

thinking responsibility

Corporate Responsibility
Summary Report 2004



thinking global

AstraZeneca is one of the world's leading pharmaceutical companies, with a broad range of innovative medicines for many important areas of healthcare. We employ over 64,000 people worldwide; sell in over 100 countries; manufacture in 20 countries, and have major research facilities in 7 countries.

Our business activities touch many people's lives, including patients, physicians, employees, investors and the communities around us. We know that a responsible approach to business is essential to maintaining the trust of these groups and ensuring that AstraZeneca continues to be a company that is welcomed by society and for which our employees are proud to work.

At the heart of our commitment to corporate responsibility are AstraZeneca's core values. Wherever we have a presence or an impact, we aim to live up to these values and deliver standards of ethical behaviour that are consistent with our publicly declared codes of corporate responsibility.

This Summary Report is designed to capture the main points of our approach to managing this challenge and to provide a brief overview of our 2004 performance in the three areas of sustainable development: economic, environmental and social responsibility.

Detailed statistics and further information about our performance, policies and principles are available on our website at astrazeneca.com/responsibility.

Chief Executive's message	02
Priority action plan	04
Managing our commitment	07
Performance summary	09
Economic performance	10
Environmental performance	12
Social performance	15
Assurance statement	20

Chief Executive's message



Sir Tom McKillop

'We are committed to ensuring that our actions reflect our core values. Our reputation and our continued success depend on it.'

At AstraZeneca, we consider the value of our products to patients and to society to be at the core of our corporate responsibility (CR) effort. We make our unique contribution through successful research and development of new medicines. Innovation drives progress in society and in the case of pharmaceuticals, innovative research not only brings benefits for patients, improving health and quality of life, it also creates wealth and contributes to the economic development of the communities we serve.

We see our core values as central to achieving sustainable success through innovation. We know that we must act appropriately and consistently, wherever we operate. Our reputation and continued success depend on it.

Adding value through innovation

The path to a new medicine is long, complex and costly. It may take over ten years of development and only one in ten projects entering development will make it to market. Typically, about \$1 billion is invested in research and development before the first dollar of sales is realised. The pharmaceutical industry is responsible for the vast majority of new medicines – no one else has the combination of skills, experience and resources to do all that is needed to deliver real pharmaceutical advances.

Each of AstraZeneca's R&D projects has clear targets and must demonstrate benefit to patients, otherwise it is stopped. Sometimes the benefits are incremental and sometimes they can be described as breakthroughs. Clearly, fundamental breakthroughs are exciting, but they are exceedingly rare. Incremental innovation is important too because the first product in a class is almost never the best. Refinement brings quality, reliability and additional benefits. Also, choice is good for patients, who respond differently to different medicines, and for competition, helping to add value for healthcare systems. Very often, the full benefit of a medicine only becomes apparent after long usage and extensive clinical trials – for example our own product, *Nolvadex*, launched to treat breast cancer is now used to help prevent the disease.

The inequality of access to healthcare remains one of the biggest challenges the world faces today. The pharmaceutical industry has a significant role to play, but responsibility also rests with governments and other organisations to provide appropriate infrastructures that support good public

health and the reliable provision of medicines and other aspects of healthcare to those in need. AstraZeneca is committed to playing its part (and you can read more about this on page 18), but I believe that real progress will depend on the acceptance of a shared responsibility and commitment.

Delivering our core values

In practice, "walking the talk" of our core values means ensuring that CR is consistently embedded throughout the organisation and actively interpreted and managed at a local level. For a company of AstraZeneca's size, this is a significant task. We are making progress but there is still work to do. An important step forward has been the creation of National CR Committees in the US, the UK and Sweden, where more than 60% of our employees are located. National CR action plans, including local priorities and objectives, are now in place in these three cornerstones of our global presence.

Another significant move was our decision in 2004 to formally integrate CR into the personal targets and performance reviews of all employees, including AstraZeneca's Senior Executive Team and senior management. This will further support the integration of CR considerations into business strategy development and day-to-day decision-making, actions and behaviours.

We have also begun to integrate CR into our leadership development programmes and during the year, we launched an intranet site dedicated to providing managers with the tools and guidance they need to put CR into practice at a local level.

I was pleased to see that 80% of our people took time to respond to our third two-yearly global employee survey, which took place in 2004 and the results of which helped us to identify areas for further improvement. We are working to develop improvement plans that address the areas highlighted for attention by the survey, which included organisational efficiency, strengthening leadership capabilities and clarity around performance expectations.

Our biggest employee safety issue is driving-related accidents – a particular problem with so many sales representatives driving extensively on business. Despite our increased focus in this area, we are currently showing little improvement in our driver safety record. I am committed to doing better. Alongside the other work being done in this area and to further promote best practice, during 2004 I gave a special Chief Executive's

award to AstraZeneca in the Czech Republic for the most effective driver safety initiative implemented in the previous year. Examples of best practice such as theirs continue to be shared within the Company to help stimulate further improvement in performance.

Following the devastating tsunami in December 2004, our first priority was to account for our employees working in the region and those visiting on holiday. I am sad to report that, to date, three of our employees are still missing. Our deepest sympathies and condolences go to their families and friends and to all those affected by this tragic event. AstraZeneca responded immediately to the disaster with cash donations totalling \$600,000 and medicines. For the longer term, we have established a fund of a further \$1.5 million to provide ongoing support to help those stricken by the disaster rebuild their lives and their communities.

CR is an evolving landscape. We use stakeholder dialogue, external benchmarking and internal risk assessment to make sure we are staying in tune with the issues relating to our business that affect or concern society. During the year, we added clinical trials and pharmaceuticals in the environment to our Global CR Priority Action Plan, and we introduced new key performance indicators for marketing and sales practices and animal welfare, which provide the platform for further strengthening of our global monitoring systems in these areas.

We are committed to transparent, balanced reporting of our CR performance and this year, we have taken a further step with the introduction of a pilot scheme to provide independent assurance of this CR Summary Report and the processes that underpin it. You can read the results of this on page 20.

The pharmaceutical industry faces many challenges to its reputation – some justified, some less so. I am convinced that the effective implementation of corporate responsibility and a wider appreciation of the health and economic benefits we bring to patients and society will enable AstraZeneca to promote and safeguard its reputation in an increasingly critical climate of public opinion.



Sir Tom McKillop
Chief Executive

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

AstraZeneca Group CR Policy

Through the innovation of 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 reputation and continued long term success depend on our ability to integrate successfully our financial obligations with our social and environmental responsibilities. In so doing, we will maintain the trust and confidence of our stakeholders and continue to be a company that is welcomed by society and for which our employees are proud to work.

AstraZeneca aims to set, promote and maintain high standards of corporate responsibility worldwide, in line with our core values and consistent with our publicly declared code of conduct, which will ensure that:

- > Patient benefit and safety continue to be the core priority
- > Safety, health and environmental issues remain a fundamental company consideration
- > The individuality, diverse talent and creative potential that every employee brings to the business are fully valued and respected
- > We maintain high ethical standards in our research and development of new medicines
- > We maintain high ethical standards of marketing and sales practices in all countries of operation
- > We make a positive contribution to the communities in which we operate
- > As a minimum, we meet national and international regulations
- > Our CR commitments are expanded by encouraging suppliers to embrace standards similar to our own
- > New and emerging issues relating to CR are dealt with appropriately and effectively

We will be transparent in our communications about the work we are doing to meet these commitments and drive continuous improvement in our CR performance.

