

# **Lonza**

## **Corporate Governance**

### **Regulations Governing Internal Organization and Board Committees (By-Laws)**

April 7, 2009

***Web version***

Lonza Group Ltd  
CH-4002 Basel, Switzerland

**Regulations Governing Internal Organization and Board Committees (By-Laws)**

The Board of Directors of Lonza Group Ltd has issued the following rules and regulations on the conduct of business ("Regulations Governing Internal Organization and Board Committees"), based on Art. 17 to 20 of the Articles of Association of Lonza Group Ltd:

### **Art. 1 Definitions**

In these Regulations Governing Internal Organization and Board Committees the following terms as listed in the first column are to be understood to have the meaning as stated in the column next to them:

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

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

#### **2.1 *Function***

In accordance with Art. 716 CO, the Board of Directors is empowered to take decisions on matters which do not lie within the legal and statutory competencies of the Shareholders' Meeting; the Board of Directors is responsible for conducting all Lonza Group business not delegated under the terms of these Regulations Governing Internal Organization and Board Committees.

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 the necessary instructions.

The Chairman, the Vice Chairman and the other members of the Board represent the company towards third parties with joint signature by two.

## 2.2 *Constitution*

At its annual constituent meeting the Board of Directors elects a Chairman and a Vice Chairman, as well as a Secretary, who needs not be a member of the Board of Directors. It may also appoint one or more Delegates.

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

## 2.3 *Limit of incumbency*

The age limit for members of the Board of Directors is seventy years. They leave the Board of Directors at the Ordinary Shareholders' Meeting in the calendar year in which they complete their seventieth year. Members may serve a maximum period of nine years on the Board of Directors.

## 2.4 *Meetings*

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

### *Calling meetings*

Meetings of the Board of Directors are called by the Chairman or the Vice Chairman. The Chairman is also obliged to call a meeting if he receives a written request, stating the reasons, from the Management Committee (MC) or any member of the Board of Directors.

### *Chairmanship*

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

### *Invitation; agenda*

As a rule, invitations to meetings of the Board of Directors 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 Chairman or Vice Chairman. The agenda is to be sent to the members of the Board of Directors together with the invitation to the meeting.

### *Participants without voting rights*

As a rule, the meeting is attended by the members of the Management Committee and/or other persons, as required. They do not have the right to vote.

### *Quorum requirements*

The Board of Directors is quorate when more than half of its members are present.

No presence quorum is required, if exclusively an increase of share capital which has already been executed or the subsequent payment of deposits on not fully paid up shares is to be established and the subsequent amendment to the Articles of Association is to be resolved.

### *Resolutions*

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

### *Resolutions passed by circulation*

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 verbal consultation. Resolutions passed by circulation are subject to the same quorums as the other resolutions. Resolutions passed by circulation are to be recorded in the minutes of the next meeting of the Board of Directors.

### *Minutes*

The Secretary takes minutes of the meetings of the Board of Directors; these minutes are to be signed by the Chairman and at least one further member of the Board of Directors attending the meeting and by the Secretary himself.

## 2.5 *Chairman's duties*

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

## 2.6 *Vice Chairman's duties*

If the Chairman of the Board of Directors is prevented, the Vice Chairman assumes all his duties and keeps himself constantly informed about ongoing business in such a way that he is in a position to deputize for the Chairman.

## 2.7 *Delegate's duties*

If a Delegate of the Board of Directors is appointed, the Delegate is the Chief Executive Officer (Managing Director); his duties are described in Art. 3.

