

Delivering our values

Corporate Responsibility
Summary Report 2003



At the heart of our commitment to corporate responsibility are AstraZeneca's core values. Our continuing challenge is to ensure that these high level values are translated into consistent and appropriate actions and behaviour worldwide.

This Summary Report is designed to capture the main points of our approach to managing this challenge and to present a brief overview of our 2003 performance in the three areas of sustainable development: economic, environmental and social responsibility.

Detailed statistics and further information about our policies, principles and commitment are provided on our website, astrazeneca.com, which also provides a feedback facility.

AstraZeneca core values:

- > Integrity and high ethical standards
- > Respect for the individual and diversity
- > Openness, honesty, trust and support for each other
- > Leadership by example at all levels

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AstraZeneca in brief

- > One of the world's leading pharmaceutical companies
- > Turns ideas into innovative, effective medicines for important areas of healthcare
- > Powerful product range including many world leaders
- > Spends over \$14 million each working day on research and development
- > Corporate HQ London, UK; R&D HQ Södertälje, Sweden; strong presence in key US market
- > Sales in over 100 countries
- > Manufacturing in 20 countries
- > Research in 7 countries
- > Over 60,000 employees worldwide

Chief Executive's message



Our reputation is built on the trust and confidence of all our stakeholders and is one of AstraZeneca's most valuable assets. Along with our commitment to competitiveness and performance, we will continue to be led by our core values to achieve sustainable success.

Stakeholder expectations are constantly evolving and we continuously monitor our internal and external environment for issues relating to our business that affect or concern society today. We use a formal risk assessment process to identify both the opportunities and the challenges that these issues present, and to plan the actions needed to ensure our response is appropriate and consistent. Our current Priority Action Plan is shown on page 4.

Corporate responsibility (CR) is not an optional extra – it must be integral to all that we do. Our strategy to include considerations of corporate responsibility across all our activities is beginning to take effect. In particular, relevant aspects are being increasingly integrated into our risk assessments, scenario planning, training, purchasing practices and market access strategy. In 2003, we made some good progress, but recognise that there is more work to do to ensure that a sense of corporate responsibility is consistently embedded throughout the Group and actively interpreted and managed at a local level.

Because corporate responsibility spans a wide range of issues, they cannot all be covered in this brief introduction. However, I will highlight under each of our core values some areas of progress and some where further work is needed. More information is available in this Summary Report and on our website, astrazeneca.com.

Respect for the individual and diversity

We value the different backgrounds and skills that our global workforce brings to our business and are committed to ensuring that diversity is appropriately supported in the workplace – at all levels. At the end of 2003, we had around 28 diversity programmes in place within the Group and a number of awareness raising initiatives took place during the year, mainly within R&D and our US business. Further work is needed to ensure that the benefits of diversity are fully recognised across the Group.

Openness, honesty, trust and support for each other

Our Code of Conduct has been revised and re-published during the year and a formal, confidential helpline procedure is now in place for employees wishing to raise concerns on integrity issues or report inappropriate behaviour. We also concentrated on reviewing and refining our corporate governance controls and reporting procedures to ensure that we are meeting new laws and regulatory requirements. This includes the ability to meet the appropriate executive certification requirements of the Sarbanes-Oxley legislation in the US and the changes introduced in 2003 by the revised Combined Code on Corporate Governance of the UK Financial Reporting Council.

Integrity and high ethical standards

During the year, we added sales and marketing practices to the Priority Action Plan to ensure they continue to get the appropriate high level of attention and that we develop ways of improving our global reporting in this area. The settlement of the *Zoladex* investigation in the US (see page 13) strengthened our commitment to deliver high standards of ethical behaviour in the marketing of our medicines worldwide.

Leadership by example at all levels

Good corporate responsibility depends on the right level of commitment from all employees, led by the AstraZeneca Board, who approve the strategic direction, and our Senior Executive Team and management, who are accountable for the development and implementation

of appropriate programmes in their areas of responsibility. An important step in 2003 was the inclusion in our annual compliance report by senior management to the AstraZeneca Board (the 'letter of assurance') of a requirement to develop local CR implementation plans.

Our business is focused on the discovery and development of life-saving and life-enhancing medicines. Historically, the markets for these therapies have been in developed countries but as the economies of developing countries grow, new markets for our prescription medicines emerge. Our strategy for expansion in these emerging markets is designed to ensure that through timely investment, we are well placed to meet the needs of patients in these countries. As part of this, we are committed to playing a role in targeting improved treatment of the highest priority diseases. In June 2003, we opened our new state of the art laboratories in Bangalore, India. Work there is dedicated to finding the first new treatment in 40 years for tuberculosis, one of the world's greatest causes of death from infectious disease. AstraZeneca will make any treatment invented in these laboratories available for clinical development and supply to the world's poorest countries at low prices in partnership with governments, healthcare systems, international agencies and others – all of whom have a part to play in bringing essential medicines to the patients who need them.

Good corporate responsibility enhances the benefits of our medicines, the quality of our financial performance and the significance of our contributions to our local communities. I am committed to the high standards necessary for our continued business success and for maintaining the value of our contribution to society.

Sir Tom McKillop
Chief Executive

Our commitment

We believe that good corporate responsibility (CR) performance depends on the effective management of the economic, environmental and social priorities of sustainable development. This can only be achieved through the successful integration of CR considerations into all of our business activities.

Our Global CR Committee leads the development of CR management frameworks. The Committee reports to Dame Bridget Ogilvie, Non-Executive Director with responsibility for overseeing CR in AstraZeneca.

