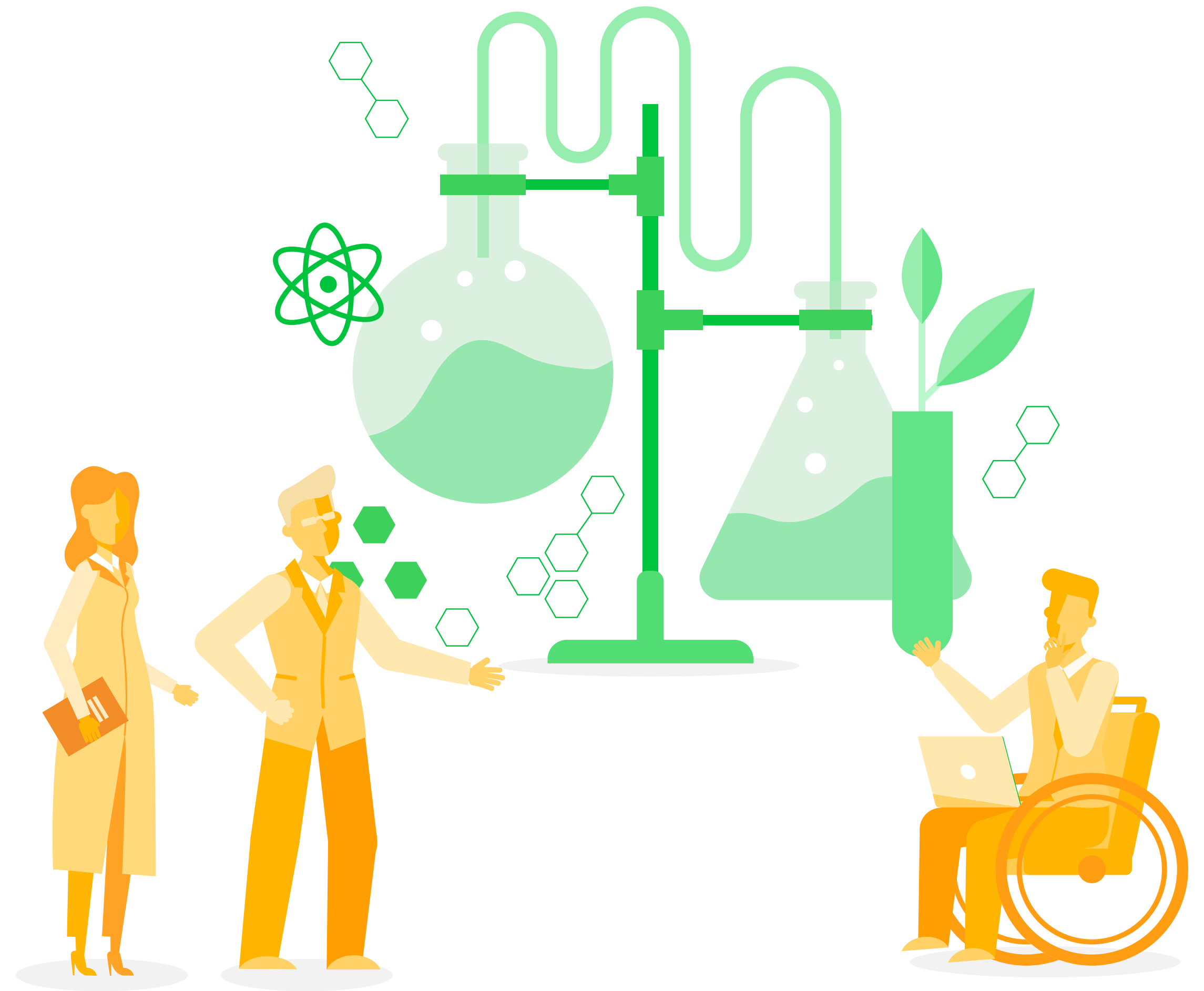


Due Diligence Best Practice: How EcoVadis helped Lonza upscale and accelerate its Responsible Sourcing Program



Lonza is a global partner in pharmaceuticals, biotechnology, and nutrition.