Revised and approved by the AstraZeneca Board in January 2005.

thinking values

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 integration of CR into personal performance objectives. Continued internal communication of policies, framework, management standards and guidelines. Continued local implementation. Continued integration of CR into learning and development (L&D) programmes. Continued sampling of employee understanding and opinion.
Corporate governance and compliance	Deal with all stakeholders with the highest ethical standards. Global consistency of implementation of CR standards including all new governance laws and regulations.	Continued communication of revised Code of Conduct including the procedure for reporting concerns. Continued development of audit processes to include CR. Continued global auditing.
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.
Diseases of the developing world	To consolidate a strategy addressing diseases of the developing world.	Consolidate a plan, bringing together current activities and future plans in this area.
Marketing and sales practices	High ethical standards of marketing and sales in all countries of operation.	Further develop mechanisms for monitoring and reporting compliance.
Human rights	Ensure 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 and inclusion	Ensure diversity and inclusion is appropriately supported in our global workforce and reflected in our leadership. Ensure diversity and inclusion are integrated into business and people strategies.	Build diversity and inclusion into business performance management processes. Focus on minimum standards including talent management, staffing, performance review and reward, and learning and development. Establish a means of collecting Human Resources data on a consistent global basis and monitor progress.
Animal use and welfare	Use the minimum number of animals to achieve our scientific objectives. Maximise the use of non-animal methods in drug discovery. Enhance the welfare of those animals we have to use.	Introduce site improvement plans covering both animal welfare and replacement, reduction and refinement of animal use at all AstraZeneca sites using animals. Formal programme of animal welfare inspections of sites where studies are conducted by, or on behalf of AstraZeneca.
Clinical trials	Ensure that our clinical trial programmes continue to be safe and appropriate. Ensure open communication of appropriate data.	Maintenance of ethical standards. To develop an AstraZeneca global clinical trials website.
Suppliers	Encourage our suppliers to embrace CR standards similar to our own and work with them to share best practice and help them to improve, if appropriate.	Global purchasing category management processes to include CR. CR in Purchasing Guideline to be fully implemented in the US, the UK and Sweden.
Safety, Health & Environment (SHE)	"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.
Pharmaceuticals in the Environment (PIE)	Continue to refine our understanding of how our products interact with the environment and pursue opportunities to reduce or eliminate potential adverse impacts.	Continue to work both independently and in collaboration with other organisations to advance research in this area, particularly with regard to environmental toxicity. Pursue site-specific opportunities to minimise the amount of product lost to wastewater during manufacturing activities.

KPI (where appropriate)

Progress in 2004

<p>2 yearly global employee survey plus ad hoc 'pulse' surveys. Number of leaders involved in CR L&D training (new KPI established for 2005 implementation).</p>	<p>Approval of formal integration of CR into personal performance objectives at all levels. Third global employee survey. National CR Committee established in the UK. National CR action plans in place in the UK, the US and Sweden. Launch of online CR Toolkit for managers. Pilot CR L&D module for leaders. See pages 7, 8</p>
<p>2 yearly global employee survey. Number of audits conducted including CR.</p>	<p>Continued employee communication/training in revised Code of Conduct. 24 integrated SHE/CR audits conducted. Group policies review to improve understanding of compliance expectations. Pilot external Summary Report assurance project in place. See pages 7, 8, 20</p>
<p>Candidate drug identified for development as a new TB treatment (target: 2006/7).</p>	<p>Development and launch of global guidelines on access considerations. See page 18 Strategy agreed. See page 19</p>
<p>Number of local AstraZeneca codes in place. Number of confirmed breaches of codes or regulations (new KPI established for 2005 implementation).</p>	<p>50 of our 53 national companies reviewed and updated their national AstraZeneca Codes of Marketing and Sales Practices for implementation by end January 2005. The remaining national company reviews are planned for the first quarter of 2005. All national codes are reviewed centrally to ensure compliance with global standards. See page 16</p>
<p>Under discussion.</p>	<p>Human Resources global database project expanded. See page 15</p>
<p>% of women at senior levels. KPI under discussion.</p>	<p>20% of the 95 senior managers reporting to the AstraZeneca Senior Executive Team are women. Globally aligned approach and set of minimum diversity standards agreed. Human Resources global database project expanded. See pages 15, 16</p>
<p>Number of animals used. % sites with approved improvement plans (target: 100%). % sites demonstrating positive progress (target: 100%). % of scheduled inspections completed (target: 100%).</p>	<p>2004 figures will be available in the second quarter of 2005 and published on our website. New key performance indicators introduced (see KPI column). Commitment to development of site improvement plans during 2005. 100% internal peer review inspections completed. 86% of scheduled contract research organisation inspections completed. See page 17</p>
<p>% of products approved since the Company was formed in 1999 for which trial data available (new KPI established for 2005 implementation).</p>	<p>Continued application of stringent trial review and approval processes and guidelines for patient safety/privacy. Global clinical trials website on track for launch in the first quarter of 2005 and will be populated with data on a rolling basis. See page 18</p>
<p>CR in category plans (target: 100% by end 2005). CR in contracts and master agreements in the US, the UK and Sweden (target: 100% by end 2005).</p>	<p>Implementation of new management processes begun and will continue through 2005. See page 16</p>
<p>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 (target: 30% reduction by 2005*).</p>	<p>13% reduction*. 41% reduction*. 27% reduction*. 22% reduction*. 11% reduction*. 35% reduction*. See pages 12, 13, 15</p>
<p>Under discussion.</p>	<p>In addition to ongoing work in the area, PIE now added to Priority Action Plan. Discussions of possible KPIs begun. See page 13</p>

* Against 2001/2002 reference point

thinking local



Effective management of our corporate responsibility depends on the successful integration of our core values into everyday business thinking.

It starts at the top. The AstraZeneca Board approves the strategic direction for CR and we have a Non-Executive Director with responsibility for overseeing CR within the Company. A Global CR Committee leads development of the CR platform and our Senior Executive Team and senior managers are accountable for CR management within their areas, based on the global CR platform and taking account of national, functional and site issues and priorities. Individually, everyone at AstraZeneca has a responsibility to integrate CR considerations into their day-to-day decision-making, actions and behaviours.

The common platform that supports this effort worldwide includes our Group CR Policy, Group CR Standards and Global CR Priority Action Plan, which together provide the framework for understanding and managing the challenges and opportunities associated with our responsibility.

Our Global CR Priority Action Plan (shown on page 4) is reviewed annually to ensure that it continues to address the issues relating to our business that affect or concern society today. We use internal risk assessment, external benchmarking and stakeholder dialogue to inform our thinking on what needs to be included in the Plan. In 2004, we added clinical trials and pharmaceuticals in the environment, and removed Community Support (which continues to be an integral part of our CR commitment, but we completed the priority action of establishing a global database in 2003).

During 2004 we also reviewed and broadened the membership of the Global CR Committee, to ensure that all of our key functions and territories have a voice in the further development of our CR frameworks. In addition, it was agreed that from 2005 onwards, each CR Committee meeting would include an appropriate member of the Senior Executive Team.

Driving implementation

One of our top priorities continues to be the integration of CR into all our activities. The embedding of CR within a company of more than 64,000 employees, across research and development, manufacturing, commercial and administrative functions around the world, is no simple task. It takes time and commitment. We are making progress, but there is more work to do.

A particular focus over the past two years has been the establishment of national CR management systems in the US, the UK and Sweden where more than 60% of our employees are located. National CR Committees were formed in the US and Sweden in 2003 and in 2004 in the UK, CR was integrated into the accountabilities of an existing senior management team with the appropriate cross-functional representation. Objectives that are relevant to the local issues and priorities have now been identified and action plans defined in each of these important business hubs.

Elsewhere in the world, at a meeting of our Asia Pacific marketing company presidents, reputation and CR were high on the agenda to build understanding, discuss objectives and begin the development of a common approach in that region.

An important step in 2004 was the decision to formally integrate CR into a new performance management regime that is being introduced throughout AstraZeneca. In a phased introduction which began in 2004 and which is planned for implementation by 2006/7, relevant CR-related objectives will be included in personal targets and performance reviews. For our Senior Executive Team and senior managers, these will reflect their responsibility for ensuring that management systems and action plans are in place to manage CR in an integrated way across their areas. All employees will be required to have, as a minimum, a performance objective that reflects the need to ensure compliance with relevant AstraZeneca CR-related policies as part of their core role. This move strengthens our effort to ensure that CR is consistently embedded throughout the organisation and actively interpreted and managed at a local level.