Identifying the priorities

We use a risk assessment process to help us identify the opportunities and challenges associated with our corporate responsibility. Our Corporate Responsibility Priority Action Plan (set out on page 4) provides a framework for managing these in line with our core values, including defined objectives and, where possible, appropriate key performance indicators (KPIs).

This year, we have added sales and marketing practices and access to medicines to the Plan and we continue to monitor our internal and external environment for emerging issues that may require attention and inclusion in the future.

Making it happen

During 2003, we continued to drive the integration of CR into business processes and consolidate the framework for local implementation of our global standards to ensure consistent and appropriate behaviour worldwide.

Senior managers throughout the Company are accountable for the development and implementation of CR programmes in their areas of responsibility. Based on the global CR policy, these programmes are required to take account of regional, site or functional priorities and objectives. Our CR Management Standards help managers to understand the issues, outline the framework for managing our commitments and provide advice on putting the standards into practice.

The size and scale of AstraZeneca and its business mean that developments such as these take time to embed. Local CR committees in the US and Sweden have been established and one is planned for 2004 in the UK, representing three cornerstones of our global presence. These cross-functional committees have an ongoing role for setting, monitoring and reviewing CR programmes that are relevant and appropriate for their areas. They will work closely with the Global CR Committee to share best practice and ensure that local and global objectives are aligned.

We plan to build and extend these activities to ensure that CR is consistently embedded at a local level throughout the Group.

Improving understanding

Communication is essential to successful CR integration. We continue to communicate our CR objectives to build awareness and commitment. We have made progress but more work needs to be done. Plans include tailored communications focused on improving the understanding of what corporate responsibility means in practice for all levels of the organisation. In particular, in today's demanding world, we need to continue to promote an understanding that CR implementation does not necessarily depend on extra resource but on the consistent adoption and integration of CR considerations into everyday business thinking.

To help build corporate skills in CR management, we are in the process of integrating CR into our Leadership Development programmes. This includes using case studies to demonstrate the importance of good CR performance, to raise awareness and to stimulate discussion of how we can all contribute to delivering our values.

AstraZeneca Corporate Responsibility Policy

Through the provision of innovative new medicines, AstraZeneca improves human health and enhances people's lives. Our activities impact not just on the patients we serve and our investors but also on our employees and on society as a whole. Our continued long term success depends on our ability to integrate successfully our financial obligations with our social and environmental responsibilities.

AstraZeneca aims to set, promote and maintain high standards of corporate responsibility worldwide which will ensure that:

- > as a minimum, we meet national and international regulations

- > safety, health and environmental considerations continue to be a fundamental company consideration

- > we make a positive contribution to the communities in which we operate

- > the individuality, diverse talent and creative potential that every employee brings to the business are fully valued and respected

- > sales and marketing practices are reputable

- > ethical issues are dealt with in an effective and transparent way

- > our CR commitments are expanded by encouraging suppliers to embrace standards similar to our own

Stakeholder dialogue

We encourage constructive dialogue with all our stakeholders and others who have an interest in our activities. Feedback opportunities are integrated into our employee communication programmes to help us identify areas of both satisfaction and concern. We hold face-to-face meetings with investors (mainstream and ethical investor groups). Our site-based community liaison staff ensure that our local communities – including local committees and politicians – are kept informed of our business activities and plans and given the opportunity to raise any concerns. The regular contact we have with customers in our day-to-day business activities provides them with opportunities to comment on CR issues.

During 2003, our CR Committee in Sweden held dialogue sessions with internal and external stakeholders in their country to help them understand better the challenges of their local CR implementation programmes. Issues raised by stakeholders included supply chain management, pharmaceuticals in the environment and the extent to which our core values are reflected in our behaviour and strategic decision-making. The Swedish CR Committee is currently updating the Swedish CR Action Plan in the light of these discussions.

In the US, the CR Committee has interviews with key stakeholders scheduled for the first quarter of 2004, the outcomes of which will help shape the US Priority Action Plan.

We also plan to publish our first US CR Report in 2004 which will outline the commitment and progress to date in that country.

Measuring progress

Measuring our performance is essential to understanding the progress we are making and identifying potential areas for improvement. We have for some time had processes in place for monitoring our economic, environmental, safety and health performance. More recently, we have been focusing on developing KPIs in other areas of social performance. These are listed in the Priority Action Plan and discussed further in the narrative of this report and on our website. Establishing KPIs in some areas of social responsibility is proving to be a challenge for industry in general and AstraZeneca is no exception. We are continually exploring the ways in which we can meaningfully benchmark our performance.

Auditing compliance

An important step in 2003 was the inclusion of a requirement to develop local CR implementation plans in our annual compliance report by senior management to the AstraZeneca Board (the 'letter of assurance').

Alongside this, we are building on the experience of our long standing safety, health and environment audit programme to include additional areas of CR, such as purchasing principles, labour practices and community support.

Our rolling programme of AstraZeneca site audits included 14 in 2003, 11 of which covered CR, helping us to monitor progress and identify areas for improvement in the consistent adoption of our standards. Of the 11 sites audited, five were marketing companies, four were manufacturing sites and two were research facilities. In particular, the audits highlighted the need to continue to support managers with clear guidance on what is required of them in these early days of local CR implementation.

A new CR Audit Handbook that provides guidance and support in the new areas for our internal auditors was published during the year and we are now working to build on this with further guidelines and training to ensure an appropriate focus on CR in all of our audits.

