

# TURNING WORDS INTO ACTIONS

ASTRAZENECA IS ONE OF THE WORLD'S LEADING PHARMACEUTICAL COMPANIES, WITH A BROAD RANGE OF MEDICINES DESIGNED TO FIGHT DISEASE IN IMPORTANT AREAS OF HEALTHCARE. BACKED BY STRONG SCIENCE AND WIDE-RANGING COMMERCIAL SKILLS, WE ARE COMMITTED TO SUSTAINABLE DEVELOPMENT OF OUR BUSINESS AND THE DELIVERY OF A FLOW OF NEW MEDICINES THAT BRING BENEFIT FOR PATIENTS AND ADD VALUE FOR WIDER SOCIETY.

# ASTRAZENECA IN BRIEF

- > WE DISCOVER, DEVELOP, MANUFACTURE AND MARKET MEDICINES FOR IMPORTANT AREAS OF HEALTHCARE – CANCER, CARDIOVASCULAR, GASTROINTESTINAL, INFECTION, NEUROSCIENCE, AND RESPIRATORY AND INFLAMMATION
- > WE HAVE A BROAD RANGE OF MEDICINES, INCLUDING MANY WORLD LEADERS, DESIGNED TO OFFER INNOVATIVE, EFFECTIVE APPROACHES TO COMBATING DISEASE
- > WE EMPLOY OVER 65,000 PEOPLE WORLDWIDE
- > WE HAVE SALES IN OVER 100 COUNTRIES
- > WE MANUFACTURE IN 19 COUNTRIES
- > WE HAVE 11 RESEARCH AND DEVELOPMENT FACILITIES IN 7 COUNTRIES
- > WE SPEND \$14 MILLION EACH WORKING DAY ON DISCOVERING AND DEVELOPING NEW MEDICINES
- > ALONGSIDE OUR COMMITMENT TO HIGH PERFORMANCE AND COMPETITIVENESS, WE CONTINUE TO BE LED BY OUR CORE VALUES TO DELIVER SUSTAINABLE SUCCESS

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We know that how we do business, as well as what we do, is important to our reputation among stakeholders and wider society. Maintaining their trust and confidence in AstraZeneca as a responsible company means ensuring that wherever we have a presence or an impact, we live up to our publicly stated standards of ethical behaviour.

This Corporate Responsibility (CR) Summary Report is designed to capture the main points of our approach to managing this challenge and to provide a brief overview of our 2005 performance against our priority objectives.

Detailed statistics and further information about our CR performance, policies and principles are available on our website, which is updated throughout the year.

Visit [astrazeneca.com/responsibility](http://astrazeneca.com/responsibility)



**"Only by working responsibly can we earn the trust and confidence that makes such a vital contribution to our corporate reputation and our licence to do business from stakeholders and wider society."**

#### **OUR 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**

The 65,000 employees of AstraZeneca are dedicated to providing medicines that improve health and quality of life worldwide.

Making a difference in the lives of patients is the glue that holds us together wherever we are located. And it is through the successful introduction of medicines which help in the fight against disease that we reward our shareholders, pension funds and other institutional investors as well as supporting the economic development of the communities around us.

We believe that what we do is important. We also believe that how we do it is just as important. Only by working responsibly can we earn the trust and confidence that makes such a vital contribution to our corporate reputation and our licence to do business from stakeholders and wider society.

AstraZeneca operates in an increasingly challenging business environment, and ours is a high performance culture that requires all of us in the Company to make our best contribution to business success. We are determined that our corporate responsibility is consistently given appropriate consideration and that we continue to live up to our core values through thick and thin. Key to this is ensuring that everyone understands what is expected of them and that they are accountable for their own actions. We are making progress in building that understanding and driving the integration of CR considerations into everyday thinking, at all levels. As part of this, all employees are now 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.

Each quarter we ask a random sample of employees for their views on a range of business practices including our approach to corporate responsibility. During 2005, the results of these pulse surveys, which are discussed at the regular meetings of our Global CR Committee, showed a consistently good understanding of CR among employees and strong familiarity with the Company's Code of Conduct. They also provided constructive suggestions for improving leadership roles in the continued delivery of our CR agenda.

Effective leadership is critical to delivery of our CR objectives and we continue to support our leaders with learning opportunities and tools for communicating with their teams to build awareness and understanding of what CR means in practice. During 2005, some 245 of our top managers were involved in leadership development programmes that included CR.

We have national CR committees and management frameworks in place in the US, the UK and Sweden, where more than 60% of our employees are located. Elsewhere in the world, CR continues to be integrated into leadership team agendas and interpreted at a local level.

We have more work to do to improve how we gather information about our CR-related activities across the organisation and during the year, we began the process of developing a common platform for formally capturing local information at a global level.

In today's demanding world, it is important to me that we continue to provide a healthy, safe and energising work environment for our people and I am pleased to report that we are widely recognised as a good employer with high standards of employment practice.

The Board, in its annual review of safety, health and environmental issues, specifically reviewed progress on targets set in previous years as well as agreeing challenging new targets for the next five years. Success in exceeding our health and wellbeing targets, and achieving most of our environmental targets set in 2002, was tempered by the disappointment of our failure to meet our targeted reduction in the rate of accidents with serious injury. However, we did achieve a substantial reduction of 26% and we are now building on our existing safety programmes to support future improvement in this area.

We know that establishing targets is in itself not sufficient to deliver sustained performance improvements. Only through the continued identification of appropriate actions and the clear allocation of management responsibilities for their delivery can such improvements be achieved. This Report describes our performance against targets set in earlier years; introduces new targets and details the key performance indicators against which we measure our progress.

Approximately one third of AstraZeneca's employees worldwide are engaged in the promotion and detailing of information on our medicines to doctors and specialists. Their work is governed by our own Code of Sales and Marketing Practice as well as relevant external national and international codes. We are committed to driving high standards in these activities, and have introduced a new key performance indicator by which to measure our progress – namely, the number of confirmed cases where AstraZeneca has been ruled to have breached external regulations or codes of sales and marketing practice. Any breach is treated seriously and appropriate actions are taken by management to prevent repetition. By publishing

the number of confirmed breaches, we have made public a global benchmark against which we can be judged over time on our commitment to responsible sales and marketing practice.

Sales and marketing practice is one of the areas in which the pharmaceutical industry is increasingly under public scrutiny. Other aspects of our business that affect or concern society today include the safety of medicines, access to healthcare and pre-clinical and clinical research practices. In this year's Report, we have set out to communicate more information about our approach in these areas, in line with our commitment to transparency and openness, and with a view to building a better understanding of what is required to get life changing medicines to patients that also add value for shareholders and wider society.

For the second year running, we have sought independent assurance of the information contained in the Report. This year, the process was extended to include visits to our operations in the US and India, to enable the external assurance team to assess the validity of our corporate statements about a global commitment to CR. You can read their assurance statement on page 36.

AstraZeneca is once again listed in the 2006 Dow Jones Sustainability World Index and we continue to receive widespread recognition in the communities in which we operate for our responsible approach to business. What perhaps is not so well recognised is the benefits that our medicines and our presence bring to patients and wider society. I am determined that they should be, so that the full value of AstraZeneca's contribution is better understood by our stakeholders and those who influence them •



DAVID R BRENNAN  
Chief Executive Officer  
February 2006

## GROUP CR POLICY

Through the innovation of new medicines, AstraZeneca improves human health and enhances people's lives. Our activities affect not just the patients we serve and our investors, but also our employees and 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 codes 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 sales and marketing 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 our 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.

## CORPORATE RESPONSIBILITY PRIORITY ACTION PLAN

ISSUE	OBJECTIVE	ACTION PLAN
Integration of CR into all our 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, standards and guidelines. Continued local implementation. Continued integration of CR into learning and development programmes. Continued sampling of employee understanding and opinion.
Corporate governance and compliance	Application of highest ethical standards in all dealings with stakeholders. 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.
Patient safety	Patient safety continues to be a fundamental Company consideration for all our medicines, throughout their lifecycles.	Continued focus on drug safety throughout discovery, development, launch and marketing of each of our products. Continued communication to build understanding of the benefits and risks associated with all medicines.
Sales and marketing	High ethical standards of sales and marketing practice in all countries of operation.	Ongoing training of sales and marketing staff. Ongoing monitoring and review of compliance.
Access to medicines, including diseases of the developing world	Access to medicines considered when defining pricing and market access strategies for new brands. In the developing world, apply our skills and experience to helping to improve healthcare delivery in a sustainable way.	Continued communication of our framework for considering access. Continued monitoring of local alignment with global principles. Apply our skills in infection research to finding a new treatment for TB. Continued discussions with relevant external organisations regarding development and delivery.
Animal research	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.	Annual site improvement plans covering animal welfare and the replacement, reduction and refinement (3Rs) of animal use at all AstraZeneca sites using animals. Formal programme of animal welfare inspections of sites where studies conducted by, or on behalf of, AstraZeneca.
Clinical trials	Our clinical trial programmes continue to be safe, well-designed and appropriate wherever they take place. Open communication of appropriate data.	Maintenance of consistent ethical standards worldwide, in line with our global policy requirements. Continued updating of AstraZeneca's public global clinical trials website with latest information.
Human rights	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 KPI based on the planned areas of data collection.
Diversity and inclusion	Diversity and inclusion is appropriately supported in our global workforce and reflected in our leadership, and integrated into business and people strategies.	Build diversity and inclusion into business performance management. 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.
Driver safety	Promote the safety of all those that drive on Company business.	Continued implementation of driver safety programmes worldwide with a particular focus on areas of greatest driving activity.
Climate change	Minimise the impact of our business activities worldwide.	Further substantial efforts to be made to produce by 2010 an absolute reduction of 11% in global warming emissions from all sources other than pMDIs. Our target is to ensure that our emissions from all sources in 2010, including releases from the use of pMDI products, will be no greater than they were in 2000 and 40% less than they were in 1990.
Pharmaceuticals in the environment	Continue to refine our understanding of how 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 waste water during manufacturing activities.
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.	Continue to include CR in our global purchasing category management processes. In addition to the US, the UK and Sweden, the CR in Purchasing Guideline to be implemented in other countries where we have major marketing, manufacturing or research activities. These will include Japan, China, India, Mexico, Canada and Puerto Rico as well as more countries in Europe.

This year, we have included Patient Safety, Climate Change and Driver Safety in the Plan and removed the broader Safety, Health and Environmental objectives, included in previous years. This does not reflect a diminishing effort in these areas, but for this Plan to be meaningful, we believe it should be used to communicate (both internally and externally) the highest priority issues for the year.

KPI (WHERE APPROPRIATE)	2005 PERFORMANCE AGAINST KPI AND WHERE TO FIND MORE DETAILS
Two yearly global employee survey plus ad hoc 'pulse' surveys. Number of leaders involved in CR training.	Next employee survey 2006. For ad hoc 'pulse' survey highlights, see page 30. 245 leaders involved in CR training in 2005. See page 29.
Number of audits conducted including CR.	18 Internal Facility Audits conducted. See page 31.
Establishing KPIs is difficult in this area where the safety of any medicine has to be evaluated in terms of its benefit/risk profile. Our commitment to minimising the risks and maximising the benefits of our medicines is integrated into everything we do, and as part of this we continue to communicate to regulatory authorities in a timely manner any adverse effects made known to us after a medicine is launched.	See page 8.
Number of local AstraZeneca codes in place. Number of confirmed breaches of external regulations or codes.	All national companies have up to date, relevant codes. 56 breaches across 54 countries surveyed. See page 9.
Candidate drug identified for development as a new TB treatment (target 2007/8).	KPI target date revised. See pages 10 and 16.
Number of animals used. Percentage of sites with approved improvement plans (target 100%). Percentage of sites demonstrating positive progress against their improvement plans (target 100%). Percentage of scheduled internal peer review inspections completed (target 100%). Percentage of planned external contractor inspections completed (target 100%).	Approximately 254,000 used in-house and 13,000 used by external contractors. 100% sites with approved plans. 100% sites demonstrating positive progress. 100% of scheduled internal inspections completed. 80% of planned external contractor inspections completed. See page 14.
Percentage of ongoing hypothesis-driven clinical trials disclosed through AstraZeneca's website and the US National Library of Medicine's website. Percentage of disclosed data on hypothesis-driven global clinical trials of all major products.	100%. 100%. Trials data for 100% of products approved since the Company was formed in 1999 publicly available. 2005 KPI achieved. See page 15.
KPI under discussion, based on planned areas of data collection.	See page 19.
Percentage of women at senior levels. Further KPI under discussion.	22% of the 88 managers reporting to the Senior Executive Team are women. See page 21.
Number of accidents per million kilometres driven by marketing company employees (new KPI established for 2006 implementation).	See page 20.
Total emissions of greenhouse gases (million tonnes).	Emissions of greenhouse gases reduced by 15% by end of 2005, exceeding the improvement target of 10%. See page 24.
Whilst scientific knowledge continues to advance, we believe it is too early to be able to establish a meaningful KPI in this area of long term research.	See page 25.
CR referenced in all category plans. CR referenced in all new contracts and master agreements generated from the countries in the action plan by the end of 2006.	CR being included in the roll-out of our new category management processes. CR now included in all new contracts and master agreements generated in the US, the UK and Sweden. See page 32.
Further details about our CR performance, policies and principles are available on our website, which is updated throughout the year.	