Developing skills

In support of our core value of leadership by example, we are in the process of integrating CR into our leadership development programmes and in 2004 we piloted a CR workshop for managers that aims to raise awareness and build corporate skills in CR management. The workshop includes interactive team-working sessions, based around a series of real-life dilemmas that bring CR into the context of everyday working life. This encourages the sharing of experiences and helps to promote a common understanding of best practice in living our values and safeguarding AstraZeneca's reputation. The workshop will be introduced throughout the organisation during 2005. We are also planning a version that managers can use with their teams to help people better understand what kinds of issues are associated with CR and how to address those which are not always straightforward.

Continued communication

We encourage constructive dialogue with our stakeholders and others who have an interest in our activities to make sure we are staying in tune with their changing expectations and to give us the opportunity to make AstraZeneca's position understood. These dialogues take place at two levels. Corporately, we focus on the investment community, our employees worldwide, international governmental and non-governmental organisations, and opinion leaders such as business and financial media. In our individual markets, we focus on local employees, national governments, national media, our local communities and our customers. These two levels of communication are not of course mutually exclusive and we aim to ensure that feedback on major issues is shared across AstraZeneca to help build our understanding of the issues relating to our business that affect or concern these groups.

Shareholders

During 2004, problems encountered with our products *Crestor*, *Exanta* and *Iressa* affected AstraZeneca's share price. When communicating disappointing news to shareholders, and patients and employees, we set out to ensure that our core values of openness, honesty, integrity and high ethical standards are followed in all announcements. Such an approach is considered essential to the management of our reputation at all times. We encourage feedback from shareholders on our reputation both informally at face-to-face meetings, as well as the more formal assessments provided by surveys such as the Dow Jones Sustainability Indexes. More information about our 2004 business performance can be found in the separate 2004 Annual Report and Form 20-F Information or in the 2004 Annual Review.

Employees

As well as line manager briefings and team meetings, we use a wide range of electronic and printed media to communicate regularly with our employees around the world. Feedback opportunities are integrated into our internal communication programmes and we also use a two-yearly global employee survey to identify areas of satisfaction and concern. (See page 16 for more information about the 2004 survey.)

Government and non-governmental organisations

Almost every aspect of our business is subject to regulation or ethical overview. Our exchanges with governments are aimed at creating a constructive framework for the development and implementation of policies and regulations that impact on our industry in a way that delivers good regulation and sound

operational practices. As buyers of healthcare, national governments are often also our customers as well as being our regulators, and access to medicines that offer benefits to patients and healthcare providers is an important part of our dialogues.

As well as working with the International Red Cross and Red Crescent, we also have discussions with other non-governmental organisations, for example the World Wildlife Fund, and with international bodies such as the World Health Organization.

Customers

Our day-to-day business activities include regular contact in our local markets with physicians and other healthcare professionals, government officials and other groups that buy healthcare. These dialogues are business driven, but present the opportunity to raise with us any concerns about our approach to business.

Local communities

Our site-based community liaison staff ensure that our local communities are kept informed of our business activities and plans, and given the opportunity to raise any concerns.

Both formal and informal stakeholder engagement helped to inform the development of national CR Priority Action Plans in the US, the UK and Sweden during 2003 and 2004. The key issues identified are consistent with those currently listed in the Global Plan. In the US, a particular focus of attention is marketing and sales practices and access to medicines in their country. In the UK, research and development ethics, including animal welfare and clinical trials, are high on the agenda and in Sweden, marketing and sales practices and open communication with employees about CR continue to be important issues.

Evaluating performance

Performance measures are key to effective CR management. They help us to understand our progress and identify areas for improvement. The key performance indicators (KPIs) that we have in place are listed in the Priority Action Plan on page 4. These include new KPIs for animal use and welfare and for marketing and sales practices, which will be introduced in 2005 to promote a consistent approach to monitoring performance globally. We are continually exploring more ways in which we can benchmark our performance in the area of social responsibility, where the development of meaningful KPIs continues to be a challenge for AstraZeneca and industry in general.

We also participate in leading external surveys, such as the Dow Jones Sustainability Indexes,

which are important means of evaluating our performance and understanding better the demands of sustainable development. AstraZeneca is listed in the 2005 Dow Jones Sustainability World Index, used by asset managers globally to guide their socially responsible investment. However, whilst we improved our score over last year, we lost our place in the European Index (Dow Jones STOXX) where competition for places is increasingly fierce.

Corporate governance and auditing compliance

An essential part of our corporate responsibility is to continue to operate to high standards of corporate governance. Auditing compliance is a fundamental part of this. Our Group Internal Audit function (GIA) works to review, among other things, compliance with laws, regulations and Group policies. During 2004, 42 of our GIA audits focused on marketing and sales practice. Such audits are an effective tool in helping to drive consistent standards of practice worldwide.

GIA also participated in a review and re-structuring of AstraZeneca's full range of policies, standards and guidelines to ensure that the hierarchy and content are clear and appropriate for ensuring people's understanding of what is expected of them at every level. Following formal Board approval in early 2005, the new Group policies have been made widely available to employees through a dedicated intranet site.

GIA is also in the process of reviewing our CR framework to ensure that our governance controls, risk assessment processes and management are robust and appropriate. To date, this review has helped us to identify areas for improvement, including the need to strengthen the functional representation on the Global CR Committee, and to confirm that our continued focus on the integration of CR at all levels is essential to sustained improvement in our CR performance.

Alongside the work of GIA, we continue to build on the experience of our long-standing SHE audit programme to include aspects of CR not previously covered elsewhere. Specific protocols have been developed to guide auditors in these integrated SHE/CR programmes. Our rolling programme of site audits included 24 in 2004, all of which covered CR. These audits reinforced the need to continue to support managers with clear guidance on what is required of them. They also highlighted the need to continue to focus on stress management.



> During 2004, our confidential telephone helpline was used by employees to seek guidance on CR issues or to raise concerns – all of which were fully reviewed and a report sent to the Group Audit Committee. To date, no material issues have been identified through this route.



- > To further support managers responsible for CR implementation, during 2004 we launched an online CR Toolkit that brings together in one place all the CR information and tools currently available for managers – including a step-by-step guide to putting CR into practice at a local level.
- > In the US, AstraZeneca uses a dedicated intranet site, 'The Pulse', to keep employees informed about the issues that affect the pharmaceutical industry in their country.
- > AstraZeneca in Sweden are on track to launch, in the first quarter of 2005, a similar site, 'AstraZeneca in the Debate', which provides employees with information about CR matters and actively encourages dialogue on the issues presented and any others they may wish to raise.
- > During the year, the US business used its external website to make information available to stakeholders about our national CR commitment in the US and the progress to date in the priority action areas. Visit astrazeneca-us.com for further information.

> In the UK, a high-level CR workshop involving UK leaders from across the functions was held to ensure understanding and commitment at a senior level, and to identify the areas for priority action. This, together with a formal risk assessment and informal stakeholder dialogue, led to the development of a national UK priority action plan. One of the targets is for all major sites in the UK to develop their own action plans in 2005.