Additionally, AstraZeneca's Group Internal Audit function works to review, among other things, compliance with laws, regulations and Group policies. During 2003, a number of reviews were conducted and reported to the Audit Committee of the Board. Areas covered included our Code of Conduct and our Code of Sales and Marketing Practices.



Dame Bridget Ogilvie
Non-Executive Director with responsibility for overseeing CR in AstraZeneca
"AstraZeneca continues to make progress in the integration of CR into all its activities. Staying in tune with the changing expectations of its stakeholders is an ever present challenge."

Our goals

Corporate Responsibility Priority Action Plan

Issue	Objective	Action plan
Integration of CR into all activities	CR considerations are included in all relevant strategies and decisions	Continued internal communication of policies, framework, management standards and guidelines Continued local implementation and global auditing Integration of CR into learning and development programmes Sampling employee understanding and opinion
Corporate governance	Deal with all stakeholders with the highest ethical standards	Internal communication and training in our revised Code of Conduct for all employees Improve systems for reporting concerns
Access to medicines	To consider access to medicines when defining pricing and market access strategies for new brands	Communication of our framework for considering access to medicines early in product development Monitor local alignment with global principles Share good practice
Sales and marketing practices	High ethical standards of sales and marketing in all countries of operation	Further develop mechanisms for monitoring and reporting compliance Establish KPIs
Compliance	Global consistency of implementation of CR standards including new governance laws and regulations	Continued development of audit processes to include CR
Human rights	Ensure that we consistently live up to our core values and our commitment to the principles of the UN Declaration of Human Rights worldwide	Establish a means of collecting Human Resources data on a consistent global basis Establish KPIs based on the planned areas of data collection
Diversity/equal opportunity	Ensure diversity is appropriately supported in our global workforce and reflected in our leadership	Creation of diversity programmes Ensure recruitment processes are appropriate Establish a means of collecting Human Resources data on a consistent global basis
Use of laboratory animals	Minimise the number of animals used	Continued adoption of alternative techniques where possible
Animal welfare	Ensure high standards of care for those that are used	Continued monitoring using established procedures
Suppliers	Encourage our suppliers to embrace CR standards similar to our own and working with them to share best practice and help them improve, if appropriate	Build CR into the external spend and supplier management processes that we are developing
Community support	Ensure optimum effectiveness of our commitment to community support, which focuses on health, science and education Enable the sharing of best practice	Continued communication of our Community Support Policy worldwide Monitoring activity and sharing best practice through the global community support database
Safety, health and environment (SHE)	Compliance with the SHE Policy "No hurt, harm or alarm" Be among the industry leaders in SHE performance	Aim to eliminate all injuries and accidents Economise on the use of natural resources and work to minimise our impact on the environment As part of the overall CR integration objective, ensure that SHE considerations continue to be integrated into all activities across the Group

KPI (where appropriate)	Progress in 2003
2 yearly global employee survey plus ad hoc 'pulse' surveys	CR implementation included in 'letter of assurance' process CR included in global risk assessment Local CR committees established in the US and Sweden CR module approved for inclusion in leadership development programme See page 2
2 yearly global employee survey	Code of Conduct revised and re-published International, confidential employee telephone helpline established See page 7
Candidate drug identified for development as a new tuberculosis treatment	Collective global approach agreed Appointment of Access to Medicines Director (Oncology and Infection) See page 14
Under discussion	Network of promotional standards experts established See page 13
Number of audits conducted	11 CR audits carried out by SHE auditors, complemented by Group Internal Audit reviews See page 3
Under discussion	Human Resources global database project on track See page 11
Number of diversity programmes Percent of women at senior levels	Around 28 diversity programmes in place 13% of our 200 most senior managers are women Human Resources global database project on track See page 12
Number of animals used	242,000 animals used in 2002 (2003 figure not yet available) See page 14
Number of business control meetings including CR	150 business control meetings included CR considerations CR built into contracts and master agreements See page 11
Percent of community programmes focused on our priorities of health, science and education	90% of community programmes focused on our priorities Inclusion in the UK's Business in the Community One Per Cent Club See page 15
Accidents with injury (Target: 30% reduction by 2005*) New cases of occupational illness (Target: 30% reduction by 2005*) Unplanned releases to the environment not contained within site boundary (Target: 50% reduction by 2005*) Total waste produced (Target: 10% reduction by 2005*) Global warming potential (Target: 10% reduction by 2005*) Ozone depletion potential (ODP) (Target: 30% reduction by 2005*) * Against 2001/2002 reference point	14% reduction in accidents with injury, relative to hours worked 52% reduction in new cases of occupational illness, relative to hours worked 18% reduction in unplanned releases 15% reduction in waste, relative to sales 3% reduction in greenhouse gas emissions 18% reduction in ODP emissions See pages 9, 12 and 16

Economic performance

Our business is focused on delivering value for our shareholders and for society by maintaining a flow of new medicines designed to meet the needs of patients and the healthcare professionals who treat them.



Jonathan Symonds
Chief Financial Officer

"You can read regularly in the newspapers about companies that have lost value through failing to manage some aspects that affect their reputation. These aspects can be far more important to the market than decisions that directly affect a company's profits."



AstraZeneca is listed in the 2004 Dow Jones Sustainability Indexes (World and European). Participation in this type of survey is an important means of evaluating our performance and understanding better the demands of sustainable development.



Shareholders naturally look for a good return on their investment but increasingly people want assurance that they are investing in a company that delivers a return in a responsible way. The establishment of ethical investment indices such as Dow Jones Sustainability reflects these rising expectations.