# MAKING MEDICINES THE PRIORITY

AT ASTRazeneca, WE CONSIDER THE VALUE OF OUR MEDICINES  
TO PATIENTS AND SOCIETY TO BE AT THE CORE OF OUR CORPORATE  
RESPONSIBILITY EFFORT



Our skills and resources are focused on fighting disease in important areas of medical need, such as cancer, heart disease, gastrointestinal disorders, respiratory conditions, problems associated with the central nervous system, and infection. Our medicines are designed to bring benefit for patients and for those who treat them. They also add value for wider society, helping to create wealth and contributing to the economic development of the communities we serve.

Here we address some of the issues relating to medicines that affect or concern society today. For more information about these and other areas of our corporate responsibility, please visit our website.

## PATIENT SAFETY

- > THE SAFETY OF THE PATIENTS WHO TAKE OUR MEDICINES IS A FUNDAMENTAL PRIORITY
- > THE SAFETY OF ANY MEDICINE HAS TO BE EVALUATED IN TERMS OF ITS BENEFIT/RISK PROFILE
- > WE AIM TO MINIMISE THE RISKS AND MAXIMISE THE BENEFITS OF OUR MEDICINES THROUGHOUT THEIR LIFECYCLE
- > WE HAVE A GLOBAL NETWORK OF SPECIALISTS DEDICATED TO ENSURING WE DELIVER OUR COMMITMENT TO PATIENT SAFETY
- > WE ARE COMMITTED TO OPEN AND CLEAR COMMUNICATION

At AstraZeneca, the safety of the patients who take our medicines has always been a fundamental priority. In addition to the information available on our website, we are now including patient safety in this printed Summary Report for the first time, to enable us to share more widely the details of what our overarching commitment means in practice.

Ideally, a medicine would target only the disease that it is meant to treat and would not have any other effect. In reality, however, despite the best efforts of scientists, such a medicine does not yet exist and all medicines have possible side effects that some patients might experience. The benefits of a medicine must therefore be weighed against its side effects and the acceptable level of risk decided upon – by the company developing the therapy, by the regulators who approve it for marketing and ultimately by healthcare professionals, in consultation with their patients. The level of risk that is considered acceptable will depend, among other things, on the type of disease being treated – for example, in treating life-threatening diseases such as cancer, potentially serious side effects may be judged acceptable because of the desired beneficial effect of the medicine in saving or extending life. It also depends on an individual patient's ability to tolerate a particular medicine and to comply with a treatment regime. The risks associated with alternative treatments, or no treatment at all, are also important considerations.

We aim to minimise the risks and maximise the benefits of each of our medicines – starting with our discovery of a potential new medicine and continuing throughout the medicine's lifecycle.

### From discovery to launch

In discovery research, thousands of compounds are investigated for their potential to become a new medicine. Only a small number succeed because of the demanding criteria of the ongoing selection process, which centres on safety and how the medicine works. We aim to eliminate candidate medicines with potentially unacceptable benefit/risk profiles as early as possible.

In pre-clinical development, safety data from animal studies are required by regulatory authorities around the world before permission is granted to begin testing a potential new medicine in humans (clinical development). Drug safety is a core focus of all our clinical studies and safety data are collected and

continuously evaluated throughout clinical development. (See pages 14 and 15 for more information about our animal research and clinical trials.)

Once we have satisfied ourselves that a new medicine has an acceptable benefit/risk profile, we submit comprehensive information, including clinical trial data, to the regulatory authorities responsible for approving medicines in each country. Approval for marketing will only be granted if, after rigorous review of our submissions, the authorities decide that a medicine's benefits in treating a particular disease outweigh its risks.

### Continuous assessment

After launch, we actively monitor the use of all our medicines to ensure that we become aware of any side effects not identified during the development process.

Clinical trials, although extensive, cannot replicate the complete range of patient circumstances that exist among much larger and more diverse patient populations. Rare side effects can often only be identified after a medicine has been launched and used in far greater numbers of patients and over longer periods of time.

We have comprehensive and rigorous systems in place for detecting and rapidly evaluating such effects, including mechanisms for highlighting those that require immediate attention. We also strive to identify whether particular types of patients may be more susceptible to the risks associated with a particular treatment, and what the early indicators of this might be, so that side effects can be avoided or minimised in these patients.

### Gathering information

Information regarding possible side effects comes into AstraZeneca through a number of different sources, including healthcare professionals, patients, medical journals, our own ongoing clinical trials, and from regulatory agencies, who also monitor the use of medicines on the market. Whilst we make comprehensive efforts to collect all available information, not all side effects that occur are necessarily reported to us – for example, those that are not easily linked to the treatment.

We have a dedicated global safety database, where information is gathered and made available to all those responsible for drug safety in AstraZeneca, and for reporting to regulatory agencies. If information received suggests a change in a benefit/risk profile, actions taken can include further clinical trials, modifying the prescribing information, and communicating with healthcare professionals and others who need to know of the change. In certain situations, it may be appropriate to stop an ongoing clinical trial or withdraw a product from the market.



## SALES AND MARKETING PRACTICE

### Dedicated drug safety resources

We have an experienced, in-house team of over 500 clinical drug safety professionals working across AstraZeneca and dedicated to the task of ensuring that we meet our commitment to drug safety throughout the processes described above. Each of our products (whether in development or on the market) has an assigned global drug safety physician who, supported by a team of drug safety scientists, is responsible for that product's continuous safety surveillance. Drug safety managers in each of our national companies have local responsibility for product safety within their respective countries.

### Clear and open communication

As part of the approval process, we work with regulators to develop prescribing information that provides healthcare professionals with the benefit/risk information they need to make prescribing decisions, including indications for use, dosing recommendations and what side effects might be experienced. We also make information available, as appropriate, to patients about our medicines and how they should be taken. Feedback mechanisms are built into our communications because, as described earlier, information about how our medicines are working on a day-to-day basis is crucial to meeting our commitment to patient safety.

### Combating counterfeit medicines

Ensuring the security of our medicines throughout their manufacturing and supply is another critical aspect of our commitment to patient safety. As part of this, we are working to combat the growing problem of counterfeit medicines that have the potential to affect the health and wellbeing of millions of people worldwide. The World Health Organization and the US Food and Drug Administration estimate that 5-10% of medicines worldwide are counterfeit with recent reports indicating that up to 30% of drugs in Southeast Asia and China may be counterfeit.

AstraZeneca has a range of activities focused on protecting patients, including the use of technologies that make copying our products more difficult for counterfeiters and operating surveillance of market and supply chain activities to identify potential counterfeiting operations. We take rapid action when counterfeit AstraZeneca products are suspected, working with the relevant regulators, healthcare professionals, distributors, law enforcement agencies and other organisations to ensure patient interests are protected. We continue to explore further measures for combating counterfeit medicines and will develop the most effective of these •

> WE AIM TO COMMUNICATE INFORMATION ABOUT OUR MEDICINES IN AN EFFECTIVE AND PROPER MANNER WORLDWIDE

> EACH OF OUR MARKETING COMPANIES HAS A NATIONAL CODE OF PRACTICE, BASED ON OUR OWN GLOBAL CODE AND ON ALL RELEVANT EXTERNAL GLOBAL AND NATIONAL REGULATIONS

> WE RECENTLY REVIEWED AND STRENGTHENED OUR GUIDANCE ON COMPLIANCE REPORTING

> THE REPORTED NUMBER OF CONFIRMED EXTERNAL CODE BREACHES IN 2005 (56 ACROSS 54 COUNTRIES SURVEYED) PROVIDES A BENCHMARK FOR MEASURING FUTURE PERFORMANCE



During the year, a workshop in China focused on providing guidance for our Asia Pacific sales forces on the high standards of ethical practice required in the sales and marketing of our medicines as we drive business growth in this increasingly important region. The session included representatives from Taiwan, Malaysia, Korea and the Philippines and speakers from Australia and the Philippines as well as China.



We use a wide variety of communication channels, ranging from traditional face-to-face contact through professional and highly trained sales representatives, to the internet, which plays an increasingly important role in informing doctors, pharmacists and others about AstraZeneca's medicines.

Whatever the channel, we are committed to delivering high standards of ethical practice in all our communications worldwide.

In early 2005, we completed a project conducted to ensure that all our marketing companies have national codes of practice in place that are in line with our own global Code of Sales and Marketing Practice and at least as restrictive as all relevant external codes. We include the requirement for a national compliance committee to monitor performance in each of our markets. Information concerning instances where our practices are not up to the standards required is collected through our continuous compliance reporting process and reviewed by senior management and, as appropriate, by the AstraZeneca Board.

This work is supported by internal audit of our marketing companies and, during 2005/6, we commissioned an external audit to provide an independent review of our governance

controls in sales and marketing, finance, IT and human resources. You can read more about this on page 31.

We recently developed more meaningful global monitoring criteria 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 sales and marketing codes, including externally driven complaints and incidents identified through internal procedures or by individual employees.

In 2005, we piloted a new global Key Performance Indicator – the number of cases of confirmed breaches of codes or regulations ruled by external bodies. We identified a total of 56 such cases across the 54 countries surveyed. In addition there were some cases, while not confirmed breaches, where regulatory authorities raised concerns with us and we took appropriate steps to address those concerns. The different national external frameworks for regulation of sales and marketing practices create a challenge in interpreting this performance indicator. Nevertheless, our KPI provides an initial benchmark against which to measure our performance in future years. We can also gain useful information by examining the number of breaches relative to the size of our promotional activities in each country and also relative to other companies' performance where such data are made public by the authorities •

## ACCESS TO MEDICINES

- > THE PRICE OF OUR MEDICINES AIMS TO REFLECT THEIR OVERALL VALUE TO PATIENTS AND SOCIETY, AND TO TAKE ACCOUNT OF OUR DUTY AS A PUBLICLY OWNED COMPANY TO DELIVER VALUE TO SHAREHOLDERS
- > WE HAVE GLOBAL GUIDELINES ON HOW PATIENT ACCESS SHOULD BE CONSIDERED BEFORE AND AFTER LAUNCH OF A NEW MEDICINE
- > OUR MARKETED MEDICINES ARE NOT FOR TREATING THE MOST SIGNIFICANT HEALTHCARE PROBLEMS FACING THE DEVELOPING WORLD TODAY
- > WE BELIEVE THE BEST WAY WE CAN HELP IS BY LEVERAGING OUR SKILLS AND EXPERIENCE TO IMPROVE HEALTHCARE DELIVERY IN A SUSTAINABLE WAY

There is a growing demand for healthcare. People are living longer, populations are increasing and the new emerging economies are expanding the number of patients who can benefit from medicines.

### Pricing

Medicines usually represent only 10% to 20% of a country's total expenditure on healthcare. Nevertheless, the growing demand for healthcare worldwide, means more and more pressure on budgets for governments and others who pay for healthcare. AstraZeneca has to manage the associated downward pressure on the price of our products whilst continuing to invest in the research, development, manufacturing and marketing of medicines that make a difference.

When setting the price of a medicine, we aim to reflect its full value to patients, to those who pay for healthcare and to society in general. Our pricing also takes account of the fact that, as a publicly owned company, we have a duty to ensure that we continue to deliver a return on investment for our shareholders. We balance many different factors, including ensuring appropriate patient access, in our global pricing policy, which provides the framework for optimising the profitability of our products in a sustainable way.

Each of our development products is reviewed in relation to pricing and patient access, 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, addressing an unmet clinical need and offering significant patient benefit in a serious or life threatening condition. In these circumstances, we aim to provide patient access to these medicines through charitable donation, expanded access programmes or by differential pricing (provided that safeguards are in place to ensure differentially priced products are not diverted from patients who need them, to be sold and used in more affluent markets).

A corporate guideline provides information for our global product teams on how access should be considered both during development and after launch of new medicines. Published in 2004 and initially targeted at our cancer and infection therapy areas, the guideline was broadened to include our other therapy areas during 2005. Because the successful introduction of this guideline has provided a consistent framework for managers to incorporate market access thinking across all our global product strategies, the specific role of Access to Medicines Director was recently discontinued.