2004 Performance Summary

Economic \$m	2002	2003	2004
Sales	17,841	18,849	21,426
Operating profit (before exceptional items)	4,356	4,111	4,770
Dividends	1,206	1,350	1,555
Ratio of market capitalisation to book value of net assets	5.5	6.1	4.1
R&D investment	3,069	3,451	3,803
Total wages	3,993	4,745	5,291
Taxation (before exceptional items)	1,177	1,143	1,321
Environmental			
Greenhouse gases¹			
CO ₂ -equivalents (million tonnes)	1.69	1.58	1.49
Index (tonnes/\$m sales)	95	84	69
Energy			
GWh	2,230	2,430	2,460
Index (MWh/\$m sales)	125	129	115
CFCs – Total ozone depletion potential			
CFC11-equivalent (tonnes)	91	72	62
Index (kg/\$m sales)	5.1	3.8	2.9
Water			
Usage (million cubic metres)	6.9	5.7	5.5
Index (cubic metres/\$m sales)	390	300	260
Waste			
Hazardous waste (kte)	31.1	28.3	30.0
Total waste (kte)	60.3	58.5	60.3
Index – total waste (tonnes/\$m sales)	3.38	3.10	2.81
Social			
Safety and health: AstraZeneca employees			
Accidents with injury ² with and without days lost (per million hours)	3.84	3.65	3.62
Accidents with injury ² with days lost only (per million hours)	2.84	2.67	2.57
Cases of occupational illnesses (per million hours)	3.15	1.65	2.07
Safety and health: AstraZeneca employees and contractors			
Accidents with injury ² with and without days lost (per million hours)	4.11	3.58	3.61
Number of animals used in research	242,000	229,000 ³	–⁴
Site audits that included CR	–	11	24
Community support (\$m)			
Community sponsorships	9.7	16.4	15.4
Charitable contributions	3.3	5.6	5.3
Total	13.0	22.0	20.7
Product donations and patient assistance programmes valued at average wholesale price (\$m)			
	303	724	870⁵
Regulatory infringements – safety, health and environment⁶			
Prosecutions and fines	2	1	0
Regulatory enforcement actions	4	1	4
Regulatory warnings and alerts	2	3	8
Total	8	5	12

¹ Figures are calculated in line with the Greenhouse Gas (GhG) Protocol guidance (ghgprotocol.org).

² Source for calculation of CFC figures is AstraZeneca sales data.

³ Serious and fatal as described by the reporting procedure.

⁴ Includes 9,000 animals used by external contractors.

⁵ 2004 figure not yet available.

⁶ This includes \$136m of retail savings through the US Together Rx Prescription Savings Program™ that provides savings to Medicare beneficiaries in the US without prescription drug coverage.

⁷ We have redefined the categories for regulatory infringements to allow us to place non-compliance issues more appropriately. More details are available on our website.

Regular review of the data is carried out to ensure accuracy and consistency. This has led to slight changes in the statistics produced for previous years. None of the changes is statistically significant. The statistics quoted in this report are generated from the revised data. With the exception of the economic data, the above are preliminary figures only. Final statistics will be published on our website: astrazeneca.com/responsibility.

Our business is focused on delivering enduring shareholder value by maintaining a flow of innovative, effective medicines that meet patient needs and bring benefit to society.

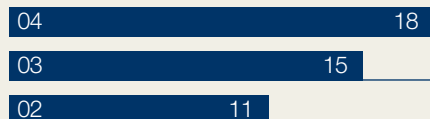
AstraZeneca has a broad range of medicines for many important areas of healthcare and we are committed to continued innovation. In 2004, we spent over \$3.8 billion on research and development – an important contribution to the combined commitment of the pharmaceutical industry, which remains the source of the vast majority (over 90%) of new medicines (source: European Federation of Pharmaceutical Industries and Associations).

AstraZeneca now has 40% more projects in clinical development (phases 1 and 2) than we had in 2003, and in pre-clinical testing we have 31 projects (26 in 2003).

AstraZeneca research and development

Candidate drugs

(New compounds identified with high potential to be new medicines)



Positive proof of principle

(Proof of principle is reached when the desired biological effect in man has been established)



Successful innovation drives progress in society. Our medicines are designed to improve health and quality of life for patients worldwide – they also add value in other ways.

Contributing to economic development

Increasing populations and a rising percentage of elderly people mean the demand for healthcare is growing. The challenge of meeting the associated increase in healthcare costs is a significant economic burden for governments and groups that buy healthcare, such as managed care organisations in the US. In discussions with these groups, we aim increasingly to include explanation of the economic, as well as the therapeutic, advantages of our products to ensure the full benefits and value of our medicines are understood.

Effective treatments help to save costs by reducing the need for more expensive care, such as hospital stays or surgery. In the US, for example, reportedly treating 400,000 mentally ill people with drug therapies in place of institutional care was shown to save \$25 billion in healthcare costs (source: J D Kleinke "The Price of Progress: Prescription Drugs in the Health Care Market", Health Affairs, 2001).

There are productivity benefits too. The use of innovative medicines that reduce the incidence of disease, or enable better disease management, means less time off work or away from school or other daily activities – helping patients to lead normal, productive lives as active members of their communities.

Our business activities also contribute to economic development through local employment and wages, taxes, community support and those materials and services that are sourced locally and nationally.

Efficient use of resources

Looking within AstraZeneca, our responsibility to shareholders includes making the best use of Company resources. One of our top business priorities is to continue to drive improvements in productivity by finding and putting in place the most economically efficient and effective ways of achieving operational excellence in all our activities.

> A retrospective analysis of data from a two year study involving 405 asthma sufferers, aged 18 to 50 years, showed that only about 50% of the patients used their asthma control therapy (inhaled corticosteroids) regularly as prescribed, and that each 25% increase in the proportion of time without inhaled corticosteroids doubled the rate of asthma hospitalisations. It was estimated that, had there been no gap in the use of medication, the number of hospitalisations would have been reduced by 60%, from 80 incidences to 32 (source: Journal of Allergy and Clinical Immunology, 2004).

> Data published in the Office of Health Economics Compendium of Statistics 2004-5 indicate that, in the UK, the 12 disease groups that accounted for 40% of hospital bed days in 1957 only accounted for 12% in 2003. Other factors such as improved nutrition and housing have of course contributed to this, but over the past four decades, new medicines have helped to free up millions of hospital bed days.

Hospital bed days ('000), England 1957–2002/03

	1957	2002/03
Asthma	394	165
Epilepsy	500	176
Glaucoma	149	11
Hypertension	1,204	104
Bronchitis	1,262	60
Skin disease	1,122	1,044
Respiratory tuberculosis	6,887	39
Other infectious diseases	2,766	634
Mental illness ¹	52,487	5,119
Peptic ulcer ²	1,557	202
Diabetes mellitus	849	369
Rheumatoid arthritis	814	151
Total 12 diseases	69,991	8,074
All causes	174,155	52,436

¹ Comprises senile and pre-senile psychoses, schizophrenic psychoses, affective and other psychoses and neurotic and personality disorders.

² From 1990 onwards, figures relate to ulcer of stomach and duodenum.

thinking economics



thinking environment

For further information visit
astrazeneca.com/responsibility

Our challenge is to sustain improvement in our environmental performance as we continue to grow our business.

A detailed analysis in 2001, combined with information from stakeholders, helped us to identify three areas where we believe our global business has the greatest potential impact on the environment: climate change, ozone depletion and waste production. We set clear targets for reducing our impact in these areas, as set out on page 4 and here we summarise our progress. We regularly review our priorities and the latest review, currently underway, will guide our setting of objectives and targets for the years 2006 to 2010.

Climate change and ozone depletion

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. In 2003, we set absolute reduction targets for our release of both total global warming gases (target: -10%) and ozone depleting substances (target: -30%), to be met by the end of 2005. In 2004, we met both of these targets, ahead of schedule. This involved considerable effort and innovation and further reductions are likely to prove more challenging, especially against the background of our expanding business.

Energy use

We use energy to manufacture our products and to heat, cool and light our facilities. Using fossil fuels, either directly or to generate electricity, results in the emission of carbon dioxide (CO₂), the gas primarily responsible for increased global warming. In 2001, we set an internal target to control this CO₂ release from our energy use. This target has been met. Major capital investment in an energy-efficient, combined heat and power plant in the UK has delivered a 13,000 tonne reduction in CO₂ emissions in 2004. A second scheme at our site in Puerto Rico is on track to open during 2005. A large part of the target, however, was achieved by improving the efficient use of energy at our existing facilities. In recent years, most of our sites around the world have been putting in place local programmes to improve energy efficiency, which in 2004 generated a collective reduction in CO₂ emissions of 29,000 tonnes. We have also been working to increase the amount of energy purchased from renewable resources. In 2004, these efforts delivered a 19,000 tonne reduction in CO₂ emissions.