They collaborate with healthcare clients to develop, manufacture, and distribute medical treatments across four key divisions: Biologics, Small Molecules, Cell & Gene, and Capsules & Health Ingredients. With operations on five continents, Lonza serves diverse customers, from large pharma to small biotech, supporting the entire drug development process from discovery to clinical development, regulatory approval, and commercial manufacture.



2022 Figures

Industry
Pharmaceuticals

Headquarters
Switzerland

Sales
€6.4B

Employees
17,494

Suppliers
15,100+

EcoVadis Customer Since
2022



Responsible Sourcing for Meaningful Change

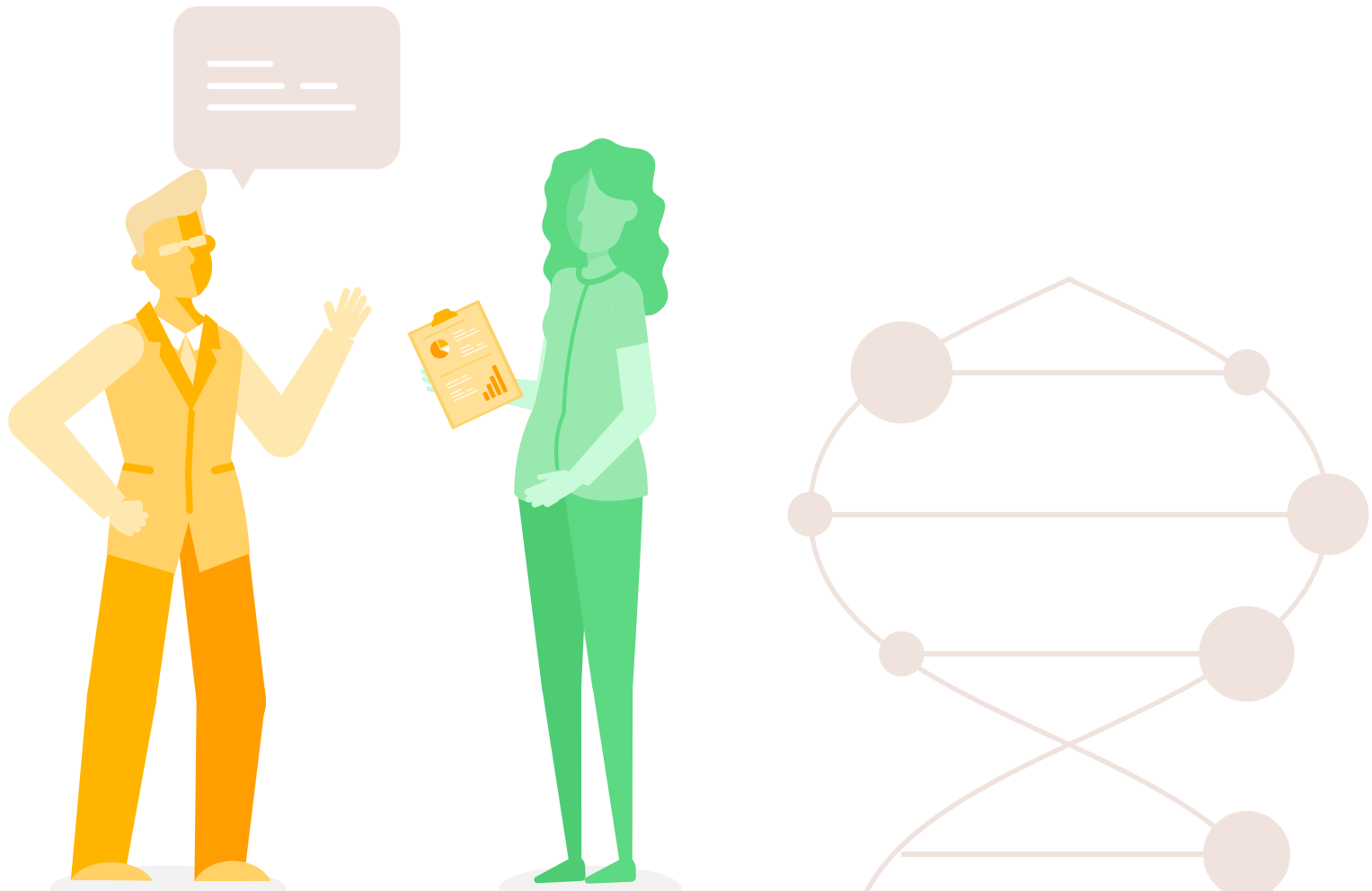
As part of the company’s commitment to the SDGs, Lonza introduced a [Responsible Sourcing Program](#) comprising two major initiatives: Supplier Sustainability and Supplier Decarbonization.