### In the developing world

In the developing world, access to healthcare is dependent on a functional healthcare system, the availability of trained healthcare staff and effective supply and distribution mechanisms, as well as the availability of appropriate medicines. We believe AstraZeneca can best help by applying our skills and experience to helping to improve healthcare delivery in a sustainable way.

**Dedicated research** Our marketed medicines are not relevant to the treatment of HIV/AIDS, malaria and tuberculosis – the most significant healthcare problems that the developing world is facing today. Based on our experience and skills in infection research, we believe the most important contribution that AstraZeneca can make is to discover candidate drugs for the treatment of tuberculosis. We have a dedicated research facility in Bangalore, India, focused on this effort, and you can read more about this commitment on page 16.

**Strengthening local capability** In the developing world, product donation programmes alone are not always effective, particularly where public health systems may not be robust enough to ensure that medicines are used to full benefit as part of overall healthcare management.

To explore how we might help in this challenge, AstraZeneca has begun a pilot project in Ethiopia that is designed to build local capability in managing breast cancer – the second most common cancer among young women in that country. Ethiopia has only one cancer specialist for the entire population; there is no mammography; no easy access to chemotherapy or hormonal agents; no cancer screening and no national treatment protocol. In its first year, the programme focused on strengthening diagnosis and treatment capabilities at Tikur Anbessa University Hospital in Addis Ababa (where the country's oncologist is based). This included the provision of a mammography machine, the introduction of receptor tests, and the development of guidelines for diagnosis, treatment and palliative care. AstraZeneca's breast cancer medicines are also being made available. This is the first project of its kind for us and is still only in its early stages. We plan to run the pilot for three years to enable meaningful evaluation of its impact. If successful, we hope that it will provide a model that can be replicated in other countries and other disease areas.

### Intellectual property protection

Patents enable information on inventions to be made widely available and are important incentives for the continued innovation that drives society's progress. In the case of pharmaceutical innovation, the vast majority of new medicines come from the research-based pharmaceutical industry – no one else has the right combination of skills, experience and resources to deliver real advances in this area.



The path to a new medicine is a long, complex, expensive and risky process. It can take up to 15 years of discovery and development involving highly skilled scientists and state-of-the-art equipment and technologies. Many thousands of compounds are investigated to identify those with the highest potential to become a new medicine (known as candidate drugs). Only a very few will make it to market. Typically, over \$800 million is invested before the first dollar of sales is realised.

We usually file for patent protection early in the research and development process of a potential new medicine. This means that at the time a new medicine is launched, we normally have between 8 and 15 years of protection left before other companies can begin selling cheaper generic versions (at lower costs because they do not need to bear the high costs of research that we do). As a research-based company, we therefore rigorously defend our legitimate intellectual property rights because they allow us time to generate the revenue we need to continue our investment in providing medicines for important areas of healthcare.

Patents do not create a monopoly for treating a disease – other manufacturers are able to develop a different medicine to treat the same condition. Also, patents are limited in time and after their expiry, competitors (both innovative and generic) can legitimately market the same product. Because patents require the disclosure and publication of information about the patented medicine, they can stimulate competition to innovate improved alternatives that expand the range of treatment options – which is important because patients respond differently to different therapies.

#### Compulsory licensing

Compulsory licensing (the waiving of patent rights to allow patented medicines to be manufactured by other parties) is increasingly being included in the access to medicines debate.

AstraZeneca supports the appropriate use of compulsory licensing as implemented by the World Trade Organisation (WTO) in December 2005 following the agreement reached in August 2003. This enables developing countries with no domestic manufacturing capability to import copies of patented medicines to treat diseases such as HIV/AIDS, malaria and tuberculosis in a public health emergency. We believe that this should apply only when other ways of meeting the emergency needs have been considered and where healthcare frameworks and safeguards to prevent diversion are in place to ensure that the medicines reach those that need them •



## SUPPORTING ECONOMIC DEVELOPMENT

> **OUR MEDICINES HAVE ECONOMIC AS WELL AS THERAPEUTIC ADVANTAGES, HELPING TO RELIEVE THE GROWING PRESSURE ON HEALTHCARE BUDGETS**

> **OUR BUSINESS ACTIVITIES ALSO CONTRIBUTE TO THE ECONOMIC DEVELOPMENT OF THE COMMUNITIES AND THE COUNTRIES IN WHICH WE OPERATE**

> **OUR GROWING PRESENCE IN EMERGING MARKETS ALSO BRINGS ECONOMIC AS WELL AS HEALTH BENEFITS**

**In our discussions with those who pay for healthcare, we 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 can help to save healthcare costs by reducing the need for more expensive care, such as hospital stays or surgery. 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.

For example, a study published in the US Journal of Clinical Psychiatry in 2003, showed that the cost of treating a depressed person fell throughout the 1990s, largely because of a switch from hospitalisation to medication. The study found that per-patient spending on depression fell by 19% over the course of the decade. Another US study, published in the Archives of Internal Medicine in 1998, evaluated the effect of migraine treatment on productivity, and found that more than 50% of workers who received a medication for a migraine attack returned to work within two hours, compared with 9% of workers who received a placebo.

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

During 2005, we conducted a study of AstraZeneca's impact on the UK economy to demonstrate the Company's positive contribution to UK competitiveness. Headlines from the study, carried out by independent economists, showed that AstraZeneca:

- > Supports 37,800 jobs in the UK economy through direct employment and supplier impacts – which is the equivalent to one in every 700 employees in the UK.
- > Represents £1.5 billion (\$2.6 billion) GVA (Gross Value Added<sup>1</sup>) of total positive economic impact in the UK.
- > Spends £1 in every £20 of total business R&D in the UK, making a major contribution to the country's innovation and knowledge capital.

We continue to expand our business and our presence in emerging economies, such as China and Mexico. This includes investments in facilities, collaborations with local partners, clinical trials and purchasing from local suppliers as well as employing people from the local community. As we do so, we bring economic benefits as well as the health benefits that arise from the marketing of our products in these regions •

<sup>1</sup> Gross Value Added generated by AstraZeneca has been calculated as the sum of profits before tax, employment costs, depreciation and amortisation.





# FIGHTING DISEASE WITH INNOVATION

IN OUR SEARCH FOR NEW MEDICINES, WE ARE COMMITTED TO INNOVATIVE SCIENTIFIC STUDIES OF THE HIGHEST QUALITY, CONDUCTED TO THE HIGHEST ETHICAL STANDARDS

Our research is conducted in accordance with all relevant national and international legislation, regulations and guidelines, as required by our Code of Conduct. In addition, our commitment to delivering high ethical standards is broadened and strengthened by the guiding principles outlined in our Bioethics Policy. Where appropriate, these high level principles are supported by detailed standards that are communicated internally to ensure we continue to live up to our commitment.

Here we address some of the issues relating to research that affect or concern society today. For more information about these and other areas of our corporate responsibility, please visit our website.

## ANIMAL RESEARCH

- > **ANIMAL STUDIES PROVIDE ESSENTIAL INFORMATION NOT AVAILABLE THROUGH OTHER METHODS**
- > **THE WELFARE OF THE ANIMALS WE USE IS A TOP PRIORITY**
- > **WE AIM TO REPLACE, REDUCE AND REFINEMENT OUR USE OF ANIMALS**
- > **DURING 2005, EACH OF OUR ANIMAL RESEARCH SITES DEVELOPED AN ANNUAL IMPROVEMENT PLAN, AGAINST WHICH PERFORMANCE IS MEASURED**
- > **IN 2005 WE USED 254,000 ANIMALS IN-HOUSE AND 13,000 WERE USED BY EXTERNAL CONTRACTORS**

Wherever possible in our research we use non-animal methods such as cell culture, computer modelling and high throughput screening that eliminate the need to use animals early in drug development, or reduce the number needed.

However, animal studies still play a vital role in the search for new medicines. They provide essential information, not available through other methods, about the effects of a potential new therapy on disease and the living body. Safety data from pre-clinical testing in animals is also required by regulatory authorities around the world before a new medicine can be tested in humans (clinical development).



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.

In 2005, we used approximately 254,000 animals in-house, an increase on 2004 (235,000 animals). In addition, approximately 13,000 animals were used by external contractors, an increase on 2004 (10,000).

The number of animals that we use will fluctuate. Decreases can result from our continued adoption of non-animal techniques; increases can result from the disease areas on which our R&D is focused, and a rise in the number of compounds in R&D. In 2005, the number of compounds we identified as having the potential to become new medicines increased compared with 2004 (see graph opposite). As we continue to expand our R&D activities, we aim to manage the potential increase in animal use. The increase in animal use in 2005 does not reflect any deviation from our aim to minimise the number of animals needed to meet our scientific objectives.

Approximately 97% of the animals we used in 2005 were rodents, 2% were fish and amphibians and the remaining 1% included dogs, rabbits, primates, pigs, ferrets, sheep and chickens. We also use genetically modified mice to better understand the genes involved in human disease. In 2005, these accounted for 10% of our total rodent use.

The welfare of the animals we use continues to be a top priority. 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. Members of our own staff also conduct a rolling programme of inspections of external contractors to ensure compliance with our standards.

### Measuring performance

In early 2005, we introduced two new performance measures to strengthen further our monitoring processes, and to promote continuous improvement in the replacement, reduction and refinement (the 3Rs) of animal use. These included the development of formal annual improvement plans, covering animal welfare and the 3Rs, at each of our animal research sites, against which progress will be measured. By the end of the year, 100% of our sites had approved improvement plans in place; 100% of sites had demonstrated positive progress against these plans; 100% of scheduled internal peer review inspections had been completed, and 80% of the planned inspections of external contractors had been completed •

Examples of our commitment to the 3Rs include:

- > We use leading-edge computer technologies to predict more accurately how a potential medicine may act in the human body (for example, how it will be absorbed and distributed). This enables elimination of unsuitable compounds early in the discovery process and stops their progression into animal studies.
- > New medicines for arthritis aim to relieve pain and improve mobility. We use a new system of imaging and analysing how an animal with arthritis walks so that we can immediately detect any subtle changes in mobility following treatment. This is a major welfare improvement as the study is less stressful for the animal and can provide more accurate data using a smaller number of animals.
- > A European project, initiated by AstraZeneca, could more than halve the 1.6 million fish used in environmental safety tests in Europe. Subject to regulatory approval, initial testing of chemicals will be undertaken with algae and water fleas (daphnia) to predict the threshold of toxic concentration. This will then limit the number of concentrations that need to be tested in fish, and so reduce the numbers used.

## CLINICAL TRIALS

- > WE HAVE GLOBAL STANDARDS THAT APPLY TO THE CONDUCT OF ALL OUR CLINICAL TRIALS, WHEREVER THEY TAKE PLACE
- > THE SAFETY AND PRIVACY OF THOSE TAKING PART IS A PRIORITY, AS IS ENSURING THEY FULLY UNDERSTAND THE NATURE AND PURPOSE OF THE TRIAL BEFORE CONSENT IS GIVEN
- > IN 2005, WE LAUNCHED A DEDICATED WEBSITE THAT MAKES PUBLICLY AVAILABLE THE HYPOTHESIS-TESTING CLINICAL TRIALS RESULTS

A candidate medicine enters clinical development (testing in man) only after we have confirmed its potential efficacy and adequate safety in pre-clinical trials, which include animal testing as described earlier. Clinical studies are a significant undertaking, including extensive collaboration with clinicians in many countries and involving 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.

Trial proposals are first subject to stringent internal review, including consideration of the pre-clinical data, how safe the trial process is for those taking part, the information provided for participants and the procedures for gaining their informed consent. Before it can begin, each trial must be approved by the appropriate external independent ethics committee or institutional review board, and the relevant regulatory agency. Our commitment includes strict guidelines to ensure that those taking part in trials understand their nature and purpose and are not exposed to unnecessary risks, and that the privacy of participants' health information is protected.

These standards of ethical practice apply worldwide and we aim to ensure they are consistently observed, particularly as we expand the geographic reach of our clinical trials programme.

### Transparency of data

In line with our commitment to providing appropriate information about our medicines to those who need it, from July 2005 onwards, we have made public all new and ongoing clinical trials sponsored by AstraZeneca that satisfy the ICH<sup>1</sup> definition of "hypothesis-testing" (those trials that are conducted to provide firm evidence to support safety and efficacy claims). Basic information on such trials is available on our dedicated website, [astrazenecaclinicaltrials.com](http://astrazenecaclinicaltrials.com),



with more details provided on the US National Library of Medicine's website, [clinicaltrials.gov](http://clinicaltrials.gov). Any new trial will be added within 21 days of its initiation.