## 2.8 *Competencies*

The Board of Directors takes decisions on financial matters and is responsible for performing in particular the following duties within the scope of its competencies:

- a) the establishment of the corporate principles;
- b) the establishment of the Group strategy;
- c) the definition of the general organizational structure of the Group;
- d) the fundamental guidelines of Group policy, in particular with regard to medium-term planning and financial, investment and personnel policy;
- e) the annual budget and annual framework competencies within the scope of the medium-term plan (incl. investment projects);
- f) the appointment and dismissal of the Chief Executive Officer, the other members of the Management Committee and other persons entrusted with management such as managers, mandatories and other proxies;
- g) the nomination of the candidates for the corporate bodies of major 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 company's affairs;
- h) fixing of the remuneration for the members of the Board of Directors in accordance with Art. 17 sub-para. 2 of the Articles of Association;
- i) the terms of employment for the members of the Management Committee and the full-time members of the Board of Directors (based on the proposals of the respective standing committee);
- j) the authorization of staff to accept management mandates in outside companies (such as membership of a board of directors, membership of a company management and similar);
- k) 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 annual activity report and the consolidated financial statements, the annual financial statements, as well as the application of the balance sheet income, amendments to the Articles of Association and elections;

- l) calling ordinary and extraordinary Shareholders' Meetings, fixing the place, time and agenda;
- m) taking note of auditors' reports on Lonza Group and on the verification of the consolidated financial statements;
- n) the establishment of the guidelines for the transfer of registered shares in accordance with Art. 6 of the Articles of Association;
- o) the notification of the judge in the event of over-indebtedness;
- p) the approval of the periodic reports by the Management Committee on the development of sales, income, financial situation, investment activity, as well as all other material events;
- q) 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, especially also amendments to and individual deviations from these Regulations Governing Internal Organization and Board Committees.

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

The Chief Executive Officer supervises the activity of the Management Committee. He ensures that the Management Committee is informed on the business activities, prepares the meetings of this body and supervises the implementation of its resolutions.

Together with the Chairman of the Board of Directors, the Chief Executive Officer informs the Board of Directors on the business activities and keeps the Board of Directors constantly informed on all important business transactions.

The Board of Directors may assign special or additional duties to the Chief Executive Officer. Such duties are listed in Appendix 2.

## **Art. 4 Management Committee**

### **4.1 *Structure and functions***

The Management Committee consists of the Delegate or - if no Delegate is appointed - the CEO and such other members as appointed by the Board of Directors.

Unless otherwise provided in these Regulations Governing Internal Organization and Board Committees or its Appendices, the Management 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 Regulations Governing Internal Organization and Board Committees or additionally. It is responsible for managing the Group, especially for developing and implementing Group policy and strategy. It controls and coordinates the activities of the Sectors and the central Group functions. It designates its Secretary.

### **4.2 *Meetings, calling meetings***

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

#### *Chairmanship*

The meetings of the Management Committee are chaired by the Chief Executive Officer; in the event of his being prevented, by the Deputy CEO or by another member of the Management Committee designated by him.

#### *Quorum requirements, resolutions*

The Management Committee is quorate when more than half of its members are present. In order for a resolution to be valid, the approval by the simple majority of the votes submitted is required. In the event of equality of votes, the Chairman shall have the casting vote.

### *Participants without voting rights*

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

### *Resolutions passed by circulation*

Resolutions of the Management Committee may be passed by circulation (letter, facsimile, e-mail) inasmuch as no member of the Management Committee requests verbal consultation. Resolutions passed by circulation are subject to the same quorums as the other resolutions. Resolutions passed by circulation are to be recorded in the minutes of the next meeting of the Management Committee.

### *Minutes*

The Secretary draws up minutes on the meetings of the Management Committee; these minutes are to be signed by the Chairman and by the Secretary himself.

## 4.3 *Decision Making Competencies of the Management Committee*

### 4.3.1 The Management 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 not included in the competencies of the Board of Directors in terms of Art. 2.8 g). 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 company's affairs;
- b) the nomination of the candidates for managerial functions in subsidiaries and affiliates. The Management Committee is responsible for informing the Board of Directors about such nominations;
- c) the appropriation of funds budgeted under the heading of "Management Reserve".