Transport

In 2004, our transport-related CO₂ emissions grew by 4%. Our growing global business makes transport-related reductions an ongoing challenge, but as part of AstraZeneca's overall focus on saving costs, we remain committed to exploring and maximising ways of reducing our reliance on air and road transport. Initiatives include rationalising our product distribution networks and using alternatives to business travel, such as video-conferencing, which deliver environmental as well as cost benefits.

Products

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. This gas is inevitably released to the atmosphere. 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. Although demand for alternatives is increasing, CFC-driven inhalers continue to be used by some patients who cannot tolerate, or do not have the choice of, alternatives. In 2004, the reduction in patient need for, and decreased sales of, our CFC-driven inhalers resulted in a further 14% decrease in our release of ozone depleting substances. Coupled with similar reductions in previous years, this means that we have now met our reduction target, a year ahead of plan.

A new generation of respiratory inhalers has also now been developed that uses a gas that does not damage the ozone layer. However, use of the device by patients will still contribute to our emissions of global warming gases. Although we have met our 2005 global warming reduction target, rapid growth of patient demand for these products will pose major challenges for any future targets.

Sustainable production

We aim to use materials efficiently and, where possible, avoid the use of the most hazardous substances. Our SHE Triggers Model, which received an Institution of Chemical Engineers' Award for SHE excellence in 2004, enables potential SHE issues to be identified and designed out of our manufacturing processes for new active pharmaceutical ingredients at an early stage. The model is now being extended to the development of secondary manufacturing processes.

Strategies to further support sustainable production include our 'Green Chemistry Network' that links our environmental specialists with our chemistry and engineering organisations within process development, to help promote the principles of 'Green Chemistry'. We have also established a comprehensive substance avoidance database that provides information on substances of concern that, together with our guidance on solvent and acid/base selection, encourages substitution.

Both the SHE Triggers Model and the substance substitution strategy are contributing to minimising the hazardous waste from our processes. Wherever residual wastes are still produced, our objective is to re-use or recycle as much as possible in order to minimise our environmental footprint. In 2004, the total waste produced per unit of sales showed a decrease of around 9% since 2003 and the amount re-used or recycled was 58%.

AstraZeneca is not a major consumer of water in its manufacturing processes, but it is still a resource that we monitor. In addition, nine of our manufacturing sites are located in countries with water resources classified as 'highly stressed' or 'medium stressed' by the United Nations Environment Programme. About 10% of the total amount of water we use globally is from these areas, and we recognise our responsibility to use water wisely.

Biodiversity

Reduction in biodiversity (the variability among organisms) is a major global concern and, although we do not believe AstraZeneca has any significant impact on global biodiversity, we are currently engaged in pilot assessments of the biodiversity at some of our major sites, as preparation for developing an appropriate biodiversity management plan.

Unplanned releases

Unplanned releases can cause damage both to the environment and to our relationships with local communities and regulators. We aim to eliminate such incidents by ensuring that our processes are robust and reliable. In 2004, we had eight unplanned releases that were not contained within the site boundary (compared to nine in 2003).

Pharmaceuticals in the environment (PiE)

Further data continue to be published on the presence of pharmaceutical residues in surface waters. These data are consistent with initial observations that quantities present in the environment, although variable, are likely to be

several orders of magnitude below those that would pose any significant risk to human beings and are not high enough to cause any immediate or short term (acute) harm to aquatic life.

Nevertheless, we recognise that stakeholders may be concerned about the long term effects of pharmaceuticals in the environment, and this continues to be a priority area of study for AstraZeneca's environmental scientists, working both independently and in collaboration with other organisations to advance research in this area. To eliminate any potential environmental impact, pharmaceuticals ideally would break down rapidly on contact with water. However, to be effective medicines, they must be stable enough to get to the part of the body where they need to be active, without deteriorating along the way.

Whilst studies undertaken by the Company over the last two years have shown that our manufacturing facilities are not a significant source of pharmaceuticals in the environment, we are committed to ensuring that we minimise the amounts of any of our products being released from our plants. As part of this commitment, we are improving our effluent treatment processes globally, including a new \$36 million, state-of-the-art biological treatment facility at our plant in Bristol, UK, due to be completed in 2005.

Greenhouse gas emissions 2004
Total: 1.49 million tonnes

Emissions key

- Direct 20%
- Energy products 22%
- Travel and transport 21%
- Inhalation products 37%



> In the UK in 2004, we agreed a three year supply contract with the utility company, npower, to supply the majority of the electricity used at our UK facilities from CO₂-free, renewable resources. This initiative has delivered a 16,000 tonne reduction in CO₂ emissions, which comes on top of the savings from renewable supply previously provided to our corporate office in London and our Brixham Environmental Laboratory.

> Our Brixham Environmental Laboratory is a full partner in the EU's 'Framework 6' research programme on PiE (ERAPharm). This €3.7 million project aims to improve and complement existing knowledge and procedures for the environmental risk assessment (ERA) of pharmaceuticals, and provide a guidance document on ERA for regulators, industry and the scientific community.

thinking society



Here we summarise our approach to the social issues relating to our business that affect or concern society and that we have identified for priority attention.

You can read more about these and other areas of our social performance on our website.

Human rights

AstraZeneca is fully supportive of the principles set out in the UN Declaration of Human Rights. Our Code of Conduct and our Global Human Resources Policy and Standards outline 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, is within a country's legal framework and is supported by employees.

We also work closely with our major suppliers and use purchasing practices to encourage similar standards to our own. This is a global commitment and applies equally to our expanding business in emerging markets, such as China and Mexico, as it does to our existing supplier relationships.

A particular challenge for any business of our size and scale is drawing the boundaries of responsibility. We do not believe that it is appropriate for AstraZeneca proactively to promote individual rights and freedoms more widely in society, but we believe that we can, and do, influence others through leading by example.

In recent years, we have been working to improve our global reporting processes, building on our long-standing systems for monitoring compliance locally wherever we operate. In 2003, we implemented a new automated system for collating employee information across 60% of our workforce. During 2004 we continued to expand this to other areas of operation to ensure we can consistently monitor and interpret employee data at a global level, and establish meaningful key performance indicators.

Employee safety, health and wellbeing

Providing a healthy, safe and energising work environment for all our employees continues to be a fundamental consideration.

Our broad range of occupational health and safety programmes is focused on continuous improvement in the frequency rates for accidents with injury and new cases of occupational illness, with a target for achieving a 30% reduction (against the 2001/2002 reference point) by the end of 2005.

Our overall accident frequency rate for employees and contractors showed no improvement in 2004 compared with 2003. Whilst there was a 13% improvement against the 2001/2002 reference point, it leaves us with a significant challenge to achieve our targeted 30% reduction against that reference point by 2005. Sadly, during 2004, there were two fatal accidents involving AstraZeneca employees – one driving-related and the other at one of our manufacturing facilities. We also learned of a previously unreported driving-related fatality in 2003.

When any accidents or occupational illnesses occur, we use a range of investigation procedures to help us understand the causes and avoid repetition. We are currently working to standardise our approach to investigation, in particular the increased use of root cause analysis, to facilitate improved sharing of learning across the Company and support our continued drive for best practice.

Despite our continued efforts, our vehicle-related accident record again showed little improvement, with some 27% of accidents reported related to driving. We need to do better. Our sales representatives are the largest group that drive on Company business and, during 2004, we further increased the emphasis on the management of driving activities in our marketing companies around the world. This included setting them a target of a 30% reduction in accident rates by the end of 2005. We also plan to use assessment of driver risk-taking behaviours as a tool to improve our understanding of how the risks associated with driving can be reduced or avoided. Learning from this will be integrated into driver training, which continues to be a core feature of our safety education programmes.