Our website provides results of clinical trials (whether favourable or unfavourable) within one year of completion of the trial (unless restricted by a pending regulatory filing). For clinical trials that are under review by medical journals that prohibit disclosure of results before the journal publishes them, we will post the results at the time of publication.

The information available on our website covers core safety and efficacy registration trials for medicines approved since the formation of AstraZeneca in 1999 as well as global trials completed since formation, and local trials completed since 1 January 2005, for all our currently approved medicines. We will continue to update the website as appropriate.

This information is also included in the IFPMA<sup>2</sup> Clinical Trials Portal, launched in September 2005, which provides a single entry means of searching for clinical trials data across the research-based pharmaceutical industry •

<sup>1</sup> ICH = International Conference on Harmonisation: Harmonised Tripartite Guideline E9

<sup>2</sup> IFPMA = International Federation of Pharmaceutical Manufacturers and Associations ([ifpma.org](http://ifpma.org))

### AstraZeneca R&D: candidate drugs

New compounds identified with high potential to be new medicines

05	25*
04	18
03	15

\* Including four compounds in-licensed during 2005

## DISEASES OF THE DEVELOPING WORLD

- > OUR MARKETED MEDICINES ARE NOT RELEVANT TO THE TREATMENT OF THE MOST SIGNIFICANT HEALTHCARE PROBLEMS THAT THE DEVELOPING WORLD IS FACING TODAY – HIV/AIDS, MALARIA AND TUBERCULOSIS
- > BASED ON OUR SKILLS IN INFECTION RESEARCH, WE BELIEVE WE CAN BEST HELP BY FINDING A NEW TREATMENT FOR TUBERCULOSIS
- > OVER 90 SCIENTISTS AT OUR DEDICATED, STATE-OF-THE-ART RESEARCH FACILITY IN BANGALORE, INDIA ARE FOCUSED ON IDENTIFYING POTENTIAL NEW MEDICINES FOR TB
- > IF SUCCESSFUL, WE WILL SEEK PARTNERSHIP ARRANGEMENTS WITH THE APPROPRIATE ORGANISATIONS TO DEVELOP AND MAKE THE TREATMENT AVAILABLE AND AFFORDABLE TO THOSE MOST IN NEED

We are committed to playing our part in fighting disease in the developing world by using our skills and experience in infection research to find a new treatment for tuberculosis – one of the leading causes of death from infectious disease worldwide.



Our research facility in Bangalore is dedicated to finding a new treatment for TB that will:

- > Shorten the duration of therapy to improve patient compliance.
- > Eradicate disease (including the latent form) to reduce the chances of relapse.
- > Act on drug-resistant strains of TB.
- > Be compatible with HIV/AIDS therapies.

In December 2005, AstraZeneca funded and participated in the Open Forum on Key Issues in TB Drug Development, organised by the Global Alliance for TB Drug Development in partnership with the Bill and Melinda Gates Foundation and the Stop TB Partnership Working Group on New TB Drugs. The workshop involved representatives from industry, academia and non-governmental organisations, and focused on identifying the latest advances and challenges on TB drug development, biomarkers for TB drug development and key issues for pivotal trials.

Tuberculosis (TB) has been with us since ancient times, but is successfully adapting to the modern world. It represents a significant healthcare challenge, particularly in developing countries. In India alone, some two million people are diagnosed with TB every year.

Work at our dedicated research facility in Bangalore, opened in June 2003, is focused on finding new therapies for TB that will act in drug resistant disease and reduce the complexity and/or the duration of treatment. In addition to an \$11 million initial investment in buildings and state-of-the-art equipment at Bangalore, we have committed around \$5 million a year to its research programme to date. During 2005, we also announced the construction of a new \$12 million facility at our Bangalore site, which will strengthen our research and development capability and which is expected to be operational by November 2006.

Over 90 scientists, recruited from leading research institutions and universities, work at our existing facility, and we have plans to recruit more international experts over the coming years. Our scientists also work closely with AstraZeneca's infection research centre in Boston, Massachusetts, US and with external academic leaders in the field, and have full access to our platform technologies such as high throughput screening and compound libraries.

Finding new treatments for TB is a complex process. Existing therapies are effective but complicated and prolonged, which means patients often give up treatment once the symptoms are no longer apparent, although the underlying cause remains. This leads to frequent relapse and makes drug resistance more likely. Any new drugs should also be compatible with established TB agents, and appropriate for use with HIV/AIDS therapies (HIV/AIDS and TB form a lethal combination, each speeding the other's progress). Because of these complexities, we have had to revise our anticipated date for identifying a potential new medicine from 2006/7 to 2007/8. Once a candidate drug is identified, we expect then to establish a route for its development in consultation with regulatory authorities and external experts such as the Global Alliance for TB Drug Development. We will apply for patent protection in the normal way but, 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

Beyond TB, we continue to review our 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 •



## STEM CELL RESEARCH

- > WE CONTINUOUSLY MONITOR NEW SCIENCE FOR OPPORTUNITIES THAT WILL ENABLE US TO DEVELOP BETTER MEDICINES
- > WE BELIEVE HUMAN EMBRYONIC STEM CELL RESEARCH MAY OFFER SUCH AN OPPORTUNITY
- > ANY ENGAGEMENT IN THIS TYPE OF RESEARCH IS LIKELY TO BE THROUGH AN EXPERIENCED EXTERNAL PARTNER
- > OUR NEW POLICY FRAMEWORK FOR HUMAN EMBRYONIC STEM CELL RESEARCH SETS STRICT CRITERIA FOR ENGAGEMENT

Medical science is one of the most rapidly evolving areas of our time. As a company whose success is built on leading-edge science, it is essential that AstraZeneca continuously monitors new capabilities and identifies opportunities that will help us to develop the next generation of medicines that offer better results for patients. We believe that human embryonic stem cell research may present such an opportunity.

Because this is a relatively new area for us, and because we do not yet have all the internal skills needed to explore fully the technology in-house, any engagement in this type of research is likely to be through an external collaboration.

### The potential benefits

Our interest is in the potential of human embryonic stem cells to differentiate into normal human cells, such as hepatocytes (liver cells) and cardiac myocytes (heart muscle cells). If this were possible, these could be used to evaluate what effect a potential new medicine has on the normal cell, and to provide a more accurate prediction of drug metabolism and toxicity outcomes in man. We believe this would represent a significant step forward in increasing the human relevance of studies at an earlier stage of development of a potential new medicine, and would help us to overcome the current limitations that a restricted supply of normal cells presents.

### Ensuring high standards

In anticipation of a potential engagement in this type of research, during 2005 we established a Human Embryonic Stem Cell Research Policy framework, which demands compliance both with external legislation, regulations and guidelines, and with our own codes of research practice. The framework applies to all internal work and external research on AstraZeneca's behalf and includes essential criteria which must be met before any such research is undertaken. Similar to those which govern inclusion in public stem cell registries such as the UK and the US National Institutes of Health Registries, these criteria require that the stem cells must have been derived from a fertilised egg that was

created for reproductive purposes; that the fertilised egg must no longer be needed for these purposes, and that fully informed consent (with no financial inducements) must have been obtained for the donation of the fertilised egg for scientific research.

Implementation of the framework will ensure that all research effort in this area remains consistent with our strategy of developing more innovative, safer medicines for serious disease.

We are not involved, or expressing any interest in genetic modification or cloning of human embryonic stem cells to repair damaged or diseased tissue. •

# MEETING NEEDS ENERGISING PEOPLE

WITH 65,000 EMPLOYEES WORLDWIDE, WE VALUE  
THE DIVERSITY OF SKILLS AND ABILITIES THAT A GLOBAL  
WORKFORCE BRINGS TO OUR BUSINESS

In our ever more challenging business environment, alongside our commitment to competitiveness and high performance, we continue to be led by our core values to deliver sustainable success. As part of this, providing a healthy, safe and energising work environment for all our employees is a fundamental consideration.





## HUMAN RIGHTS

- > WE HAVE SET HIGH STANDARDS OF EMPLOYMENT PRACTICE, COMPLIANCE WITH WHICH IS MANDATORY
- > WE WORK WITH SUPPLIERS TO ENCOURAGE STANDARDS SIMILAR TO OUR OWN
- > WE ARE WORKING TO IMPROVE OUR GLOBAL REPORTING PROCESSES TO ENSURE CONSISTENT MONITORING AND MEASUREMENT OF PERFORMANCE

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 employment practice 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 commitment applies as much to our expanding business in emerging markets, such as China and Mexico, as it does to our existing supplier relationships. You can read more about our work with suppliers on page 32.

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 than described above, but we believe that we can, and do, influence others through leading by example.

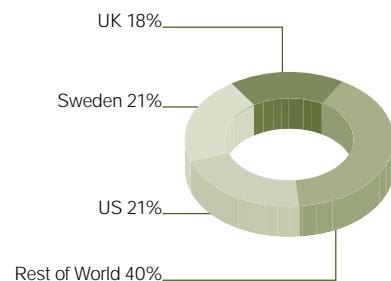
In some quarters, the achievement of the Millennium Development Goals for Health have been characterised in human rights' terms as a 'Right to Health', with accountabilities allocated to both governments and pharmaceutical companies. We believe that in this context, pharmaceutical companies should not be accountable since it is governments who have the responsibility to provide for their populations a robust healthcare infrastructure that supports good public health and which can ensure medicines are delivered to those who need them. AstraZeneca continues to participate in national and international discussions on this issue, in which we explain that we believe our greatest contribution to the achievement of the Millennium

Development Goals for Health will arise from a successful outcome to our TB research in Bangalore and from our initiatives aimed at strengthening local healthcare capabilities. See pages 10 and 16 for further details about our commitment in these areas.

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. AstraZeneca is making a major investment in this area, implementing a single Human Resources Information System, and common people-management processes and information standards worldwide. In 2005, this change programme was launched, the system designed, and plans agreed for implementation in the US, the UK and Sweden during 2006, followed by Japan and China in 2007. This major initiative will mean we will have consistent, detailed and integrated people information available at a global level for more than 70% of our workforce by April 2007. Plans are being developed now for further roll-out and will be agreed mid-2006 •

### Geographic location of employees

Total number of employees: 65,000



For the fourth consecutive year, AstraZeneca was named a "top employer" in Science magazine's 2005 ranking of the world's most respected biopharmaceutical employers. We advanced to fourth place in this year's survey, which encompasses a range of factors including how well our work culture is aligned with our values.

# SAFETY

- > WE HAVE REDUCED OUR SERIOUS ACCIDENT RATES BUT JUST FAILED TO MEET OUR STATED TARGET
- > WE ARE BUILDING ON OUR EXISTING SAFETY PROGRAMMES TO SUPPORT FUTURE IMPROVEMENT
- > DRIVER SAFETY REMAINS A PRIORITY

We are disappointed to report that we failed to meet our stated target of a 30% reduction in the frequency rates for accidents with injury by the end of 2005 (against the 2001/2002 reference point).

However, we achieved a substantial reduction of 26% against the reference point and we will be focusing on ensuring that the broad range of safety programmes, which helped deliver this improvement, together with any new initiatives, continue to be widely adopted to support continuous improvement in the future.

We have set a new target for safety and health, as described below. Establishing targets is necessary, but insufficient to deliver performance improvements. These require appropriate actions to be identified and accountability to be assigned to people who can ensure the actions are implemented. Each AstraZeneca function and location is now responsible for setting its own specific targets, relevant to their local priorities; for monitoring progress in these areas and for reporting progress to our Global Safety, Health and Environment management team every three months. Where relevant, contractors will be included in the local indicators.

Sadly, during the year one of our sales representatives died whilst at work in a random street-shooting incident outside a hospital in Turkey. When any accidents occur, we use a range of investigation procedures to help us understand the causes and avoid repetition.

**Going forward – a new KPI for safety and health**  
We have established a new improvement target for safety and health, which we aim to achieve by 2010. In a change to previous years, we are combining the frequency rates for accidents resulting in fatal and serious injuries and new cases of occupational illness into one KPI. Our intention is to reduce, by 2010, the combined frequency rates by 50% compared to the 2001/2002 reference point. This new combined KPI reflects a slightly different approach, in that our previous accident KPI included both employees and contractors. However, because contractors' occupational illness data are not included in our reporting, the new combined KPI will only cover AstraZeneca employees.

Our efforts to standardise the processes for investigating accidents and incidents continue. A series of training sessions is planned for the first half of 2006, bringing representatives from around the Company together to share experiences and tools. A web-based database is currently being piloted which allows the sharing of learning from accident and incident investigations across the whole of AstraZeneca worldwide. Full roll-out of this tool is planned for 2006.