Failure to deliver our core values could seriously impact our reputation, which we recognise is an important driver of the Company's worth.

Managing risk

AstraZeneca's Risk Advisory Group, led by our Chief Financial Officer, Jonathan Symonds, looks at the risks the Company faces and how they are being addressed. Increasingly we are integrating reputational risk, including CR, into our risk management processes and aim to ensure that managers build it into their everyday thinking. Appropriate tools are available in the form of a shared risk management philosophy, principles and a framework that all managers can use to reflect on behaviours, assess risks and positively shape their decision making.

Corporate governance

An essential part of our corporate responsibility is to continue to operate to high standards of corporate governance.

During the year, we reviewed and refined our corporate governance controls to ensure that we are meeting new laws and regulatory requirements. This includes the ability to meet the appropriate executive certification requirements of the Sarbanes-Oxley legislation in the US and the changes introduced in 2003 by the revised Combined Code on Corporate Governance of the UK Financial Reporting Council.

AstraZeneca's senior Non-Executive Director, Sir Peter Bonfield, was nominated in 2002 as the contact for investors wishing to raise high level concerns about any potential corporate governance issues.

We also reviewed and re-published our Code of Conduct to make sure that it continues to be appropriate. Compliance with the Code is mandatory and is monitored through the annual 'letter of assurance' process and Group Internal Audit reviews. The revised version is being widely circulated to employees and communication tools provided to managers to support discussions with their teams about what is expected of them.

The Code of Conduct includes procedures for employees to raise integrity concerns, including a confidential telephone helpline number.

Contributing to economic development

Our medicines are designed to improve health and quality of life. They also bring other benefits to society. Reducing the incidence of disease or the time needed for treatment relieves pressure on healthcare systems and helps to improve productivity.

As the economic burden of funding therapies grows, we are increasingly including explanation of the economic, as well as the therapeutic, advantages of our medicines to help ensure that the full benefit to healthcare providers and society is understood.

Our business activities also benefit the communities around us through local employment and wages, taxes, community support and local and national sourcing of materials and services.

Investing in innovation

AstraZeneca spends around \$14 million each working day on research and development – which is an important contribution to the combined commitment of the pharmaceutical industry, which is the source of the vast majority of medical innovation, researching and developing over 90% of new medicines.

Environmental performance

We continue to pursue sustained improvement in areas where we believe our global business has the greatest potential impact on the environment: climate change, ozone depletion and waste production.



> The installation of two new large energy efficient combined heat and power (CHP) plants in the UK and Puerto Rico will reduce our CO₂ emissions by an estimated 50,000 tonnes each year. CHP is the simultaneous generation of heat and power in a single process.

> Leading by example in the use of alternatives to business travel, our 2003 Senior Managers Conference, involving over 200 AstraZeneca leaders from around the world, took place as a video-conference.

> In Sweden, as part of our commitment to ensuring correct disposal of prescribed treatments, we supported a major campaign, in partnership with other interested parties, to encourage patients to return surplus medicines to their pharmacists.

> An energy efficient HVAC (heating, ventilation and air conditioning) system has been installed at our new research laboratories in Bangalore, India, opened in 2003.

> At our US headquarters in Wilmington, Delaware, our employees have formed an environmental awareness team, which participated in a range of projects during the year including the re-forestation of 10,000 acres of biologically critical habitat in the state of Delaware.

A detailed analysis in 2001 of the potential environmental impacts of our business, combined with stakeholder discussions, helped us to identify our priority action areas. We have clear targets for reducing our impact, as set out on page 5, and here we summarise our progress. More information and detailed statistics are available on our website.

Our challenge is to sustain improvement as we grow our business. There is no completely satisfactory measure that can be used to relate resource consumption to the size of a complex global business such as ours. In common with other similar companies and in line with the Global Reporting Initiative, we use reported sales to calculate our resource efficiency. This is because reported sales is a transparent, audited number that enables comparison over time, as shown on page 16 (but it should be noted that exchange rate fluctuations can have an effect on reported sales).

Climate change

Our global warming emissions arise primarily from the use of energy at our facilities, transport and the propellant gas used in some of our inhalation products.

During the year, we completed a strategic strengthening of our product portfolio with a range of new high quality medicines that will drive AstraZeneca's future success. Planning for the new products has included making necessary changes to our manufacturing processes and increasing the size of our sales forces (and consequently the distance travelled on business). Despite these changes, improvements in efficiency and lower carbon intensity of our fuel sources, coupled with a reduced use of our CFC-driven inhalers, led to total emissions from all sources decreasing by 2% in 2003. We are still working hard to meet our target of a 10% reduction in our global warming potential over the 2001/2002 reference point by the end of 2005.

We continue to implement programmes to maximise energy efficiency. We are also working to increase the amount of energy purchased from renewable resources and most of our sites around the world have local programmes in place to improve energy efficiency.

Whilst the current level of travel activity of our sales forces (up 10% in 2003) is

expected to be maintained, we are committed to maximising other ways of reducing our reliance on air and road transport, including rationalising our product distribution networks and using alternatives to business travel, such as video-conferencing.

Ozone depletion

Some of our products, such as asthma therapies, are presented in a pressurised, metered dose inhaler that uses non-toxic, stable gases to propel the treatment safely and effectively to a patient's airways. The most commonly used propellants have been CFCs, which contribute to ozone depletion as well as being greenhouse gases.