Our wellbeing programmes are designed to promote physical and psychological welfare and to help our employees cope with demanding jobs and busy lives. Programmes vary from country to country, depending on local culture and needs. They include flexible working arrangements, access to fitness

activities and proactive support for staff experiencing stress. Examples of effective programmes are widely communicated to share experience and promote best practice.

In 2004, 236 cases of occupational illness were reported. This represents an increase on 2003, due to an increase in stress-related illness and 36 cases of food poisoning at a single external conference. However, we are still on track to meet the target set for the end of the 2003 to 2005 period and we will continue to use the reporting process to focus on specific areas requiring attention, particularly stress management.

Whilst in the latest global employee survey, 82% of our employees recognised the Company's commitment to health and wellbeing, 20% said they continued to struggle with work-life balance. Encouragingly, when compared to the last survey, this year's survey showed an improvement in managers now taking account of work-life issues and enabling people to balance conflicting demands.

Diversity

Our approach to diversity takes account of not just gender and race, but also other differences such as culture, age, ability and family situation. We value the creative energy that these differences bring to our business.

Our challenge is to ensure that diversity is appropriately supported in our workforce and reflected in our leadership. During 2004, a review of the diversity improvement activities currently in place across our various functions led to the development of a more globally aligned approach. A set of minimum standards has been established, which aims to ensure that diversity and inclusion considerations are consistently integrated into talent management, staffing, performance review and reward, and learning and development. Senior Executive Team members will decide annually which aspect of diversity should be the priority in their areas of responsibility, and set targets for improvement. Progress will be reviewed every six months.

2004 global employee survey

We use a two-yearly global employee survey to measure perception of business and leadership performance, business priorities and employee engagement. This helps us to understand better what we are doing well and where we need to improve. These surveys are conducted confidentially with the help of a specialist independent external agency which also analyses the results.

80% of our employees responded to the third such survey in 2004. The results showed a positive evaluation of aspects of local work environment, such as immediate management, communication of job-related information, training and openness. Areas for attention highlighted by the survey included organisational efficiency, leadership capabilities, and clarity around individual, team and Company performance targets.

This reinforces the need to continue our emphasis on performance management, particularly in respect of: performance feedback and links to individual reward; improving efficiency and effectiveness and the speed of decision-making; and strengthening confidence in leadership at all levels.

The survey results have been communicated throughout AstraZeneca and improvement plans are being developed across the organisation. Follow-up on specific areas is the responsibility of the relevant functional and territorial management, but action planning and progress will also be monitored centrally as part of the global follow-up process.

Working with suppliers

Our CR in Purchasing Principles provide our purchasing community with detailed guidance on how to work with suppliers to encourage similar standards to our own, share best practice and stimulate improved CR performance where needed. We are making progress, particularly in the US, the UK and Sweden where CR is increasingly included in supply contracts and business control meetings (the practice of regular meetings with preferred suppliers that is being increasingly applied across the Company). A priority during the year has been to continue to build CR into the global processes that we have been developing for managers of all our various purchasing categories. The implementation of these new category management processes began towards the end of 2004. Their continued roll-out will remain a top priority in 2005 and this will be a key driver of successful integration of CR into our purchasing practices worldwide.

A particular focus during the year has been the assessment and auditing of potential new suppliers of chemical intermediates and active pharmaceutical ingredients. Full audits are the second stage of a process that begins with pre-audit visits to companies to assess their potential to meet our business needs and our CR standards. Of 18 such companies visited

in 2004, four were selected for full audit in 2005. Elimination of candidates was mainly due to products or technologies not meeting our needs, but in some cases poor CR standards were a factor. One of the 10 companies fully audited in 2004 was suspended from the list of potential partners due to both quality issues and CR deficiencies. This company is currently working to make improvements and we will be re-auditing it in 2005 to assess progress.

Proposed EU chemicals policy (REACH)

A key component of draft legislation regarding the approval of chemicals in Europe is the introduction of a new regulatory system, REACH (Registration, Evaluation and Authorisation of Chemicals). Although substances in medicines are potentially exempt from REACH, many substances used in the pharmaceutical sector's operations are not exempt. The pharmaceutical industry is both the manufacturer and downstream user of many chemicals and also imports substantial numbers of materials into the EU. We strongly support the stated aims of the proposed regulation to protect the environment and human health whilst enhancing the competitiveness of the EU chemicals industry. We believe that further improvements to the draft regulation should be made whilst retaining the essential elements.

Our particular concerns relate to the disappearance of chemicals from the EU market on cost grounds, which will require us to re-formulate and potentially re-register some of our products, the potential for delay in gaining approval for use of some chemicals in manufacturing processes, and some concerns about the possible loss of confidential business information.

Marketing and sales practices

In 2003, we added marketing and sales practices to our Global CR Priority Action Plan to ensure they continue to get the appropriate high level of attention worldwide. Our focus during 2004 has been to continue to build on our established reporting systems and develop more meaningful global monitoring criteria, for implementation in 2005, that take account of the different national regulatory environments. We did this by reviewing and strengthening our guidance on the reporting of confirmed breaches of marketing and sales codes, including externally driven complaints and incidents identified through internal procedures or by individual employees. We also conducted a project to ensure that national codes of practice are in place in each of our marketing companies and that they

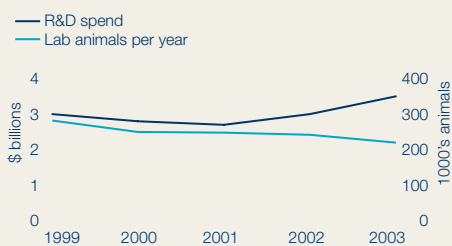


> Our R&D organisation has a total of 21 diversity improvement plans in place, all of which include the use of 'ImpAct', an interactive theatre workshop where actors present real life examples of how behaviours can have a positive or negative effect on motivation and innovation. The audience participate in deciding how the scene should progress, based on often lively discussion of how best to approach the issue. To date, over 500 people in the US and over 1,000 in the UK have attended these workshops, and a Swedish version will be introduced in 2005. Building on this best practice, the workshop is now also being used in other functions across AstraZeneca.



> We are increasingly using non-animal testing to identify early in the drug development process those compounds that are less likely to succeed as new medicines. We currently have some 150 different in-vitro tests (cells grown in laboratory conditions) designed specifically for this purpose and the number is still growing. For example, some medicines have been associated with the potential to cause heart arrhythmia due to unwanted action on human heart cells. We have recently developed automated in-vitro tests for this unwanted activity which allow us to screen thousands of compounds for their potential to cause this type of problem, and eliminate them before they reach the animal testing stage.

R&D spend versus laboratory animal use



are in line with the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) code and its national equivalents, and with our own set of AstraZeneca global standards which include the requirement for a national compliance committee to monitor performance in each market. Information is collected through our ongoing 'letter of assurance' compliance reporting by senior management to the AstraZeneca Board.

This work is reflected in the new key performance indicators added to the Priority Action Plan this year for introduction in 2005.

Animal use and welfare

Animal studies continue to play a small but vital role in the research and development of new and improved medicines. They provide essential information, not available through other methods, about the effects of a potential new therapy on disease and the living body. They also provide the safety data required by regulatory authorities around the world, prior to a new medicine being tested in healthy volunteers and then in patients.

As AstraZeneca continues to expand its R&D activities (which is reflected in our increased R&D spend as shown in the graph opposite), we seek to manage the potential increase in the use of animals by adopting, wherever possible, non-animal methods such as cell culture, computer modelling and high throughput screening that eliminate the use of animals early in drug development, or reduce the number needed. Such methods help us to ensure that only the compounds with the highest potential to become new medicines are taken forward into animal and then human studies. As well as developing our own alternative techniques, 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.