## Accidents: rates and causes

The 2005 frequency rate for serious accidents with injury to AstraZeneca employees fell by 16% compared to 2004. The top two causes of accidents resulting in serious injury are 'vehicles', and 'slipped, tripped or fell on the same level'. Together, these account for 51% of the total number of fatal and serious injuries reported.

For contractors working on AstraZeneca sites, the frequency rate for accidents with serious injuries in 2005 did not change significantly when compared with 2004. The greatest causes of serious injuries to contractors are 'slipped, tripped or fell on the same level' and 'cuts', which together accounted for 42% of the total. Our contractors carry out a range of activities at our sites including cleaning, catering, IT service provision, construction and maintenance. We work together with them to ensure the same level of safety commitment as we would expect from our own employees.

During the year, we issued guidelines for Facility Managers at all our sites reinforcing the need for ensuring a safe place to work by avoiding accidents caused by slips, trips and falls. Because accidents often involve a human element, sites are also working to increase individual awareness and promote personal responsibility.

## Driver safety a priority

Despite our continued efforts, our vehicle-related accident record showed little improvement in 2005, with some 26% of accidents reported related to driving. We need to do better – and to further strengthen our commitment, we have established a new KPI, for introduction in 2006, namely the number of accidents per million kilometres driven by marketing company employees.

Our sales representatives are the largest group that drive on Company business and we currently have projects running in the US and other major markets that are actively raising the profile of driver safety. On a global scale, initiatives include implementing driver care management systems, which provide detailed information to line managers who are then better able to identify high-risk drivers. We are currently in the early phase of many of these projects and it will take time for an effect to be seen in the accident frequency rate. •



In India, where our sales representatives ride motorcycles to visit doctors and hospitals, training in defensive riding supported by new policies and procedures has increased the profile of rider safety. India has one of the highest numbers of road fatalities in the world and promoting the safety of our workforce against this background is a challenge.

## Causes of accidents to AstraZeneca employees

	%
Vehicle	26
Slipped, tripped or fell on the same level	25
Injured by an animal	10
Injured while handling, lifting or carrying	8
Puncture	7
Fall from a height	6
Hit by moving, flying or falling object	5
Contact with or caught in machinery	3
Hit something fixed or stationary	2
Exposed to, or in contact with, a harmful substance	1
Exposure to heat or extreme cold	1
Cut	1
Physical assault	1
Other	1
Contact with electricity or an electrical discharge	<1
Transport or storage activity	<1
Explosion	0
Fire	0



In the UK, AstraZeneca was given a Business in the Community 'Big Tick' Award for Excellence 2005, for its approach to employee health and wellbeing. The 'Big Tick' is awarded to companies that demonstrate excellence in the way they organise and integrate responsible business practices, and show a positive impact on business and society. AstraZeneca's award recognised our work to promote physical and psychological welfare among employees.

## HEALTH AND WELLBEING

- > WE HAVE REDUCED THE NUMBER OF NEW CASES OF OCCUPATIONAL ILLNESS – EXCEEDING OUR STATED TARGET
- > WE RECENTLY IDENTIFIED KEY PRINCIPLES TO HELP US FURTHER IMPROVE OUR FOCUS

As with our safety programmes, our health and wellbeing initiatives are aimed at continuous improvement.

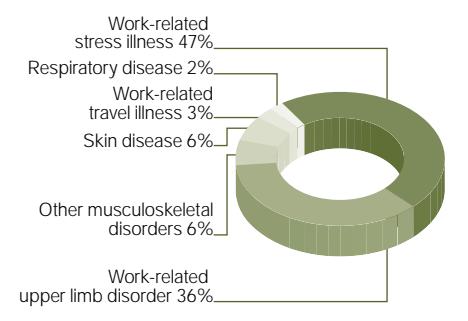
We made further improvements in 2005, particularly in the musculoskeletal disorder and travel-related illness categories. These contributed to a 61% reduction in the occupational illness frequency rate against the 2001/2002 reference point, thus exceeding our stated target of a 30% reduction by the end of 2005.

Work-related stress remains the major source of occupational illness and we aim to reduce this by expanding the introduction of wellbeing initiatives across the Company. To help us further improve the focus of our activities, we have identified some broad health and wellbeing principles at both the individual and the Company level. At the individual level, we believe that wellbeing is the positive outcome of a number of physical, social and emotional factors (including self-confidence, time and energy management, work/home balance, and life planning) that support personal health and wellbeing. At an organisational level, we concentrate on enhancing health and wellbeing across the group through effective leadership; providing a positive working environment; maintaining a focus on health and supporting an optimum work/home balance.

### Health

In 2005, 156 cases of occupational illness were reported, with the frequency rate per million hours worked down significantly (-35%) on the previous year. 79% of all illnesses reported resulted in days lost from work.

### Causes of occupational illness to AstraZeneca employees



Work-related stress was the greatest cause of occupational illness accounting for 47% of all cases, with no significant change in the frequency rate from the previous year. Heavy workload remains the most common reason given, with organisational and interpersonal issues also important causative factors. 96% of the stress cases resulted in absence from work.

Although work-related upper limb disorder (caused mainly by repetitive production activities and computer work) was the second most reported illness, accounting for 36% of all cases, the frequency rate for this condition continues to follow a downward trend. As our use of computer systems continues to increase, we are proactively focusing on the design, selection and application of good hardware and software. Ergonomic considerations are increasingly being taken into account in the design and development of workplaces throughout the Company. Good ergonomic practices, often drawn from local experience in activities such as packaging and laboratory work as well as computer use, have been made available to all managers and staff.

### Wellbeing

We have a wide range of wellbeing programmes designed to promote physical and psychological welfare. We use both web-based and printed resources that cover such themes as balanced living, coping with difficult issues at home and at work, and guidance on seeking personal counselling. At least 60% of our employees worldwide now have access to confidential counselling and support. We also offer courses on subjects such as stress management, nutrition and physical fitness. Programmes vary depending on country, culture and need. Wellbeing is now included in our audit processes, with a particular focus during 2005 on our marketing companies – providing the opportunity to assess local circumstances, stimulate dialogue and share best practice. Good examples are featured in our improvement plans and are shared worldwide to promote best practice. At a global level, ensuring that wellbeing remains high on the agenda includes face-to-face discussions with the top 200 managers in the Company, addressing their personal wellbeing and that of their staff. •

## DIVERSITY

- > OUR CONTINUING CHALLENGE IS TO ENSURE THAT DIVERSITY IS APPROPRIATELY SUPPORTED IN OUR WORKFORCE AND REFLECTED IN OUR LEADERSHIP

At AstraZeneca, our approach to diversity is not just about gender and race – it takes account of other ways in which we are different.

We aim to ensure that these differences are recognised, understood and valued, to bring benefit for our individual employees, our business, our customers and the communities within which we work.

We have a set of minimum standards that support global alignment in the consistent integration of diversity and inclusion into our Human Resources processes, including staffing, talent management, performance review, learning and development, and reward.

The introduction of objective and evidence-based approaches to reviewing the performance and potential of individuals has provided clarity and transparency to the identification of high potential talent within the Company.

During the year, with strong support from our Senior Executive Team, our focus continued to be on ensuring diversity is appropriately reflected in our senior management teams. As an indicator, 22% of the 88 senior managers reporting to the Senior Executive Team are women (20% in 2004) •



In recent years, we have been making good progress in reducing our emissions but our challenge has always been to sustain improvement as we continue to grow our business.

By the end of 2005, we had achieved most of the environmental targets that we set in 2002. We have now set new targets, to be met by 2010, for further improvements in waste and greenhouse gas emissions. Unplanned releases and emissions of ozone depleting substances are at such low levels that although we will continue to report performance and seek improvement, targets for these categories are not considered to be necessary.

Our Priority Action Plan concentrates on two environmental issues – Climate Change and Pharmaceuticals in the Environment. We are already one of the lowest waste producers in the industry and so we have removed waste reduction from the Plan. It remains important, however, and we have set a new target for improvement in waste emissions by a further 11% relative to sales. We are also now seeking information on the sustainability of third party manufacture to improve the assessment of our potential overall environmental impact.

The background to the priority issues and how we intend to meet the challenge is described here. More details and statistics about this and our commitment in other areas of sustainable development, such as sustainable production, water conservation and biodiversity, are provided on our website.

# MINIMISING IMPACT DEVELOPING BUSINESS

WE ARE COMMITTED TO MINIMISING OUR IMPACT IN THOSE AREAS WHERE WE BELIEVE OUR GLOBAL BUSINESS HAS THE GREATEST POTENTIAL EFFECT ON THE ENVIRONMENT



## CLIMATE CHANGE

- > WE ARE COMMITTED TO MINIMISING OUR IMPACT ON CLIMATE CHANGE
- > WE HAVE REDUCED OUR ABSOLUTE EMISSIONS OF GLOBAL WARMING GASES FROM ALL SOURCES, INCLUDING PRODUCTS, BY 63% (2.4 MILLION TONNES) SINCE 1990
- > WE AIM TO ENSURE THAT OUR EMISSIONS FROM ALL SOURCES WILL, IN 2010, BE NO GREATER THAN THEY WERE IN 2000

In common with most businesses, our potential impact on climate change arises from the global warming emissions from energy use at our facilities, from other in-house activities and from the various means of transport we use. However, we also face an additional challenge since some of our asthma therapy products use propellant gases, which potentially contribute to ozone depletion and global warming.

Asthma is a common, often debilitating illness that can be alleviated by breathing in medication from a small aerosol called a pressurised metered dose inhaler (pMDI). Traditionally, these pMDIs relied upon CFCs as propellants to deliver the medicine to patients. Over time, it was discovered that CFCs had the potential to damage the ozone layer and, more recently, they were identified as potent greenhouse gases.

Prior to the adoption of the Montreal protocol in 1987, we began taking two lines of approach to the issue – firstly eliminating the problem at source by developing an inhaler that did not need a propellant gas, whilst simultaneously seeking an alternative propellant gas with zero ozone depletion potential for devices for those patients who still require a pressurised metered dose inhaler.

In 1987 we introduced the *Turbuhaler* dry powder inhaler, which has replaced 87% of our existing CFC-driven devices whilst still meeting the medical needs of the majority of patients.

Following an exhaustive search and many years of development, we have now found alternative propellants for those patients for whom the *Turbuhaler* is unsuitable. The new propellant gases, which will be introduced into our remaining pMDI devices as soon as possible, have no ozone depletion potential and significantly less than half the global warming potential of the CFC they replace. Although they still have some impact on climate change, there is an international consensus that there is no safer alternative for patients.

Alongside this work, we also adopted a policy to replace the small amounts of ozone depleting chemicals that were being used in fire extinguishers and refrigeration at our sites. As a result, by the end of 2005 we had reduced the total emissions of these chemicals by 96% and we expect to have eliminated all such uses by 2010.

### The growing challenge

In the mid 1990s, the dominant climate change issue became the release of greenhouse gases, which led to the establishment of the Kyoto Protocol in 1997. Since the merger of Astra and Zeneca in 1999, we have been committed to tracking, reporting on and reducing the releases of all the greenhouse gases associated with our business, using the internationally agreed GHG protocol as a basis for our reporting. We made these data available to CR rating agencies, including the Carbon Disclosure Project and since 2001 have shared it with the public on our website.

Prior to the merger, the combined greenhouse gas emissions from the heritage companies had already been reduced by 33% from their 1990 value as a result of actions taken to reduce ozone depleting substances. In 2001, we began to take action firstly to reduce the rate of growth and then to stabilise the emissions of CO<sub>2</sub> from our facilities. This was achieved by a combination of energy efficiency measures, investment in combined heat and power plants and purchasing energy from low or zero carbon sources. By 2003 the upward trend in emissions from these sources had been arrested and by 2005 emissions had fallen to their 2001 level. By 2005, our absolute greenhouse gas emissions from all sources (including products) had fallen by 63% compared to 1990. (The Kyoto Protocol target is a 5% reduction by 2012.)

The process of discovering, developing, manufacturing and distributing innovative medicines to patients is increasingly complex and uses more and more energy, both in our facilities and in travel and transport. In addition, as the size of the Company increases, the total amount of energy consumed also rises. In 2005, AstraZeneca sales were approximately two and a half times those of its combined predecessors in 1990.

Controlling transport-related emissions remains a huge challenge as we continue to expand our business activities. Although we have invested in electronic communication systems and expanded their use, this has made only a limited impact on emissions from these sources. We are now investing heavily in advanced driver training to improve both safety and efficiency associated with road travel and we are experimenting with a range of hybrid and alternative fuel vehicles.