AstraZeneca has been very active in the development of alternatives to CFC-driven inhalers such as dry powder inhalers and pump sprays. We have also now begun the regulatory approval process for a new generation of respiratory HFC inhalers that do not damage the ozone layer. However, CFC-driven inhalers continue to be used by patients who cannot tolerate, or do not have the choice of, alternatives. In 2003, decreased sales of our CFC-driven inhalers resulted in an 11% decrease in our overall release of ozone depleting substances. We are still planning to reach our target of reducing CFC emissions by 30% against the 2001/2002 reference point by 2005. Exact timing will depend on gaining regulatory approvals for the new inhalation devices.

Our use of ozone depleting substances for refrigeration and fire suppression has been substantially reduced and is being phased out completely.

Minimising waste

We aim to use materials efficiently and maximise re-use and re-cycling. Where possible, we avoid the use of the most hazardous substances and are developing avoidance and substitution strategies to assist this process. Approaches to reducing the amount of waste we generate include the improved operation of existing production processes and the better design of new ones, improved purchasing processes and internal waste awareness programmes. In 2003, we reduced our total waste by 3% including a 9% reduction in hazardous waste.

Unplanned releases

Unplanned releases can cause damage both to the environment and to our relationships with our local communities and regulators. We aim to eliminate such incidents by ensuring that our processes are robust and reliable. In 2003, we had nine unplanned releases that were not contained within the site boundary (compared to 10 in 2002).

Pharmaceuticals in the environment

Traces of pharmaceuticals can sometimes be found in the environment. Studies in recent years by industry, academic and regulatory bodies suggest that the concentrations being found in watercourses are many times less than those that would pose significant risk to humans and are not high enough to cause immediate or short term harm to aquatic life. Nevertheless, we recognise that stakeholders may be concerned about longer term effects and this is one of our priority areas of study. We continue to work alongside other pharmaceutical companies and regulatory bodies to provide further improvement to the existing techniques used to assess the environmental risk associated with pharmaceuticals.

Consistent with our commitment to product stewardship, we also aim to minimise the amounts of any of our products being released into the environment from our facilities. We are improving our effluent treatment processes globally including the installation of a \$36 million state of the art biological treatment facility at our plant in Bristol, UK.

Proposed EU chemicals policy

In October 2003, the EU Commission published draft legislation regarding the approval of chemicals in Europe, a key component of which is the introduction of a new regulatory system called REACH (Registration, Evaluation and Authorisation of Chemicals). AstraZeneca supports the Commission's efforts to overhaul the regulatory framework for approval of chemicals in Europe and through EFPIA, the pharmaceutical industry's trade association in Europe, we are actively contributing to the dialogue on this issue. We agree with the principles of the proposal but, working with EFPIA and other industry trade associations, we seek to ensure that the eventual regulation is not only effective but also workable and avoids obstacles that may unnecessarily harm our competitiveness.

Social performance

Managing our business in a constructive and responsible way means understanding and responding appropriately to the issues relating to our activities that affect or concern society.



> During 2003, we developed a new automated system for collecting Human Resources data globally.

> Our overall contribution to our local communities through charitable donations and sponsorships totalled \$22 million in 2003.

> We continue to make progress, but recognise there is still work to do in ensuring that diversity is appropriately supported in our workforce.

> As part of our commitment to employee wellbeing, at least 60% of our staff worldwide now have access to confidential counselling and support.

> We strengthened our commitment to high ethical standards in the sales and marketing of our medicines globally.



Here we describe our approach to some of the social issues relating to our business. You can read more about these and other areas of our social performance on our website.

Human rights

With over 60,000 people working in 45 countries, AstraZeneca is a major employer worldwide. Our core values reflect our commitment to ensuring that all of our people are treated with integrity and respect within a working environment that recognises the freedom of the individual.

AstraZeneca supports the principles set out in the UN Declaration of Human Rights. Our Code of Conduct and our Global Human Resources policies detail the high standards of ethical behaviour with which everyone in AstraZeneca is expected to comply, both in spirit and letter.

This includes only employing adults, as defined by the labour laws in the countries in which we operate and, as a minimum, compliance with national legal requirements regarding wages and working hours. All our employees have the right to be a member of a trade union. We have agreements with trade unions in a number of countries where collective bargaining is customary practice within a country's legal framework and where employees support it.

We also work closely with our major suppliers and use purchasing practices to encourage similar standards to our own. We do not think it is appropriate for AstraZeneca to promote individual rights and freedoms more widely in society, but we believe that we can and do influence others through leading by example.

We have been working to improve our global reporting processes, building on our long standing systems for monitoring compliance wherever we operate. During 2003, we developed a new automated information system for collating, reporting and analysing employee demographics globally. By the end of the year, this was operational across the UK, the US and Sweden (where more than 60% of our employees are located) and the rest of the world is expected to be brought into the system during 2004.

Working with suppliers

In 2003, we published a revised CR Principles in Purchasing guide which included further guidance for our purchasing community in working with suppliers to encourage similar standards to our own, share best practice and stimulate improved CR performance. Time will be required to fully implement these guidelines.

During the year, we continued our programme of priority audit of main suppliers. In total, 14 sites were audited at our major chemical suppliers. Two potential new chemical suppliers were also audited and at one of these, we identified the need for an improvement in standards before any work could be commissioned by AstraZeneca.

CR is also being integrated into the regular business control meetings that are being introduced into our purchasing practice. In 2003, approximately 150 meetings that took place included CR considerations.