The Responsible Sourcing Team was created in 2022 to integrate responsible business practices into the company’s procurement processes and purchasing decisions. The overarching goal of the team is to strengthen the commitment of buyers and suppliers to sustainability and decarbonization.

To measure ESG risks in the supply chain and drive meaningful change, the company chose to partner with EcoVadis to conduct risk assessments through its membership in the Together for Sustainability Initiative (TfS). Suppliers are selected for an EcoVadis assessment based on their purchasing spend, their strategic significance to Lonza, and/or their ESG risk level.

Moving forward, the company intends to take an increasingly risk-based approach to supplier selection, founded on its country-industry risk classification and specific focus topics such as human rights and conflict minerals. By working collaboratively with suppliers, Lonza ensures sustainability regulations are upheld and there is an open channel of communication throughout the supply chain. Lonza engages with suppliers on this topic through its [Responsible Supplier Toolkit](#), and offers capability building through the TfS Academy.

Program	Supplier Sustainability Initiative to identify, measure and mitigate the ESG risks of Lonza’s suppliers, including Conflict Minerals and Child Labor	Supplier Decarbonization Initiative to identify, measure and reduce the Greenhouse Gas (GHG) emissions of Lonza’s suppliers, in alignment with the Paris Agreement
Targets	Suppliers representing 90% of spend to secure a sustainability score by 2028	Suppliers representing 67% of Scope 3 emissions to set Science-Based Targets by 2028
Approach	Partnering with Together for Sustainability (TfS) and EcoVadis, as well as committing to SBTi to establish targets on sustainability and decarbonization in line with international guidelines.	
Commitment	<ul style="list-style-type: none"> ✓ Improve ESG along the supply chain in alignment with UN SDGs ✓ Source materials from responsible suppliers that meet compliance and decarbonization standards ✓ Engage strategic industry partners for collaboration in responsible sourcing 	



Compliance with the Swiss Conflict Minerals and Child Labor Due Diligence Legislation

The Responsible Sourcing Program was designed to meet the requirements outlined in the Swiss Conflict Minerals and Child Labor Due Diligence Legislation. This law, which entered into force in 2022, introduces mandatory human rights due diligence for Swiss companies. To ensure compliance, Lonza introduced processes to mitigate supply chain ESG risks related to conflict minerals and child labor in line with international standards.



Lonza communicates its expectations to suppliers through its [Supplier Code of Conduct \(SCoC\)](#), with the requirement that these expectations are cascaded down through their own suppliers. The company conducts regular EcoVadis assessments and audits, and puts remedial measures in place where issues are flagged with suppliers concerning labor (including child labor), human rights and conflict minerals.

2022

- Foundation of the Responsible Sourcing Team (February 2022)
- Inhouse risk classification to determine supply base ESG risk (April 2022)
- Update of the Supplier Code of Conduct (May 2022)
- Launch of the EcoVadis Assessment Program (July 2022)
- Launch of the Responsible Sourcing Program (September 2022)
- Beginning of TfS membership (December 2022)

2023

- Set up of Scope 3 emissions baseline and start of work with suppliers on reductions (March 2023)
- First campaign for suppliers without assessments (April 2023)
- Creation of the Responsible Sourcing Ambassador Network (May 2023)
- SAP downstream integration with EcoVadis (June 2023)
- Commitment to the Science-Based Target Initiative (July 2023)
- Update of the Procurement Policy with Responsible Sourcing principles (July 2023)
- First invitation EcoVadis Corrective Action Plan campaign for suppliers with scores below 45 (September 2023)



“We are committed to working together with our suppliers and partners on responsible consumption and production to reduce carbon footprint throughout the entire value chain.”