Since 2000, the greenhouse gas emissions associated with our products has declined as we are phasing out CFC-based pMDIs and our market share of these products has changed due to patent expiries.

However, in 2005, we submitted an application for approval to market a new asthma treatment in the US. In addition to safety and efficacy requirements, approval will depend on the medication being available in a pMDI. The US is the world's largest pharmaceutical market, and the launch there of this product would inevitably lead to an increase in emissions of the associated propellant gas as more and more patients benefit from the new medicine. We are therefore working hard to reduce our contributions in other areas of our business and ensure continuing improvement in this area as our Company grows.

### Next steps and future targets

We have identified many areas of our business where further improvements can be made to reduce our emissions of global warming gases. These include, amongst other things:

- > Implementation of further energy conservation programmes, particularly related to fume cupboards in laboratories.
- > Implementation of green technology principles in our process design.
- > Further investment in greener energy supply from external power suppliers.
- > Installation of additional combined heat and power plants.
- > Investment in 'cleaner' vehicles.

Nevertheless, our major challenge continues to be reducing these emissions quickly enough to offset the impact of our growing business.

In 2005, the Board of AstraZeneca approved a strategy that requires substantial further efforts to be made to produce, by 2010, an absolute reduction of 11% in global warming emissions from all sources other than pMDIs. However, because of the introduction of new products, we will not be able to continue to reduce our emissions of global warming gases year on year. Our aim is to ensure that our emissions from all sources (including pMDIs) will, in 2010, be no greater than they were in 2000 and 40% less than they were in 1990. ●

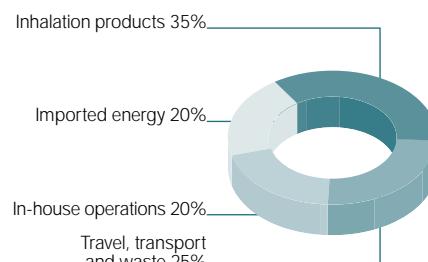


In 2005, we committed over \$14 million to improving facilities at our Brixham Environmental Laboratory in the UK. This will strengthen our ability to satisfy the increasing requirements for data on the potential environmental impact of new medicines before they are launched on the market.

In 2005, all new cars purchased for the sales force in Brazil were 'Flex Fuel' cars and we now have 250 of them in our 400-strong Brazilian car fleet. 'Flex Fuel' vehicles can be powered by either petrol or ethanol – a non-fossil fuel from renewable resources that has much lower impact on climate change than petrol. In the US, we have ordered 20 hybrid cars to form a pilot scheme. Hybrid cars are fuel-efficient and have decreased exhaust emissions especially at low speed and when idling.

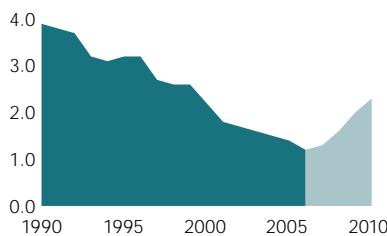
### Greenhouse gas emissions

This pie chart shows the proportion of our greenhouse gas emissions from various sources. Major sources are from the energy used at our sites and from travel and transport. More than a third of our emissions come from the release of the propellant gas that is an essential part of our pMDIs.



Introduced in 1987, our *Turbuhaler* is an inspiratory flow-driven, multidose dry-powder inhaler that is easy to use and has unique delivery characteristics. It was designed specifically to eliminate the need for propellants (such as CFCs), carriers and other additives. The unique design of *Turbuhaler* has been commended by several awards, including a Stratospheric Ozone Protection Award from the US Environmental Protection Agency in 1991.

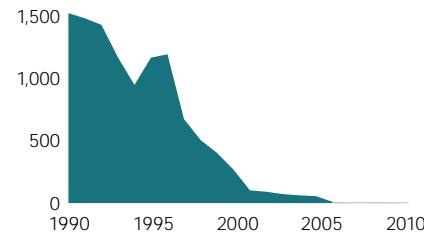
### Global Warming Potential: emissions 1990-2010 (million tonnes)



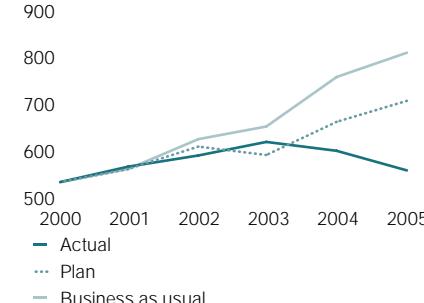
### Progress towards 2005 targets

	Target	Actual
Reduction in unplanned releases not contained within the site boundary	50%	27%
Reduction of total waste relative to sales	10%	32%
Reduction in absolute emission of greenhouse gases	10%	15%
Reduction in absolute emission of ozone depleting substances	30%	42%

### Ozone Depleting Potential: emissions 1990-2010 (tonnes)



### CO<sub>2</sub> emissions 2000-2005 (thousand tonnes)



## PHARMACEUTICALS IN THE ENVIRONMENT

> WE WORK CONTINUOUSLY TO IMPROVE OUR UNDERSTANDING OF THE WAY IN WHICH OUR PHARMACEUTICALS INTERACT WITH THE ENVIRONMENT

Our environmental scientists, located mainly at our Brixham Environmental Laboratory in the UK, are committed to advancing research in this area.

The presence in the environment of pharmaceutical residues is considered to result primarily from the excretion of medicines by patients during their treatment. In addition, some pharmaceutical substances may find their way into the environment as a result of disposal of unused medicines into drainage systems, or as a relatively minor component of discharges from manufacturing facilities.

An important aspect of our commitment to product stewardship is the study of the potential fate and effects of our pharmaceuticals in the environment, in line with internal AstraZeneca standards and applicable external regulatory requirements. The science in this area is evolving, and we are committed to conducting our assessments in a manner consistent with current scientific understanding and techniques.

The data on the presence of pharmaceutical residues in surface waters continue to indicate that quantities detected 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, a better understanding of the long term effects, if any, of pharmaceuticals in the environment 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. We have published over 40 papers on this subject in the scientific literature in the last three years.

Whilst studies undertaken by the Company 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. For example, green chemistry initiatives are aimed at improving process efficiencies and, in addition, we are carrying out research into improved effluent treatment methods •

# BRINGING BENEFIT PROMOTING SCIENCE

WHEREVER ASTRAZENECA OPERATES WORLDWIDE, WE AIM TO MAKE A POSITIVE CONTRIBUTION TO OUR LOCAL COMMUNITIES THROUGH CHARITABLE DONATIONS, SPONSORSHIPS AND OTHER INITIATIVES THAT HELP MAKE A DIFFERENCE

Our commitment is reflected in our Community Support Policy, which aims to ensure that our community activities 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.



## A GLOBAL COMMITMENT

Below are a few brief examples of our community support worldwide. More details about these and other initiatives are available on our website.

- > In Estonia, AstraZeneca was the main sponsor of the Fifth Annual Heart Run in 2005. Over 1,000 participants of all ages took part in the event and we provided an information centre where participants and spectators could evaluate their cardiovascular health and talk to healthcare professionals.
- > In China, AstraZeneca partners Peking University in funding a three-year series of research and educational programmes, aimed at building research skills and expertise in healthcare economics.
- > In Mexico, as part of the 2005 Children's Day celebrations, AstraZeneca partnered the World Vision charity in taking a group of underprivileged children to the Papalote Museo del Niño where a range of lively, interactive and educational programmes were taking place.
- > In the UK, we support the Brightside Trust, a charity that aims to help disadvantaged young people enter healthcare professions. Our contribution included a two-year secondment to the charity as well as ongoing financial support over three years.
- > In the US, the 'Young Minds in Psychiatry' programme is a three-year joint initiative between AstraZeneca and the American Psychiatric Association, designed to address a shortage of psychiatric researchers identified by the US Institute of Medicine. The scheme provides career development grants for six promising young psychiatrists.
- > AstraZeneca is a Key Partner of Sweden's national science discovery centre, Universeum, and we collaborate on a number of projects. In 2005, these included support of a pilot pharmacy research workshop in which 500 students were invited to learn more about pharmaceutical research, and to share their experiences.
- > More than 500,000 women die of pregnancy related causes in the developing world. During the year, AstraZeneca India initiated a 'Safe Motherhood' programme, in partnership with the Federation of Obstetric and Gynaecological Societies of India. Focused on making labour and delivery safer for mothers, the programme included over 60 conferences for healthcare professionals in 2005, as well as media campaigns to build public awareness.
- > In the UK, the AstraZeneca Science Teaching Trust, an independent charity with a total trust fund of \$32 million, supports a programme of projects designed to help build the knowledge, skills and understanding required to promote and teach science effectively in primary schools.

### > IN 2005, WE SPENT A TOTAL OF \$34 MILLION ON COMMUNITY SPONSORSHIPS AND CHARITABLE DONATIONS WORLDWIDE

### > WE SUPPORT THE RED CROSS IN A RANGE OF PROJECTS AROUND THE WORLD

We have a dedicated community support database which gathers global information centrally, enabling the sharing of information and best practice across the organisation and supporting accurate financial reporting of our overall spend in this area.

The database also helps us to ensure that all our efforts are aligned with our commitment to bring benefit mainly through healthcare and science education initiatives.

We also contribute where possible to disaster relief efforts and during 2005 we donated money and medicines to help the victims of the earthquake in Pakistan, and those who were affected by Hurricane Katrina in the US.

Following our immediate support to the tsunami relief effort in December 2004, in early 2005 we 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, are being funded on a case-by-case basis and are, wherever possible, targeted at the greatest areas of need.

One such initiative is a reconstruction project in Khao Lak, Thailand – an area badly affected by the disaster. With financial support from AstraZeneca, the project will enable houses to be built for eight local families who lost their homes. The houses will have electricity and running water and will be built in the Thai style, but to European building standards.

### Working with the Red Cross

During the year, we supported the International Federation of Red Cross and Red Crescent Societies in improving the speed and efficiency of disaster response. The need for rapid and effective disaster response is greater than ever and the widespread devastation caused by the tsunami highlighted in particular the need for international relief organisations to be better prepared for any similar large-scale events in the future.

Recognising this, during 2005 the Red Cross undertook a strategic review of its emergency response activities and identified the benefits to be gained from developing and expanding

their logistics and supply network in key areas. This would provide greater geographic coverage and enable rapid delivery of a more complete disaster response package to those affected by an emergency. With the help of funding from AstraZeneca, the charity has established a new regional emergency response hub in Kuala Lumpur which is focused on ensuring essential supplies are quickly available to the region at all times. The Asia Pacific region spans 30 countries, including China, Bangladesh and Indonesia, and is one of the most disaster prone areas on earth, with around 60% of all natural disasters occurring there.

At any one time, the Kuala Lumpur operation will hold emergency stocks for up to 12,000 people and the facility will be able to support a further 100,000 people by providing specialised items such as warehouse tents and 4x4 vehicles that form an essential part of the Red Cross emergency relief supply chain during a disaster.

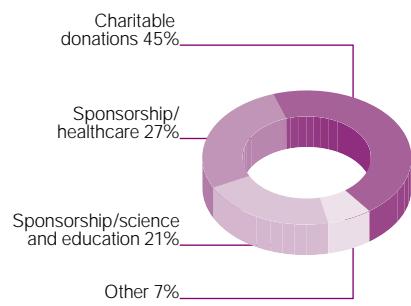
This project broadens our partnership with the Red Cross, which includes support to a community-based programme that is helping to combat TB in the high incidence areas of Kyrgyzstan and Turkmenistan. Initially established as a three-year project, the programme (and our support) has now been extended for a further three years. It focuses on combating the spread of TB and fighting the stigma associated with the disease; supporting the most vulnerable in society; building local capacity and developing a sustainable approach to fighting the problem. You can read more about this programme on our website.

### Product donation and patient assistance programmes

Our product donation and patient assistance programmes make our medicines available free of charge or at reduced prices. In 2005, our expanded patient assistance programmes in the US contributed to a total commitment of \$835 million worth of medicines valued at average wholesale price. •

### Community support 2005

Total spend \$34 million



# LIVING VALUES WITH CONSISTENCY

OUR CONTINUING CHALLENGE IS TO ENSURE THAT OUR HIGH LEVEL PRINCIPLES AND VALUES ARE TRANSLATED INTO CONSISTENT AND APPROPRIATE ACTIONS AND BEHAVIOUR WORLDWIDE

We have made some good progress in recent years, but we still have work to do to ensure CR is fully integrated into our business processes worldwide.