4.3.2 The Management Committee, in accordance with Art. 2.8 d), takes decisions on financial matters.

#### 4.4 *Proposals*

The Management Committee is responsible for submitting proposals to the Board of Directors concerning all business that falls within the decision-making competence of the Board of Directors,

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 fundamental guidelines of Group policy, in particular with regard to medium-term planning, and financial, investment and personnel policy;
- e) the annual budget and annual framework competencies within the scope of the medium-term plan (incl. investment projects);
- f) with the exception of the Chief Executive Officer, the appointment of the members of the Management Committee, the Sector Heads and other persons entrusted with management;
- g) the nomination of the candidates for the corporate bodies of major subsidiaries and affiliates, foundations and other institutions;
- h) amendments to these Regulations Governing Internal Organization and Board Committees.

4.4.2 in respect to financial matters in accordance with Art. 2.8 d).

#### 4.5 *Responsibilities*

The Management 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 annual activity report and the consolidated financial statements, the annual financial statements, as well as the application of the balance sheet income and 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 Chairman 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.

#### 4.6 *Other duties*

The Board of Directors may delegate or assign special or additional duties and competencies to the Management Committee or to individual members or sub-committees of the Management Committee.

### **Art. 5 Sector Management**

#### 5.1 *Structure and functions*

The Management Committee appoints the members of Sector Management, with the exception of the Sector Head, and informs the Board of Directors. The Sector Head is appointed by the Board of Directors. He presides over Sector Management and is responsible for the management of his Sector.

The Sector Head performs the duties delegated to him by the Board of Directors in terms of these Regulations Governing Internal Organization and Board Committees and follows the directives of the Management Committee.

## 5.2 *Decision Making Competencies of the Sector Head*

The Sector Head, in consultation with the members of Sector Management, takes decisions on:

- 5.2.1 the development and implementation of the strategies employed by the business units within the scope of Group strategy;
- 5.2.2 financial matters in accordance with Art. 2.8 d).

## 5.3 *Decision Making Competencies of the Business Units*

The Business Unit Head, in accordance with Art. 2.8 d), takes decisions on financial matters.

## 5.4 *Proposals*

The Sector Head, in consultation with the members of Sector Management, is responsible for submitting proposals to the Management Committee concerning all business that falls within the decision making competency of the Management Committee or the Board of Directors,

### 5.4.1 in respect to the following general matters:

- a) the annual budget and annual framework competencies of the Sector within the scope of the medium-term plan (including investment projects);
- b) the nomination of the candidates for the corporate bodies of subsidiaries and affiliates, foundations and other institutions;
- c) the nomination of the candidates for managerial functions in subsidiaries and affiliates.

## **Art. 6 Further provisions**

### **6.1 *Legal Structure***

In conducting the company's business on the basis of these Regulations Governing Internal Organization and Board Committees, the legal structure of the Group must be taken into account.

The legal structure of the subsidiaries and affiliates, as well as the legal status of their organs and employees, will remain unaffected by these Regulations Governing Internal Organization and Board Committees.

### **6.2 *Right of recourse***

Each and any member of the Management Committee, of a committee and of any other standing or non-standing commission may forward resolutions - co-authored but not agreed to by that member - to the next instance for fresh consideration. In the case of proposals with which the member disagrees passing from that member's body to the next instance, the member is entitled to present his dissenting opinion.

### **6.3 *Entry into effect***

These Regulations Governing Internal Organization and Board Committees shall enter into effect on April 7, 2009 and replaces the version of July 21, 2008.

**List of standing committees of the Board of Directors  
in accordance with  
Art. 2.2 of the Regulations Governing Internal  
Organization and Board Committees  
(By-Laws)**

**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, Member(s) 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 circulated to all the members of the Board of Directors.

# **Charter**

## **The Audit and Compliance Committee of Lonza Group Ltd**

### **1. Status**

The Audit and Compliance Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Lonza Group Ltd (“Company”). Its Charter has to 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 two or more 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, regulation and listing agreements. In particular, none shall have been employed by the Group or by the Group’s current or former statutory 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 statutory auditors in executive sessions. 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, statutory

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 statutory 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 statutory auditors and any outside advisors engaged by the Committee.