Social performance continued

Employee safety, health and wellbeing

We believe that if we are to expect people's continued energy and commitment at work, we must provide the right environment in which they feel safe and well and positive and enthusiastic about what they are doing. Our broad range of occupational safety and health programmes is focused on continuous improvement in the frequency rates for accidents with injury and for new cases of occupational illness, with a target for achieving a 30% reduction (against the 2001/2002 reference point) by the end of 2005. To help us meet this target, we continue to develop behaviour-based safety and health programmes and make them widely available. When accidents occur, we investigate thoroughly to ensure we understand the root causes, take steps to avoid repetition in the future and communicate to build awareness and best practice.

Although our overall accident frequency rate for employees improved by 5% in 2003, we are disappointed that we showed little improvement in our vehicle accident record. Around a third of the total accidents reported (including one fatal accident in Germany) were related to driving. This remains the greatest cause of accidents with injury to AstraZeneca employees. Driver training has always been a core feature of our safety education programmes, but we recognise, and take seriously, the need to improve our performance in this area.

To that end, we are increasing the emphasis on the management of driving activities in our marketing companies around the world. Vehicle accidents are a common cause for concern for many companies and we are working together with other organisations to share learning and best practice.

In 2003, our overall frequency rate for accidents with fatal and serious injuries to AstraZeneca employees and contractors fell by 13%. This is largely due to an improvement in contractor performance.

Our wellbeing programmes are designed to promote physical and psychological welfare and include physical fitness activities, nutrition advice and stress management courses. Examples of good practice from Europe, Asia, North and South America feature prominently in our improvement plans and are shared worldwide through our 'Wellbeing in AstraZeneca' communications. Programmes vary depending on country, culture and need. They include flexible working arrangements, access to fitness and social activities and support for staff experiencing stress. Communications to help ensure that employee wellbeing remains high on the agenda include face-to-face discussions with the top 200 managers in the Company, addressing their personal wellbeing and that of their staff.

In 2003, our overall frequency rate of occupational illnesses (per million hours worked) improved by 47%, with a

particularly encouraging decrease in the two major areas of work-related upper limb disorder and work-related stress illness.

Diversity

Our approach to diversity takes account of all the ways in which our employees are different – not just in terms of gender and race, but also culture, age, ability and family situation. We value the creative energy that these differences bring to our business.

In 2002, we identified that we had work to do to ensure that diversity is appropriately supported in our workforce and reflected in our leadership. We made some progress during 2003. Our R&D community, which has been active for some time in this area, introduced an innovative, interactive diversity programme which is being rolled out to the R&D workforce. 42 workshops were completed in 2003. In addition, diversity improvement plans were created and implemented for the six major areas of R&D. Our Operations group included as one of their three global people targets the requirement that each of our 20 manufacturing sites should prepare priority action plans addressing their diversity needs. During the year, around 15 plans were completed. With seven diversity plans in place in the US, our total is now around 28 programmes.

Our challenge is to build on this work and continue to drive improvement in other



> Pilot projects that aim to build understanding of the causes of minor vehicle accidents to reduce the likelihood of more serious ones occurring will be implemented in Europe, Asia Pacific and the Americas. This is in addition to the defensive driver training programmes that are already in place.



> In the US, our senior managers and their direct reports all attended diversity training and started work on developing diversity action plans for their functional areas. Seven plans were completed by the end of the year.

areas of our organisation, at all levels. Our Senior Executive Team has responsibility for reviewing the diversity among the top management of the Company, including the percentage of women at a senior level. In 2003, 13% of our 200 most senior managers were women.

Sales and marketing practices

During 2003, AstraZeneca settled an investigation into US sales and marketing practices for *Zoladex* prostate cancer treatment, admitting violation of the Prescription Drug Marketing Act by providing free samples of the product to physicians between 1993 and 1996, with the understanding that these physicians would bill Medicare for reimbursement. AstraZeneca also settled civil claims, without admitting liability, involving allegations that the Company provided inducements to physicians to purchase *Zoladex* and for improperly setting and reporting its price. The settlement provides for a five year Corporate Integrity Agreement with the Office of the Inspector General (OIG) for the Department of Health and Human Services under which AstraZeneca is required to keep in place its current compliance programme and provide periodic reports to the OIG on the status of compliance activities. The total payment associated with the settlement was \$355 million.

We are committed to ensuring that improper practice such as this is not repeated. In addition to the strong US compliance programme, during the year

we added sales and marketing practices to the Corporate Responsibility Priority Action Plan to ensure they continue to get the appropriate high level of attention globally. Our AstraZeneca Code of Sales and Marketing Practices outlines the high standards of ethical behaviour we demand in the marketing of our medicines. It is based on the global industry code of conduct (the IFPMA Code of Pharmaceutical Marketing Practice), as well as the codes of marketing practice, laws and regulations applicable in each of the countries in which we operate. The IFPMA Code and our own Code of Practice embody the principles proposed in the World Health Organisation's 'Ethical Criteria for Medicinal Drug Promotion', although the WHO suggestion that advertising of prescription medicines to the public should not generally be permitted is not consistent with the law or self-regulatory standards in certain countries – notably the US.

Compliance with our Code is mandatory. Whilst we have local monitoring systems in place, including auditing of our marketing companies by Group Internal Audit, we are now looking to establish KPIs in this area that will enable improved reporting of our global performance. A variety of legal, regulatory and self-regulatory mechanisms are applied to pharmaceutical marketing activities around the world and different interpretations of what constitutes acceptable practice exist according to national cultures and

attitudes. For example, direct to consumer advertising of prescription medicines is illegal in many countries, yet it is not only legal in the US but also considered by many to have a positive influence on patient welfare. During 2003, we tested draft reporting criteria which we hope will lay a basis for a meaningful global promotional regulatory monitoring system which takes account of the different national environments. We have established a global network of promotional standards contacts in our marketing companies (known as 'Nominated Signatories') and have begun to share experience and best practice amongst this group.