Identifying, Measuring and Mitigating Risk with EcoVadis

EcoVadis supports Lonza in ensuring supplier due diligence, identifying risks and implementing Corrective Action Plans. According to Lonza’s Supplier Sustainability Risk Evaluation Framework:

- ✓ If a supplier scores above 45 points, they must complete an EcoVadis reassessment within three years.
- ✓ If a supplier scores between 25 and 44, they must work on their Corrective Action Plan and complete an EcoVadis reassessment within two years.
- ✓ If a supplier scores below 25, they must work on their Corrective Action Plan and complete an EcoVadis reassessment within one year. If the company perceives a particularly high risk related to a supplier, they may also be required to do an on-site audit.



Results

Since the creation of the Responsible Sourcing Team in 2022, Lonza has established a solid foundation and implementation roadmap for responsible sourcing. In addition to this, the company has:

Supply Chain Transparency & Improvement

- Set goal to cover 90% of spend by a sustainability evaluation (e.g., EcoVadis Ratings, audits)
- Overachieved 2023 spend coverage target of 40%, by assessing 65% of relevant supplier spend for sustainability performance
- Increased Lonza’s EcoVadis sustainable procurement score by 30 points
- Updated its Supplier Code of Conduct with sustainability expectations, and referenced this within its electronic ordering system

Internal Achievements

- Developed reporting dashboards based on EcoVadis data
- Completed a downstream integration with EcoVadis to display assessment results in SAP ERP system
- Integrated responsible sourcing targets in annual performance targets for procurement employees, in line with Lonza’s global remuneration policy
- Introduced and rolled out a Responsible Sourcing Ambassador Network in procurement
- Developed customized responsible sourcing learning paths for all procurement employees
- Provided monthly webinars to raise awareness on Responsible Sourcing to procurement

Standout Partner Initiatives:

- Joined Together for Sustainability (TfS)
- Submitted a letter of commitment to the SBTi, with a Supplier Engagement Target on Scope 3

Success Factors



Implementation of successful Corrective Action Plans with support from EcoVadis



Peer-related benchmarking through EcoVadis scorecards and a strong network of allies



Participation in industry initiatives such as TfS with EcoVadis as preferred sustainability assessment partner



Launching a Responsible Sourcing Ambassador Network



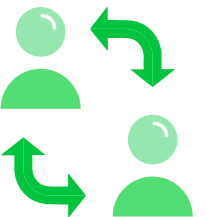
Systems integration and automation of sustainability data



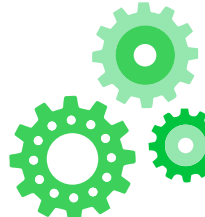
Progressive roll-out of activities to onboard procurement team with the latest topics