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

The Committee has the following roles and responsibilities:

#### *Regarding Statutory auditors*

- 3.1 To evaluate the performance of the statutory auditors and to consider the statutory auditors' independence. In this context, the Committee will at least annually obtain, review and discuss with the statutory auditors a report from the statutory auditors regarding
  - a) the statutory 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 statutory auditors and the Group;
- 3.2 To ensure that the lead audit partner of the statutory auditors and the audit partner responsible for reviewing the audit are rotated at least every five years, to consider rotation of the statutory audit firm itself, and to issue policies for the Company's hiring of employees or former employees of the statutory 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 statutory 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 statutory auditors (including the resolution of any disagreement between Company management and the statutory auditors regarding financial reporting). The statutory 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 (pre-) approve the fees and terms for all engagement of the statutory 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 statutory audit, and whether recommendations made have been implemented by Company management;
- 3.6 To discuss with the statutory 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 Chairman of the Board and CEO regarding the performance of the senior 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 statutory 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 statutory 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 statutory auditors the half yearly and 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 or distribution to analysts or rating agencies, Company press releases, earnings 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 statutory 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 self-evaluation of the Committee's own 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  
(By-Laws)**

**Nomination and Compensation Committee**

**a) Function**

As per attached Nomination and Compensation Charter.

**b) Composition**

The members of the Nomination and Compensation Committee, nominated by the Board of Directors, nominate its Chairperson, Member(s) and 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 circulated to all the members of the Board of Directors.

# **Charter**

## **The Nomination and Compensation Committee of Lonza Group Ltd**

### **1. Status**

The Nomination and Compensation Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Lonza Group Ltd (“Company”). Its Charter has to 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 two or more 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 be independent of the Company and its affiliates, shall have no material relationship to the Company or its affiliates and shall otherwise meet the independence standards required by applicable law, regulation and listing requirements. In particular, none shall have been employed by the Company or its affiliates 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.

The Committee shall have the sole authority to retain and terminate any compensation consultant or head hunter 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 Programs for approval by the full Board;
- to review periodically and make recommendations to the Board regarding any long-term incentive compensation or equity plans, the appropriateness of the allocation of benefits under the plans and the extent to which the plans are meeting their intended objectives. Where appropriate, the Committee will recommend that the Board modify any plan that yields payments and benefits that are not reasonably related to employee's or Company's performance;
- to advise the Board of Directors on the compensation of non-executive Board members;
- to review and approve the objectives relevant to the Chairman's and the CEO's compensations, to evaluate their performance on a regular basis and to determine and decide their remunerations. In determining the long-term incentive component of the Chairman's and the CEO's compensations, the Committee shall consider the Company's as well as the CEO's performance;
- to review and approve the remuneration proposals for members of Company management, and other key executives;
- to inform the Board of Directors about policies and programs as well as statistical comparisons of compensation levels at comparable 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 Company management; and
- to regularly conduct a self-evaluation of the Committee's own 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  
(By-Laws)**

**Innovation and Technology Committee**

**a) Function**

As per attached Innovation and Technology Charter.

**b) Composition**

The members of the Innovation and Technology Committee, nominated by the Board of Directors, nominate its Chairperson, Member(s) 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 circulated to all the members of the Board of Directors.

## **Charter**

### **1. The Innovation and Technology Committee of Lonza Group Ltd**

#### **1. Status**

The Innovation and Technology Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Lonza Group Ltd (“Company”). Its Charter has to 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 two or more members of the Board who are experts 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. Members of the Committee shall be independent of the Company and its affiliates, shall have no material relationship to the Company or its affiliates and shall otherwise meet the independence standards required by applicable law, regulation and listing requirements. In particular, none shall have been employed by the Company or its affiliates 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 potential technology breakthroughs within the Company’s market environment that could represent significant long-term business opportunities;

- to support in general the LIFT Initiative (Lonza Innovation for Future Technology) to fuel long term growth;
- to provide continuous information flow to and from the Board on the progress of the LIFT Initiative;
- 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 collaborations of all sector R&D teams 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.

## Appendix 2

**List of special or additional duties assigned to the Chief  
Executive Officer in accordance with  
Art. 3 of the Regulations Governing Internal  
Organization and Board Committees  
(By-Laws)**

**[none]**