Approximately 95% of the laboratory animals used by AstraZeneca are rodents, 4% are fish and amphibians and the remaining 1% includes dogs, rabbits, ferrets, pigs, primates and sheep. We also use genetically modified mice to better understand the genes involved in human disease. In 2003, these accounted for 14% of our total rodent use.

In 2003, we used approximately 220,000 animals in-house, a reduction on 2002 (242,000 animals). In addition, 9,000 animals were used by external contractors.

Because of differences in reporting schedules, our 2004 figures were not available for this printed report. They will be published on our website as soon as they are available. The number of animals we use each year will continue to fluctuate. Factors influencing reduction include our commitment to adopting alternative techniques. Increases can result from a rise in the number of compounds in development and from further adoption of tests using genetically modified animals.

The welfare of the animals we use is a top priority. Qualified veterinary surgeons are involved in the development and implementation of our animal welfare programmes and everyone working with laboratory animals is trained and competent in their allocated animal care responsibilities. Compliance with all relevant external legislation and regulatory requirements is considered a minimum baseline and underpins our own global welfare standards. As well as mandatory inspections by government authorities, we have a formal programme of internal inspections every two years by our own, highly qualified staff. Our own staff also conduct annual inspections of external contractors to ensure compliance with our standards. To further strengthen our monitoring processes, and to promote continuous improvement in the reduction, refinement and replacement of animal use, three new key performance indicators (KPIs) will be introduced in 2005 (as detailed in the Priority Action Plan on page 4). These support the development of formal improvement plans at each of our animal research sites during 2005. Future inspections will include the measurement of progress against these plans.

Whilst it is recognised that there are some biological differences between animals and humans, there are more similarities. Many of the effects of a new medicine, which are not yet predictable from computer or test tube experiments, can be observed in well-designed and properly conducted animal studies. If studies in animals are successful, they provide the confidence to move into clinical trials.

Clinical trials

The clinical development (testing in man) of a potential new medicine is a significant undertaking, including extensive collaboration with clinicians in many countries and involving many thousands of people (both healthy volunteers and patients). We take very seriously our responsibility to deliver the highest standards of ethical practice when conducting clinical trials. A new compound enters clinical studies only after its potential efficacy and adequate safety has been confirmed in pre-clinical trials, which include animal testing as described earlier. All clinical trial proposals are subject to stringent review, including consideration of the pre-clinical data, the safety of the trial and the nature and amount of information for volunteers and patients. We have strict guidelines to ensure that those taking part in trials understand their nature and purpose and are not exposed to unnecessary risks and that participants' privacy of health information is protected.

The transparency of clinical trial data has increasingly been the subject of public attention and a particular focus for discussion within the pharmaceutical industry.

AstraZeneca has always been committed to providing healthcare professionals and patients with relevant information that enables them to make the best treatment decisions. All our research results are documented for regulators and for internal purposes, and information that we believe would be of interest to the scientific community is also made available as appropriate.

In 2004, we took the decision to expand this approach and we are currently in the process of creating an AstraZeneca global clinical trials website which will make publicly available the results from hypothesis-testing clinical trials for all our marketed products approved since the Company was formed in 1999. The website is on track for launch in the first quarter of 2005.

AstraZeneca also supports the global principles and efforts of the pharmaceutical industry trade associations (PhRMA in the US, EFPIA in Europe, JPMA in Japan and the IFPMA)* to create a consistent approach to the provision of information on the various clinical trial databases that are being created by the industry.

* PhRMA = Pharmaceutical Research and Manufacturers of America, EFPIA = European Federation of Pharmaceutical Industries and Associations, JPMA = Japan Pharmaceutical Manufacturers Association, IFPMA = International Federation of Pharmaceutical Manufacturers and Associations.

Access to medicines

Providing access to healthcare for everyone who needs it is one of the greatest challenges the world faces today. Clearly the research-based pharmaceutical industry has a significant role to play, but it is a highly complex issue and is not simply about the price of medicines or intellectual property protection. Good public health relies on clean water, nutrition, hygiene and health education as well as a robust healthcare infrastructure to enable medicines to be available for those in need.

The growing demand for healthcare worldwide means increasing pressure on budgets for governments and others who pay for healthcare. AstraZeneca has to manage the associated downward pressure on the costs of our products whilst continuing to invest in the research that will deliver new medicines for the future and ensuring that, wherever possible, the medicines that are available now get to the people who need them.

In developing countries, some parts of the population can afford modern medicines, but access can be limited for the poorer sectors. 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 medicines that may be regarded as critical to meeting healthcare needs – either because they address diseases prevalent in developing countries or because they are potentially a leading or unique product in their class, which addresses an unmet clinical need and offers 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 by differential pricing offerings.

Whilst we support the concept of differential pricing in this context, we continue to seek, and discuss with governments the introduction of safeguards such that differentially priced products are not diverted from 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 who need them and ensure that they are used appropriately.

Our appointment in January 2004 of an Access to Medicines Director, a new position in the Company, strengthened our commitment. During the year, work focused on developing guidance for global product teams as to how access should be considered for new products both during development (clinical trials) and after launch. A corporate guideline was published in November 2004.



> During 2004, we published clinical trial data for *Crestor*, our cholesterol-lowering statin, on a publicly available dedicated website, rosuvastatininformation.com. A global clinical trials website is currently in development that will provide data for all AstraZeneca products approved since the Company was formed in 1999.



> Our product donations and patient assistance programmes make products available free of charge or at reduced prices. In 2004, our expanded patient access programmes in the US contributed to a total global spend of \$870 million in this area, valued at average wholesale price.

> As part of our commitment to the fight against TB, we support the British Red Cross and the Red Crescent in a community-based programme designed to help combat the disease in the high incidence areas of Kyrgyzstan and Turkmenistan. Progress to date includes a significant increase in community awareness of TB following health education sessions in schools and public places, which have reached over 100,000 people. An increasing number of diagnosed patients are now completing their treatment, due to the care and support of the dedicated nurses. An important part of the project is the development of best practice guidelines that can be used for wider dissemination within the region and elsewhere.

Communication of the guideline included a web-based version that works as an interactive decision tool for evaluating the need for expanding access based on a number of critical criteria. Initially, the guideline has been targeted at our cancer and infection therapy areas, but we plan to broaden it to other therapy areas during 2005.

Diseases of the developing world

Our medicines are designed to fight disease in important areas of healthcare, including some areas of significant unmet medical need. As a public company, the core of our business must reflect commercial opportunities in key markets and maximise the skills and experience we have built up over the years in our targeted therapy areas. However, we also recognise that the substantial medical need in developing countries is in disease areas currently beyond the scope of our core business. Whilst most of our established brands do not address diseases prevalent in the developing world today, we believe we can help make a difference by applying our skills and experience in infection research to finding a new treatment for one of the most significant challenges for the developing world – tuberculosis (TB).

Effective treatments for most forms of TB are available, but they are complicated (using up to five different agents) and prolonged (six to 18 months). This may result in patients giving up treatment as soon as the symptoms are no longer apparent although the underlying cause remains. This in turn leads to frequent relapse and makes drug resistance more likely. Despite the progressive emergence of drug-resistant strains of TB, there has been no new treatment for TB since the 1970s (source: WHO Report, "Priority Medicines for Europe and the World", 2004).

Work at our new, state-of-the-art research facility in Bangalore, opened in June 2003, is focused on finding a new therapy for TB that will act in drug-resistant disease and reduce the complexity and/or the duration of treatment. We have over 70 scientists dedicated to this work. They are fully integrated into our global discovery research network and also work closely with our infection research centre in Boston, US and with external academic leaders in the field. The early stages of discovery research take time as many thousands of compounds are screened for their potential to become a new medicine. Nevertheless, backed by our leading technologies and science skills, we aim to have identified a candidate drug for development by 2006/7. We expect then to follow development pathways that have been developed in discussion with external experts

and regulatory authorities and which will take place principally in countries with high rates of infection. This will be done in collaboration with external groups with relevant expertise, and supervised by AstraZeneca to ensure compliance with global pharmaceutical, ethical and regulatory standards.