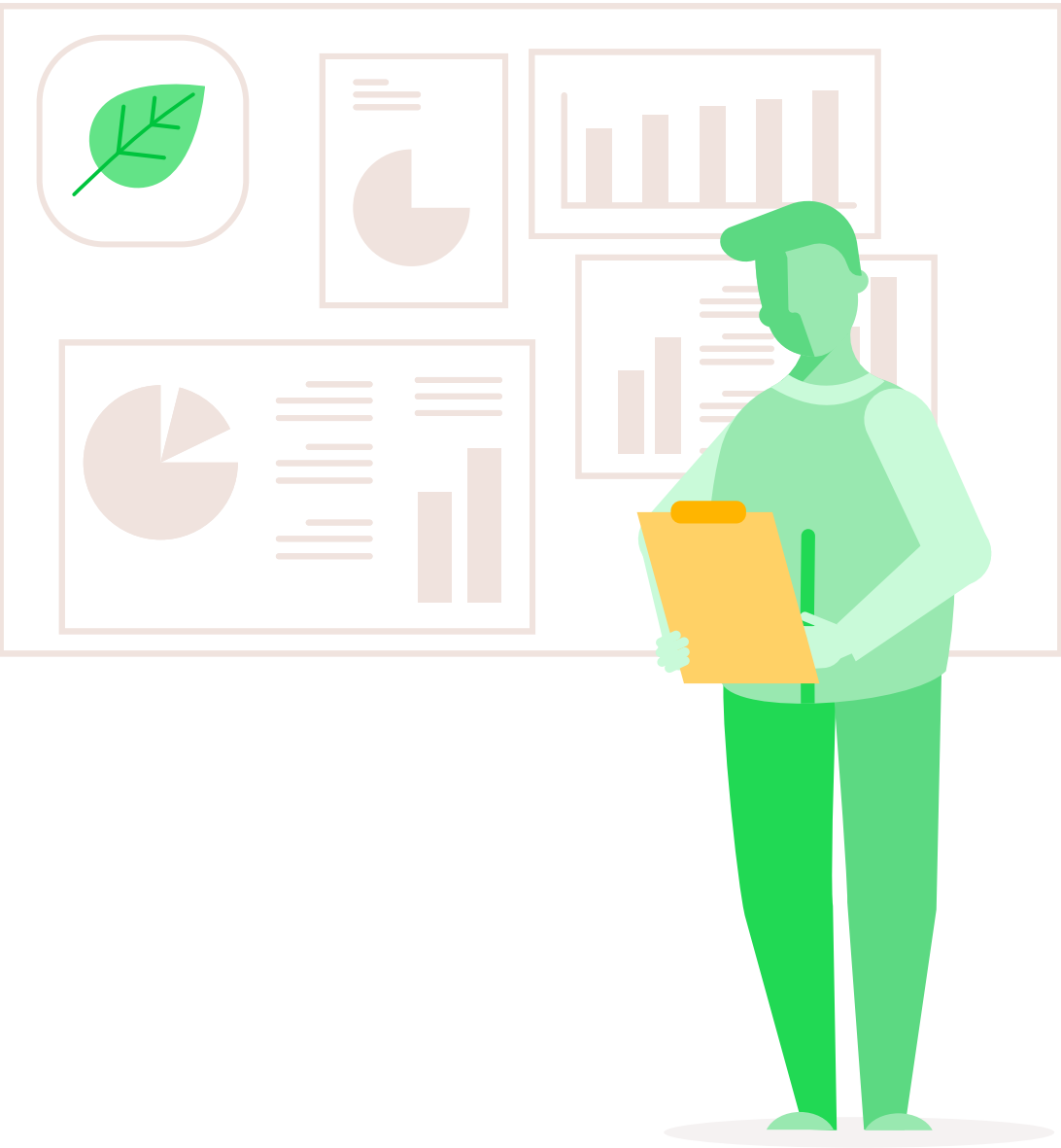
Bonus-related incentives for buyers



Appropriate outsourcing to expert partners



Comprehensive management support and sufficient resources for implementation

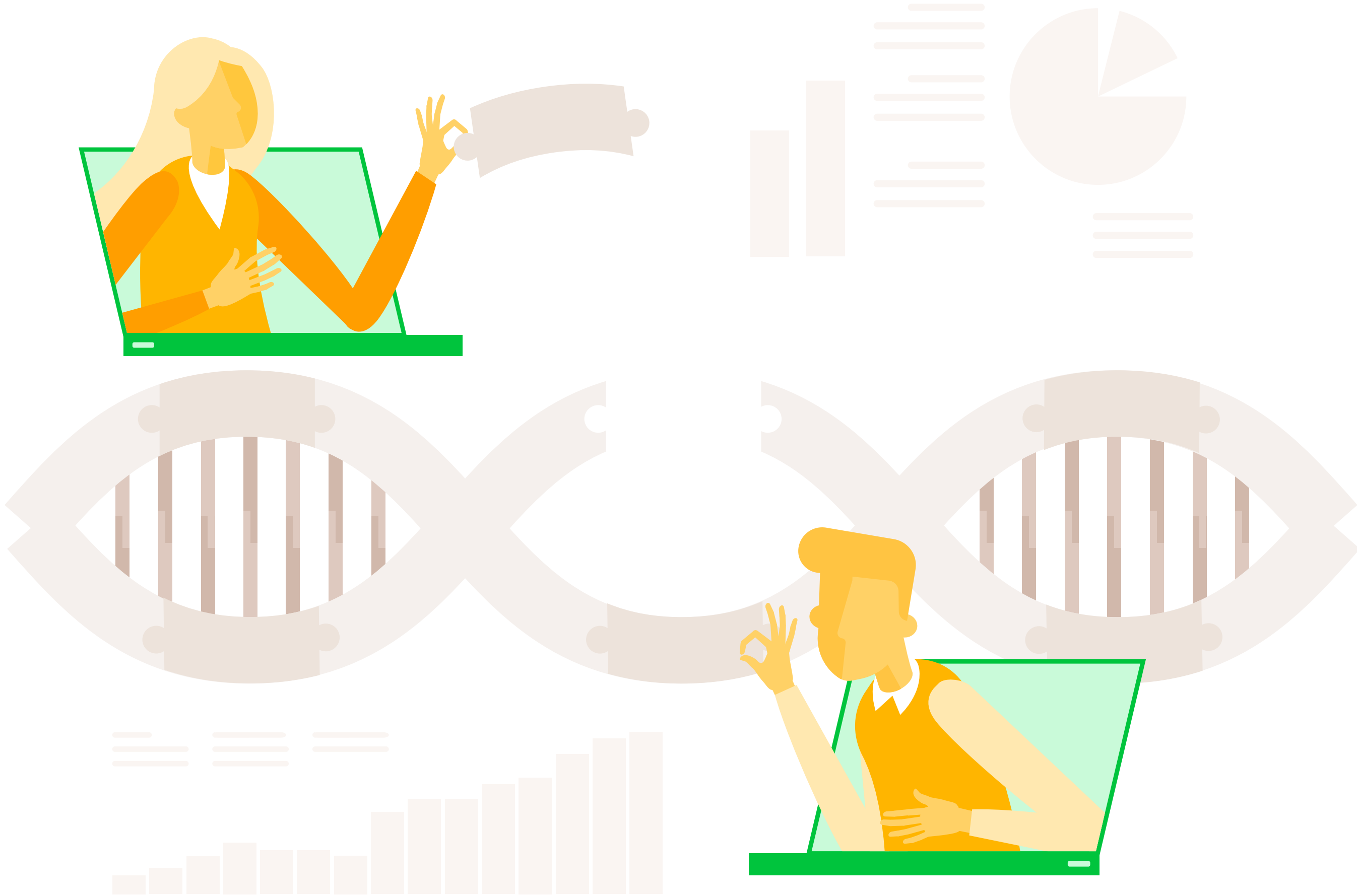


Driving Continuous Improvement

Looking forward, Lonza intends to continue driving supplier engagement in responsible business practice by upscaling the company's EcoVadis program to encompass a wider breadth of suppliers. The company will also be focusing its efforts on supplier sustainability improvement through Corrective Action Plans and capability building.

Other planned initiatives include:

- ✓ Adding responsible sourcing clauses to contracts
- ✓ Embedding responsible sourcing criteria into category strategies
- ✓ Introducing a supplier lifecycle management tool for the onboarding of new suppliers to include a preliminary sustainability assessment
- ✓ Embedding sustainability in supplier relationship management and performance reviews
- ✓ Scaling supplier engagement on Scope 3 emissions topics, as well as collecting and consolidating data



About EcoVadis

EcoVadis is a purpose-driven company whose mission is to provide the world's most trusted business sustainability ratings. Businesses of all sizes rely on EcoVadis' expert intelligence and evidence-based ratings to monitor and improve the sustainability performance of their business and trading partners. Its actionable scorecards, benchmarks, carbon action tools, and insights guide an improvement journey for environmental, social and ethical practices across 200 industry categories and 175 countries. Industry leaders such as Johnson & Johnson, L'Oréal, Unilever, LVMH, Bridgestone, BASF and JPMorgan are among the 100,000 businesses that collaborate with EcoVadis to drive resilience, sustainable growth and positive impact worldwide. Learn more on [ecovadis.com](https://www.ecovadis.com), [Twitter](#) or [LinkedIn](#).