Clinical trials

A potential new medicine enters clinical studies only after its potential efficacy and adequate safety has been confirmed in pre-clinical trials, which include animal testing. All proposed clinical trials are reviewed and approved including consideration of the pre-clinical data, the safety of the trial and the nature and amount of information given to trial volunteers. We have strict guidelines to ensure that volunteers and patients taking part in trials understand their purpose and are not exposed to unnecessary risks and that the privacy of health information of individuals taking part is protected.

We continue to monitor the safety of our products after they have been approved as new medicines, including collection of data on any adverse reactions to a treatment.



Jane Henney
Erna Möller

Dame Bridget Ogilvie
Michele Hooper

> Within the UK FTSE100, AstraZeneca is one of two companies with the highest representation of women on the Board (four out of 13 Board members are women).

> During 2003, an employee assistance programme, CALM (Counselling and Life Management) was made available to staff in Japan.

Social performance continued

Animal welfare

Laboratory animals continue to play a vital and necessary role in the research and development of new medicines for important areas of human healthcare. This includes early testing of the effects of new compounds and the requirement by regulatory authorities for the submission of safety data from animal studies before a new medicine can be tested in healthy volunteers and then patients.

As we continue to expand our R&D activity, we aim to manage the potential increase in use of animals by adopting alternative techniques such as computer simulations, informatics and high throughput screening, which eliminate the use of animals or reduce the number needed. As well as developing our own alternatives, we also adopt those successfully developed by others and we continue to work, alongside the rest of the pharmaceutical industry, with regulatory authorities to agree reductions wherever possible in the animals required by their protocols.

In 2002, we used around 242,000 animals, a small reduction on 2001 (248,000). Some 98% of these were rodents and fish. Approximately 4% were used by external contractors. The number of animals we use each year will continue to fluctuate. Increases can result from a rise in the number of compounds in development and from our further adoption of tests using genetically modified animals. Factors influencing a

reduction include our commitment to adopting alternative techniques.

The welfare of the animals we use is a top priority. Our research sites are subject to formal inspections by our own staff every two years in addition to the mandatory visits by government authorities around the world. Meeting local regulatory requirements is a minimum baseline and we have our own strict guidelines on animal welfare as outlined in our Bioethics Policy and supported by programmes such as animal care training for our laboratory technicians.

Where we outsource animal studies to give us access to additional expertise or capacity, inspections to ensure compliance with our own standards are a significant part of our animal welfare programme.

Access to medicines

The increasing demand for new medicines that improve and extend lives is driven both by the ageing population and advances in technology. At the same time infectious diseases such as HIV/AIDS are threatening to overwhelm the populations of some of the least developed nations. Governments are responding in different ways to balance healthcare budgets against the ever increasing demand for wider access to medicines. The challenge for AstraZeneca is to address the continued downward pressure on the costs of

our products whilst continuing our investment in research and ensuring that wherever possible medicines are available to those that need them.

Although essential medicines are becoming increasingly available to those that need them in developing countries, there are still many other factors such as basic hygiene, healthcare infrastructure and training and education that are also pre-requisites before significant progress can be made in delivering medicines to patients in these countries.

Each of our development products is reviewed independently in relation to pricing and access in all markets, so that plans can be put in place early for those which may be regarded as essential medicines – either because they address diseases prevalent in developing countries or because they are potentially a leading or unique product in their class, offering significant patient benefit in a serious or life threatening condition. In these circumstances, we aim to make arrangements to ensure patient access to these medicines through charitable donation, expanded access programmes or differential pricing.

The appointment in January 2004 of an Access to Medicines Director, a new position in the Company, strengthens our commitment. Working in the Oncology and Infection therapy areas,



> In the UK, AstraZeneca supports the Brightside Trust, a charity that aims to help underprivileged young people enter the medical and healthcare professions. This addresses a particular issue for modern medical practice – that most disadvantaged communities do not have access to doctors with a similar background. Our support includes a one year secondment to the charity as well as a \$160,000 financial contribution over three years.

> Prior to its launch, we implemented an expanded access programme for *Iressa*, our new treatment for lung cancer, which made the therapy available to patients with lung cancer for whom no other treatment had been successful. During 2002 and 2003, over 42,000 patients in 70 countries received *Iressa* through this route.

the role will initially focus on *Iressa*, our new lung cancer treatment, and other emerging treatments for cancer.

Whilst we support the concept of differential pricing in this context, we continue to seek safeguards that differentially priced products are not diverted from the patients who need them, to be sold and used in more affluent markets. Differential pricing can only be of benefit in countries where healthcare systems can deliver medicines to the patients that need them and ensure that they are used appropriately.

Research into neglected diseases of the developing world is essential to the effective treatment of these diseases in the future. AstraZeneca has recently made a substantial investment in new research facilities in Bangalore, India, that are focused on finding a new treatment for tuberculosis – a major and increasing threat to life in developing countries.

Should we be successful in identifying a potential new medicine, a key priority will be to develop it in partnership with governments, local organisations and international bodies in order to achieve the earliest possible approval according to global standards. We hope that we can then again work in partnership with the relevant global and local organisations to ensure that any new treatment reaches the patients who need it.