## RESPONSIBILITIES AND ACCOUNTABILITIES

- > OUR CR STRATEGY IS OWNED BY THE ASTRAZENECA BOARD, BACKED BY GLOBAL FRAMEWORKS THAT SUPPORT CONTINUED IMPLEMENTATION AT A FUNCTIONAL, NATIONAL AND LOCAL LEVEL
- > DURING 2005, WE CONTINUED TO INTEGRATE CR OBJECTIVES INTO OUR NEW PERFORMANCE MANAGEMENT REGIME
- > AROUND 245 OF OUR LEADERS WERE INVOLVED IN CR TRAINING IN 2005

## PRIORITY ACTION PLANNING

- > REPUTATIONAL RISK IS INCREASINGLY BEING INTEGRATED INTO OUR RISK MANAGEMENT PROCESSES
- > OUR CR GLOBAL PRIORITY ACTION PLAN REFLECTS THE ISSUES RELATING TO OUR BUSINESS THAT WE HAVE IDENTIFIED AS TOP PRIORITIES
- > WE CONTINUE TO MONITOR OUR INTERNAL AND EXTERNAL ENVIRONMENT FOR NEW AND EMERGING ISSUES

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 framework and our Senior Executive Team and other senior managers are accountable for CR management within their areas, based on the global CR framework but 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 delivery of our CR commitments.

To further support integration, relevant CR-related objectives are being included in personal targets as part of the new performance management regime that is being rolled out across the Company (with completion planned for 2006/7). For our Senior Executive Team and senior managers, these objectives reflect their responsibility for ensuring that management systems and action plans are in place to manage CR in an integrated way across their areas. Our standard performance planning template requires all employees 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.

In line with our commitment to leadership by example, we continue to integrate CR into our leadership development programmes and in 2005, some 245 of our leaders were involved in such programmes. In addition, we have an intranet site, Source, dedicated to keeping our senior managers informed throughout the year about business matters, including details of our CR progress and any emerging issues •

AstraZeneca's Risk Advisory Group, led by the Chief Financial Officer looks at the risks the Company faces and how they are being addressed.

Increasingly we are integrating reputational risk 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. We have a dedicated team of integrated risk management professionals who are deployed where appropriate to assist senior managers in identifying, assessing and developing strategies for managing risk in their respective areas of responsibility. The team also carries out a rolling programme of training staff in effective integrated risk management and it develops networks for the sharing and embedding of best practice.

We use these formal internal risk assessment processes, together with external benchmarking and stakeholder dialogue, to help us identify the opportunities and challenges associated with our corporate responsibility. Our CR Priority Action Plan (shown 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).

The Plan is reviewed annually to ensure that it continues to address the issues relating to our business that most affect or concern society today. In 2005, we added Patient Safety to the Plan, to ensure it remains a fundamental priority throughout all of our activities. We have moved some aspects of Safety, Health and Environment (SHE) out of the Plan in favour of a focus on two significant SHE challenges that we are facing: climate change and driver safety. Whilst the other areas of SHE remain firmly on our CR agenda and our commitment to good performance in these areas is as strong as ever, we believe that for the Plan to be meaningful, it should contain only those issues that our assessment processes have identified as having the highest priority •



We have an online CR Toolkit that brings together in one place all the information and tools currently available to support managers in driving delivery of our CR commitments. These include step-by-step guides to implementation and speaker kits for communicating with teams to build awareness and understanding of what CR means in practice.



As well as the two yearly global surveys of all our employees, we use ad hoc 'pulse' surveys during the year of around 400 people from different functions and regions to monitor CR awareness within the organisation. During 2005, these surveys showed that the majority of those polled 'agreed' or 'strongly agreed' that they were familiar with AstraZeneca's Code of Conduct and Group Policies and Standards, and that they knew how these related to their roles. The surveys also highlighted the need to drive continued line manager discussions with their teams about CR issues and implementation.

## STAKEHOLDER DIALOGUE

- > **UNDERSTANDING THE EXPECTATIONS OF OUR STAKEHOLDERS AND OTHERS WHO HAVE AN INTEREST IN OUR ACTIVITIES IS ESSENTIAL**
- > **WE ARE IN THE PROCESS OF REVIEWING OUR PROCESSES FOR CONSISTENTLY CAPTURING KEY STAKEHOLDER CONCERN**

We encourage constructive dialogue with all 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. Whilst these dialogues are principally business-driven rather than CR specific, they provide the opportunity for CR concerns to be raised by either party. In the development of national implementation plans, stakeholder engagement that is focused specifically on CR issues is used in local priority action planning in the US, the UK and Sweden, and you can read more about this on pages 32 to 34. Our CR Implementation Guide for Managers identifies stakeholder engagement as an important step in local priority action planning.

We are in the process of reviewing our processes for feedback from all of our various stakeholder interactions to ensure that we are effectively capturing all key concerns and expectations and, where appropriate, incorporating them into the global CR agenda.

### Shareholders

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.

### 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.

In addition, our Code of Conduct includes procedures for employees to raise integrity concerns, including a confidential telephone helpline number. In 2005, 114 concerns were raised via the helpline and other routes. In the US, the majority were either seeking guidance on, or reporting alleged breaches of our codes. Elsewhere in the world, the emphasis was on workplace conduct and allegations about the behaviour of specific individuals. All concerns are investigated and appropriate action taken as required, which can include management counselling, disciplinary action or dismissal. No material issues were reported through this route during the year.

### Government and non-governmental organisations

The pharmaceutical industry is one of the most highly regulated of all industries. Almost every aspect of our business is subject to regulation or ethical overview. It is therefore essential that we participate in public policy dialogue with governments and other public bodies to exchange views on issues that impact our business.

Our exchanges with governments are aimed at creating a constructive framework for the development and implementation of policies and regulations that affect our industry in a way that delivers good regulation and sound operational practices.

We also work with, and through, national and international trade associations to promote industry best practice and engage effectively with key government and international agency stakeholders.

In addition to our work with the International Red Cross and Red Crescent, we also have discussions with other non-governmental organisations and international bodies such as the World Health Organization.

Outside the US, AstraZeneca does not make any political donations. More details about this can be found in our Annual Report and Form 20-F Information, or on our website.

### Customers

Our day-to-day business activities include regular contact in our local markets with physicians and other healthcare professionals, and those who pay for healthcare. As described earlier in this Report, our communications focus on providing information about our medicines, the diseases they treat and the benefits and risks associated with their use. As buyers of healthcare, national governments are often also our customers as well as being our regulators, and access to medicines that offer therapeutic and economic benefits is an important part of our dialogues with these groups.

### Patient groups

Close relationships with patient groups, who represent patients' interests in a particular disease area, are also important to our understanding of patient needs in disease treatment and care, and to the identification of areas in which the industry can work more effectively with healthcare providers to improve the patient experience.

### Local communities

Our site-based community liaison teams aim to ensure that we maintain open dialogue with our local communities, keeping them informed of our business activities and plans, and giving the opportunity to raise any concerns. •

## EVALUATING PERFORMANCE

- > **PERFORMANCE MEASURES ARE ESSENTIAL FOR MONITORING PROGRESS AND IDENTIFYING AREAS FOR IMPROVEMENT**
- > **AUDITING COMPLIANCE IS FUNDAMENTAL TO ENSURING HIGH STANDARDS OF CORPORATE GOVERNANCE**

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 research and for sales and marketing practices, which were introduced in 2005 to promote a consistent approach to monitoring performance globally. We are continually exploring more ways in which we can meaningfully benchmark our performance.

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.

### Auditing compliance

All our managers have individual responsibility for ensuring that their teams comply with the Code of Conduct and with all other AstraZeneca policies, codes and standards that are relevant to their roles. We also have a range of functions and roles dedicated to ensuring appropriate compliance processes are in place throughout the business. Our Group Internal Audit function (GIA) works to review, among other things, the effectiveness and independence of the other

audit functions in the Company, as well as conducting direct reviews looking at compliance with laws, regulations and Group policies.

GIA also completed a review of our CR framework, conducted to ensure that our governance controls, risk assessment and management processes are robust and appropriate. The review helped us to identify areas for improvement, including the need to strengthen the links between the Global CR Committee and relevant senior leadership teams to ensure alignment of priorities and provision of appropriate resources. This will strengthen our commitment to continued integration of CR at a national, functional and local level.

Alongside the work of GIA, we continue our rolling programme of Internal Facility Audits, (previously known as Integrated SHE/CR audits, but which now also cover Site Security). Specific protocols have been developed to guide auditors in this work and 20 such audits were conducted in 2005, 18 of which included CR. Of the two sites that did not include CR, one was a stand-alone computer centre and one had already been covered in a broader audit during the year. The audits highlighted that whilst there is increasing recognition of CR and its importance, we have more work to do in some areas to promote a common understanding of what is expected of people in delivering our CR commitments.

During 2005, we also commissioned an external, independent audit of our compliance procedures in our marketing companies. This programme concentrates on AstraZeneca's governance controls, particularly in the areas of sales and marketing practice, finance, IT and human resources. It supports the work we have done in the last twelve months in reviewing and updating our own codes to ensure they remain in line with, and in some respects go beyond, those of



AstraZeneca is listed in the 2006 Dow Jones Sustainability World Index, used by asset managers globally to guide their socially responsible investment. However, whilst we improved our score, we did not regain the place we lost in the previous year in the European Index (Dow Jones STOXX), where competition for places is increasingly fierce.

regulators, industry associations, international accounting laws and the changes in the general call for stronger measurement and testing of controls. Scheduled for completion in June 2006, 25 marketing companies were reviewed during 2005 and the findings are informing the development of improvement plans within each marketing company, which have a target date for completion of all actions between three and six months after the end of the audit. The exercise has also highlighted that in some areas, further guidance for managers from the centre is required.

In addition to this work, during the year, 35 of our GIA audits focused on sales and marketing practice.

GIA audit findings and other key items reported through management are reviewed by the AstraZeneca Audit Committee, a committee of the AstraZeneca Board, which consists of four Non-Executive Directors. Among other things, they review and report on the overall framework of internal controls, and have a responsibility to bring promptly to the Board's attention any significant concerns about the conduct, results or outcome of internal audits. ■



## WORKING WITH SUPPLIERS

- > WE ARE COMMITTED TO ENCOURAGING OUR SUPPLIERS TO EMBRACE CR STANDARDS SIMILAR TO OUR OWN
- > THE INTEGRATION OF CR ACROSS OUR BROAD RANGE OF PURCHASING ACTIVITIES WORLDWIDE IS A SIGNIFICANT CHALLENGE
- > WE ARE MAKING PROGRESS, BUT THERE IS STILL MUCH TO DO

We believe we have a responsibility to encourage our suppliers to embrace CR standards similar to our own, and to work with them to share best practice and stimulate improved performance where needed.

This applies across the full range of our purchasing activities, from promotional items to pharmaceutical ingredients, and includes any specialised work for which we use external contractors to complement our in-house effort, such as animal research. It also applies as much to our expanding business in emerging markets as it does to our existing supplier relationships.

Integrating CR into the many thousands of supplier relationships we have around the world is a significant challenge. A priority in recent years has been to build CR into the new category management processes that have been developed to maximise value from our external spend and which represent a key driver for the successful integration of CR into our purchasing practices. Our CR in Purchasing Principles include a requirement for CR considerations to be taken into account in each area of category management. These Principles are supported by more detailed guidance for our purchasing community at a local level.

We are making progress but it will take time to interpret the high level principles for local implementation and apply them appropriately to all our purchasing activities worldwide.

As ever, our focus has been first on our three main business hubs – the US, the UK and Sweden, where over 80% of our suppliers are based, and where CR considerations are now included in all new contracts and master agreements. Because of the huge number of suppliers we already had under contract in these countries, we are taking the pragmatic approach of prioritising those that are most important to ensuring the continuity of our business, and discussing CR standards with these companies before reviewing the rest.

Alongside our continued work in the US, the UK and Sweden, we now aim to broaden our reach during 2006, focusing initially on suppliers in countries where we have other major marketing, manufacturing or research activities. These will include Japan, China, India, Canada, Mexico and Puerto Rico, as well as more countries in Europe. In countries where there is a cultural acceptance of what might elsewhere be considered low supplier standards, we will work to lead by example by encouraging, and so driving, improved standards through our purchasing practice.