We will apply for patent protection for any product to emerge from our research efforts in Bangalore in the normal way but, more importantly, we will seek partnership arrangements with the appropriate global and local organisations to make treatment available at affordable prices to those who need it in the poorest countries.

Beyond TB, we continue to review existing and development products for agents that could significantly impact diseases of the developing world. Working with other large pharmaceutical companies, we also continue to review potential opportunities to share technology with non-profit research organisations aimed at treatments for developing world diseases.

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 benefit 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.

We also contribute where possible to disaster relief efforts. Following the devastating tsunami in December 2004, we immediately provided over \$600,000 in cash and donated appropriate products from our range, including anaesthetics and an important antibiotic. Following this immediate response, we also established a cash fund of a further \$1.5 million to support projects designed to help those in the affected areas rebuild their lives. Suitable initiatives, identified by AstraZeneca in partnership with appropriate non-profit organisations, will be funded on a case-by-case basis and will be, wherever possible, targeted at the greatest areas of need. We will also continue to donate medicines to those in need, now and in the longer term.

In 2004, our spend on community sponsorships and charitable donations totalled \$20.7 million excluding the \$2.1 million tsunami disaster relief support.



> In India, thanks to AstraZeneca's support of the Katigenahalli school, the premises have now been re-painted, the floors and building reinforced and new desks provided for the children.



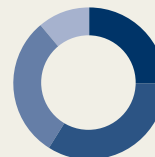
> In the US, our support for the 'Healthy Hoops' asthma programme aims to help educate young asthma sufferers in medically under-served communities about managing their disease. Basketball and other sports activities are a key feature of the project.

Community support 2004

Total spend \$20.7m

Key

- Charitable donations 25%
- Sponsorship/healthcare 34%
- Sponsorship/science and education 30%
- Other 11%



> Approximately 95% of our operations are covered by our central database, established in 2002, designed to capture all our community support activities and which we continue to expand.

Bureau Veritas' Independent Assurance Statement

To: The Management of AstraZeneca PLC

Bureau Veritas has been engaged by AstraZeneca PLC (AstraZeneca) to provide independent assurance of its Corporate Responsibility Summary Report 2004 (the Report). The preparation of the Report and its content is the sole responsibility of the management of AstraZeneca. Our responsibility is to provide assurance on the reliability of the information therein and to express our overall opinion on the Report as per the scope of assurance. The objectives, scope, methodology, limitations and exclusions of our work are detailed on the facing page.

Our opinion

In our opinion based on the work described on the facing page:

- > The Report provides a fair representation of AstraZeneca's performance and status for the reporting period.
- > Information is reported in a clear and understandable manner.
- > The information in the Report is considered to be reliable.
- > SHE information is derived from well managed and co-ordinated systems and information sources.
- > The Report is partially aligned to the principles of the AA1000 Assurance Standard.
- > The Report addresses its main identified issues informatively, although not always on the basis of structured stakeholder consultation.

The assurance work conducted as described above was planned and carried out to provide reasonable, rather than absolute, assurance and we believe it provides a reasonable basis for our conclusions.

Alignment with the principles of AA1000AS Completeness

This report reflects the broad range of environmental, social and economic issues that AstraZeneca is currently addressing, including those for which it has legal responsibility. All areas and activities of the organisation for inclusion in the reporting scope have been selected via established governance, risk management, and prioritisation processes. Extending this process to capture stakeholder concerns and views in a structured manner across the organisation should result in a more complete process.

Materiality

Whilst AstraZeneca consults with its stakeholders in some countries and is largely addressing issues of common concern, there is a lack of a structured and consistent approach globally to such consultation. As such, the possibility of specific and unintentional exclusions cannot be discounted. AstraZeneca is measuring its performance against indicators developed against identified issues of concern in its effort to provide information that is relevant and meaningful. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

Responsiveness

AstraZeneca has responded to its priority issues and demonstrates this in its reporting, policies, objectives, KPIs and performance targets. Measurement of its performance shows improvement in some areas of activity over the reporting period, such as energy use and regulatory infringements. The business is responding to those issues identified as material to its stakeholders.

Key areas for ongoing development

- > AstraZeneca has a number of processes in place for consulting with their key stakeholders (both formal and informal). We would recommend they review these consultation processes to ensure that the most appropriate mechanisms are applied globally for capturing material¹ stakeholder CR concerns in a consistent manner to support a balanced and global report.
- > Consider development of KPIs against areas and issues of concern where they do not already exist and/or consider incorporating or refining performance measures through the consideration of reporting guidelines such as the GRI.
- > Incorporate more international reporting elements from outside the three main operating countries (UK, US, Sweden) such as the inclusion of detailed case studies.

Commentary

AstraZeneca is working towards incorporating CR into its standard business activities through:

- > Actively integrating CR into the organisation's management structures.
- > Implementing CR awareness-raising through workshop and leadership programmes.
- > Good cross-representation of CR interests on key internal committees.

Objectives and scope

The objectives of the assurance were to:

1. Provide assurance over the content of the Report for the reporting period 1 January to 31 December 2004.
2. Evaluate the Report against the main principles of the AA1000 Assurance Standard
 - > Completeness.
 - > Materiality.
 - > Responsiveness.
3. Provide an impartial commentary on the reporting process and where appropriate, propose recommendations for further development.

The scope of our work was determined through discussions with AstraZeneca and can be summarised as follows:

- > To provide a basic level of assurance (see below for definition) over information included in the Report.
- > To provide positive assurance (see below for definition) over safety, health and environmental (SHE) information within the Report.
- > To review the governance structure and related systems in place for the selection, management and compilation of information for inclusion in the Report.
- > To provide assurance over information from AstraZeneca's global operations that has been incorporated into the Report.

Our work should not be relied upon to detect all errors, omissions or misinterpretations in the Report.

Methodology

We have carried out assurance to two different levels:

Basic = During the course of our review nothing came to our attention to indicate that there was any material error, omission or misstatement

- > This is a minimum level of assurance over all the information and related systems in the compilation of the corporate, economic and social performance information in the Report.
- > We have reviewed the reported information, interviewed key personnel within the business and conducted a review of available documentary evidence.
- > Our approach was based on sampling of information and data to obtain evidence to support claims made in the Report. We have ensured that the data have been accurately transposed into the Report.

Positive = The reported information is supported by underlying evidence and systems and no material errors or omissions were identified.

- > We have carried out all of the activities as for the Basic level assurance, above.
- > In addition we increased our sampling and level of interrogation to provide a more rigorous level of assurance over all SHE information, associated evidence and related systems.
- > We conducted site visits to AstraZeneca's UK offices in Alderley and Brixham as part of our review.

Limitations and exclusions

Excluded from the scope of our work is information relating to:

- > Activities outside the defined assurance period except for where the business has reported on activities for January 2005 and for Animal Welfare, whereby we reviewed 2003 data.
- > Company position statements (excluded from our scope of assurance is any expression of opinion, belief, aspiration, expectation, aim or future intention provided by AstraZeneca).

Our work reviewed AstraZeneca Group activities and was conducted from within the UK.

Statement by Bureau Veritas of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with over 170 years history in providing independent assurance services, and an annual turnover in 2003 of €1.4 billion.

Bureau Veritas has a number of existing commercial contracts with AstraZeneca. Our assurance team do not have any involvement in any other projects with AstraZeneca and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance team.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high ethical standards in their day-to-day business activities.

Competence: Our assurance team has over 20 years combined experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes in accordance with best practice.

London, January 2005



¹ as defined by the AA1000 Assurance Standards published by AccountAbility (accountability.org.uk)

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