In all cases of facilitating access to our medicines, we can only be successful if we can ensure that the product is not diverted away from those who need it and that we retain intellectual property rights which enable us to protect our core business and provide for future investment in the discovery and development of new medicines for a wide range of diseases.

Product donations and patient assistance programmes

Our product donations and patient assistance programmes make products available free of charge or at reduced prices. In 2003, our expanded patient assistance programmes in the US contributed to a total spend of \$724 million in this area, at average wholesale price.

Community support

Wherever AstraZeneca is located worldwide, we aim to make a positive contribution to our local communities through charitable donations, sponsorships and other initiatives that help to make a difference. In particular, we focus on bringing benefits in ways that are consistent with our business of improving health and quality of life and on promoting the value of science among young people.

In 2003, our spend on community sponsorships and charitable donations totalled \$22 million.

Improving data collection

In 2002, we introduced a central database to improve our processes for capturing the full extent of our community support initiatives, product donations and patient access programmes around the world and to ensure the information can be shared internally to promote best practice. In 2003, over 1,000 projects were entered into the database, covering activities in 34 countries.

For the first time, in 2003 AstraZeneca was included in the UK Business in the Community's One Per Cent Club, an index of companies that contribute 1% or more of their annual operating profit to community support.

> The Together Rx programme in the US, run by AstraZeneca and six other pharmaceutical companies, provides eligible Medicare patients with up to 40% savings on medicines used to treat a range of common conditions that affect older people.



Sir Tom McKillop

> In December 2003, AstraZeneca announced a \$360,000 three-year partnership with Peking University's Guanghua School of Management to fund the China Center for Pharmacoeconomics and Outcomes Research in a series of research and educational programmes aimed at supporting China's continued reform of its healthcare system. In particular, the programmes will focus on building research skills and expertise in health economics.

2003 performance summary

	2001	2002	2003	2005 target (where relevant)
Economic \$m				
Sales	16,222	17,841	18,849	–
Operating profit	4,156	4,356	4,111	–
Dividends	1,225	1,206	1,350	–
Ratio of market capitalisation to book value of net assets	8.0	5.5	6.1	–
R&D investment	2,687	3,069	3,451	–
Total wages	3,542	3,993	4,745	–
Taxation	1,214	1,177	1,143	–
Environmental				
Greenhouse gases¹				
CO ₂ -equivalents (million tonnes)	1.87	1.77	1.72	1.59
Index (tonnes/\$m sales)	115	99	92	–
Energy				
GWh	2,170	2,240	2,440	–
Index (MWh/\$m sales)	134	126	129	–
CFCs				
Total ozone depletion potential CFC11 equivalent (tonnes)	110	99	88	75
Index (kg/\$m sales)	7.0	5.6	4.7	–
Waste				
Hazardous waste (kte)	36.7	31.1	28.3	–
Total waste (kte)	65.5	60.3	58.4	–
Index – total waste (tonnes/\$m sales)	4.04	3.38	3.10	3.26
Unplanned releases				
Contained within site boundary	24	17	8	–
Not contained within site boundary	12	10	9	6
Social				
Safety and health: AstraZeneca employees				
Number of accidents with injury (per million hours)	4.16	3.84	3.64	–
Number of accidents with injury and days lost (per million hours)	2.86	2.84	2.66	–
Cases of occupational illnesses (per million hours)	3.83	3.15	1.67	2.44
Safety and health: AstraZeneca employees and contractors				
Number of accidents with injury (per million hours)	4.18	4.11	3.57	2.90
Number of animals used in research	248,000	242,000	– ²	–
Site audits that included CR	–	–	11	–
Community support (\$m)				
Sponsorships	n/a	9.7	16.4	–
Charitable contributions	n/a	3.3	5.6	–
Total	n/a	13.0	22.0	–
Product donations and patient assistance programmes at average wholesale price (\$m)	n/a	303.0	724.0	–
Regulatory infringements – safety, health and environment				
Prosecutions	1	1	1	–
Legal sanctions	4	7	4	–
Failures to obtain correct permits	1	0	0	–
Infringements of operating permits	7	6	12	–
Total	13	14	17	–

¹ Figures are calculated in line with the Greenhouse Gas (GhG) Protocol guidance (ghgprotocol.org) ² 2003 figure not yet available n/a Not applicable

Contact information

**Registered office
and corporate headquarters address:**

AstraZeneca PLC
15 Stanhope Gate
London W1K 1LN
UK
Tel: +44 (0)20 7304 5000
Fax: +44 (0)20 7304 5183

R&D headquarters address:

AstraZeneca AB
R&D Headquarters
SE-151 85 Södertälje
Sweden
Tel: +46 (0)8 553 260 00
Fax: +46 (0)8 553 290 00

Investor relations contacts:

UK and Sweden: As above or e-mail:
IR@astrazeneca.com
US:
Investor Relations
AstraZeneca Pharmaceuticals LP
1800 Concord Pike
PO Box 15438
Wilmington
DE 19850-5438
US
Tel: +1 (302) 886 3000
Fax: +1 (302) 886 2972

Registrar and transfer office:

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA
UK
Tel (in the UK): 0870 600 3956
Tel (outside the UK): +44 (0)121 415 7033

Swedish securities registration centre:

VPC AB
PO Box 7822
SE-103 97 Stockholm
Sweden
Tel: +46 (0)8 402 9000

US depositary:

JPMorgan Chase Bank
PO Box 43013
Providence
RI 02940-3013
US
Tel (toll free in the US): 888 697 8018
Tel: +1 (781) 575 4328