettler

Full Name: Michael Stanek

Title: General Counsel Corporate

Title: General Counsel EMEA

Date: 24-May-2024 | 08:44:31 PDT

Date: 24-Mai-2024 | 17:25:34 MESZ

Signature:  DocuSigned by:  
Daniel Blaettler

Signature:  DocuSigned by:  
Michael Stanek

I have the authority to bind Lonza AG

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### Capsugel Australia Pty. Ltd.

Full Name: Duosi Rao

Title: Director

Date: 27-May-2024 | 08:24:35 CEST

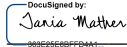
Signature: 

I have the authority to bind Capsugel Australia Pty. Ltd.

Full Name: Tania Mather

Title: Director

Date: 29-May-2024 | 21:17:55 CEST

Signature: 

I have the authority to bind Capsugel Australia Pty. Ltd.

Full Name: Teo Kui Lian

Title: Director

Date: 27-May-2024 | 03:18:15 CEST

Signature: 

I have the authority to bind Capsugel Australia Pty. Ltd.

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In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities set forth below. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above as it relates to the entity below.

### Lonza Biologics Tuas Pte. Ltd.

Full Name: Chai Chong Meng

Full Name: Teo Kui Lian

Title: Director

Title: Director

Date: 25-May-2024 | 02:18:49 CEST

Date: 27-May-2024 | 03:18:15 CEST

Signature: 

Signature: 

I have the authority to bind Lonza Biologics Tuas Pte. Ltd.