Our rolling programme of audits of chemical intermediate and active pharmaceutical ingredient suppliers continued with a total of 19 audits conducted in 2005. In addition, the same audit methodology has been successfully piloted for two potential suppliers of formulated product. The programme also included a re-audit of a potential partner, audited last year, where we required improvements to be made before entering into business with them. These improvements have been completed satisfactorily and the company is now approved. We recently increased the size of our trained auditor team to support our forward 2006/7 audit programme. •



## LOCAL IMPLEMENTATION

- > THE INTEGRATION OF CR INTO ALL OUR ACTIVITIES CONTINUES TO BE A TOP PRIORITY
- > WE HAVE NATIONAL CR MANAGEMENT FRAMEWORKS IN PLACE IN OUR THREE MAIN BUSINESS HUBS, THE US, THE UK AND SWEDEN
- > WE ARE WORKING TO IMPROVE THE CENTRAL COLLATION OF OUR CR-RELATED ACTIVITIES WORLDWIDE

One of our top priorities is to ensure that CR is consistently embedded throughout the organisation and actively interpreted and managed at a local level. For a company the size and geographic reach of AstraZeneca, this is a significant challenge. We continue to make progress, but there is still work to do.

We have national CR committees and management frameworks in place in the US, the UK and Sweden, where more than 60% of our employees are located. Elsewhere in the world, CR continues to be integrated into leadership team agendas and interpreted at a local level. You can read about our progress in CR integration in our markets in the following section.

We have more work to do to improve how we gather information about our CR-related activities across the organisation. Whilst we have systems in place to monitor performance worldwide in our priority issue areas, as described elsewhere in this Report, we do not currently have a formal mechanism for the central collation of the full extent of our CR-related activities. During the year, we began the process of developing a common platform for formally capturing local information at a global level.

### Geographic review

Below is a brief summary of our progress in CR implementation during the year in our three main business hubs and in other areas of the world. More examples of our projects and partnerships worldwide are included elsewhere in the relevant sections of this Report and on our website.

**In the UK** The UK CR Priority Action Plan is aligned with our Global Plan and has designated improvement managers responsible for ensuring that progress is made in each of the areas. In 2005, the improvement managers and senior leaders in the UK met for a workshop to review progress and priorities. The workshop was also attended by Dame Bridget Ogilvie, the AstraZeneca Board member responsible for overseeing CR within the Company, and its



main focus was to discuss and plan stakeholder engagement during 2006. The event was also made carbon neutral, with the travel impacts of the delegates being offset by our support to an environmental project in Mexico.

Substantial progress has been made at site level in the UK too, and each major location now has a site based CR Priority Action Plan. These are in place for our facilities at Alderley Park, Macclesfield, Charnwood, Avlon, Brixham and the UK Marketing Company.

A particular focus in the UK has been how we can best shape our internal culture to improve our response to the challenges of the external environment, alongside a commitment to further improving monitoring and measurement of our CR performance. CR is now a mandatory component of the UK induction process for all new employees and training sessions have also been conducted for employee joint consultation representatives at national and site level in the UK.

During the year, AstraZeneca's Code of Conduct and our 12 global policies were circulated online to all 11,600 UK employees, with a mandatory reply mechanism to indicate they had read and understood the material.

When the new global performance management framework was introduced in the UK in 2005, the performance review paperwork included a pre-printed CR directive (that employees "carry out their duties in accordance with AstraZeneca's corporate responsibility policies") as their number one target.

Our UK Marketing Company appointed a Head of Corporate Culture and Responsibility (a new position) who will lead various work-streams to ensure all business practices live up to the highest standards. In 2005, this included training for all the UK Marketing Company employees in respect of the corporate policies that are relevant to their roles, in particular, for those employees with a customer-facing role, the sales and marketing codes. In the last 15 months, over 1,500 people (representing the vast majority of those who drive in the UK on Company business) have undergone driver training.

Within our mainstream business in the UK, the importance of understanding the need for and role of our medicines in the improvement of healthcare is at the heart of our commitment to working in close partnership with the NHS. As part of this, AstraZeneca is one of the founding partners of NHS Live, a private/public sector collaboration initiated by the UK Government Department of Health involving the National Health Service and a number of corporate partners. NHS Live is a national network of innovative projects all with patient and public involvement. It encourages and develops new

Regular reminders about our Code of Conduct are now embedded into business as usual communications in the UK.



During the year, some 60 of our senior managers in Sweden attended CR workshops and received tools for communicating with their teams down the line.



AstraZeneca in the US continues to use its external website to report its CR commitment, priorities and objectives. Visit [astrazeneca-us.com](http://astrazeneca-us.com) for further information.

**In Sweden** A cross-functional Swedish CR Committee supports AstraZeneca Sweden's senior leadership team, EXCO, who own the national CR Priority Action Plan. The Swedish plan tracks the Global Priority Action Plan, with particular emphasis on those issues that are receiving increased public attention locally, including pharmaceuticals in the environment, sales and marketing practice and animal research.

Our rolling programme of CR workshops for leaders in Sweden continues with some 60 senior managers attending such workshops in 2005. To make sure that our responsibilities are appreciated and understood by new recruits to the Company, a mandatory CR session has been integrated into all induction courses across our sites in Sweden.

We continue to communicate with employees to build understanding and commitment. In early 2005, AstraZeneca Sweden launched a new internal website 'AZ 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. The site received over 100,000 visits during the year.

In collaboration with the Swedish Association of the Pharmaceutical Industry (LIF), AstraZeneca launched an initiative in 2005 which introduces environmental information into the Swedish Doctors Prescribing Guide, FASS (fass.se). In a rolling programme of implementation, environmental data for the first groups of medicines were published in October, including the AstraZeneca proton pump inhibitors *Nexium* and *Losec*. This information will help medical professionals who wish to take environmental considerations into account when prescribing treatments.

Two formal external stakeholder dialogues took place in 2005 in Sweden. The first was a high level meeting between senior members of the pharmaceutical industry and representatives from regional and central governments, held to realise a common platform for continued co-operation with regard to a shared understanding of quality targets in the delivery of healthcare. Secondly, a joint meeting held between senior representatives from human resources and the unions laid down a common framework for addressing matters related to diversity and internal communication. A seminar with external scientists and politicians about pharmaceuticals in the environment is planned for early 2006.

ideas, new skills and new technology to improve healthcare delivery. During 2005, eight projects were added to the four projects supported in 2004, reflecting our commitment to sharing our skills and experience – ranging from disease knowledge and patient information materials to project management and leadership training.

## LOCAL IMPLEMENTATION CONTINUED

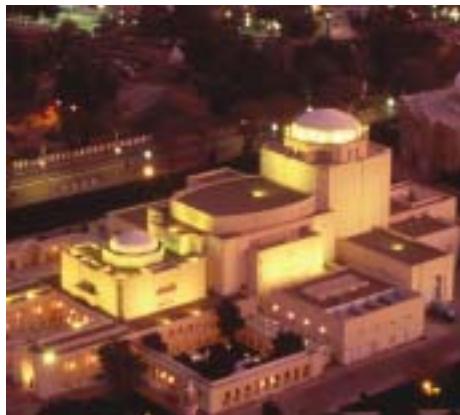
**In the US** AstraZeneca's US CR Council is a cross-functional group of senior managers that reports into the US Chief Executive Officer and his Vice Presidents – the AstraZeneca Leadership Team. This team approves the US CR strategy and Priority Action Plan, and leads implementation across the US organisation.

During 2005, the US CR Council focused on engaging with stakeholder groups to better understand what they expect from a responsible research-based pharmaceutical company and what information is important to them. A total of 17 such interviews were conducted during the year and common concerns included the price of medicines, clinical research ethics and direct-to-consumer advertising. These dialogues were used to inform our internal risk assessment processes and support further development of the US CR strategy. They helped to confirm our continued focus on the priority issues already included in the current US plan, in particular sales and marketing practice and patient access to medicines. In addition, a common request emerged for more information specific to the US about how AstraZeneca is delivering its CR commitment in the country – and to that end, the US plan to publish a US CR Report in April 2006.

During the year, the business developed a set of guidelines specifically governing AstraZeneca's direct-to-consumer marketing activities in the US. These guidelines are consistent with, and complement, the guidance published in 2005 by the US trade association, Pharmaceutical Research and Manufacturers of America. The principles of the new guidelines were reflected in television advertisements during the year for our cholesterol lowering medicine, *Crestor*, and gastric acid treatment, *Nexium*, where the emphasis was on providing benefit/risk information for the patient.



In April 2005, AstraZeneca in the US joined forces with other pharmaceutical companies, physicians and patient advocate groups to launch the Partnership for Prescription Assistance (PPA), set up to help people who are having difficulty affording their prescription medicines. The PPA brings together in one place information about a range of public and private assistance programmes and enables patients to apply for medicines they need through the programme that is right for them.



During 2005, Professor Said Bayomi from the University of Mansour in Cairo visited AstraZeneca as part of a safety training programme sponsored by IUPAC/UNESCO/UNIDO<sup>1</sup>. This programme is aimed at transferring SHE knowledge to developing countries by giving people of influence an opportunity to experience how it is managed in international companies.

### Proposed EU chemicals policy

Although medicines are exempt from most of the proposed REACH (Registration, Evaluation and Authorisation of Chemicals) regulation in Europe, many substances used in their manufacture are not. We support the stated aims of REACH to protect the environment and human health whilst enhancing the competitiveness of EU industry. We are pleased that the extensive work undertaken during the last 12 months in both the European Council and the European Parliament has addressed many of the issues that concerned us. However, we still believe there is scope for further changes that are either desirable or necessary to preserve the industry's competitiveness in a global market consistent with the Lisbon strategy. Full details about our position can be found on our website •

**In the rest of the world** Implementation of AstraZeneca's CR Policy and Standards has been a high priority this year in both the developed and emerging markets that make up our Asia Pacific Region. Particular attention has been given to positioning AstraZeneca as a key partner in discussions on improving access to medicines in emerging markets; compliance with sales and marketing standards in all markets, and the development of community programmes that reflect our growing presence in the region.

During the year, AstraZeneca China established a dedicated Compliance and Risk Management function to further strengthen our internal control environment in this important emerging market. This function is advised and supported by a Compliance Committee, also new in 2005, which is chaired by the President of AstraZeneca China, and which oversees compliance and governance initiatives. Staff received refresher training in governance during the year and all new employee induction programmes now include a dedicated Code of Conduct and governance session to introduce Company policies and key compliance guidelines. The revised and strengthened guidelines on sales and marketing practices were also circulated to all relevant staff.

AstraZeneca China also set up a SHE committee whose work will focus on promoting safety, health and environmental awareness among employees. During 2005, the "SHE Awareness Campaign" provided training and seminars for employees. To further improve the focus on SHE, all 20 AstraZeneca facilities in China conducted a SHE audit to ensure they are in line with our global SHE standards.

<sup>1</sup> IUPAC = International Union of Pure and Applied Chemistry; UNESCO = United Nations Educational, Scientific and Cultural Organisation; UNIDO = United Nations Industrial Development Organisation

## 2005 PERFORMANCE SUMMARY

### ECONOMIC \$M

	2005	2004	2003
Sales	23,950	21,426	18,849
Operating profit (before exceptional items)	6,502	4,547	4,007
Dividends	1,676	1,408	1,244
Ratio of market capitalisation to book value of net assets	5.6	4.1	6.1
R&D investment	3,379	3,467	3,012
Total wages	5,761	5,452	4,883
Taxation (before exceptional items)	1,943	1,161	1,033

### ENVIRONMENTAL

#### Greenhouse gases<sup>1</sup>

CO <sub>2</sub> -equivalents (million tonnes)	1.43	1.49	1.58
Index (tonnes/\$m sales)	59	69	84

#### Energy

GWh	2,460	2,480	2,430
Index (MWh/\$m sales)	103	116	129

#### CFCs – Total ozone depletion potential

CFC11-equivalent (tonnes)	56	62	72
Index (kg/\$m sales)	2.3	2.9	3.8

#### Water

Usage (million cubic metres)	5.0	5.5	5.7
Index (cubic metres/\$m sales)	210	260	300

#### Waste

Hazardous waste (kte)	28.4	30.0	28.3
Total waste (kte)	59.2	60.4	58.5
Index – total waste (tonnes/\$m sales)	2.47	2.82	3.10

### SOCIAL

#### Safety and health: AstraZeneca employees

Accidents with injury <sup>2</sup> with and without days lost (per million hours)	3.05	3.62	3.65
Accidents with injury <sup>2</sup> with days lost only (per million hours)	2.27	2.57	2.67
Cases of occupational illnesses (per million hours)	1.34	2.07	1.65

#### Safety and health: AstraZeneca employees and contractors

Accidents with injury <sup>2</sup> with and without days lost (per million hours)	3.07	3.61	3.58
Number of animals used in research	267,000	245,000	229,000

#### Sales and marketing: number of confirmed breaches of external codes or regulations

56	n/a	n/a	
Site audits that included CR	18	24	11

#### Community support (\$m)

Community sponsorships	18.4	15.4	16.4
Charitable contributions	15.6	5.3	5.6
Total	34.0	20.7	22.0

#### Product donations and patient assistance programmes valued at average wholesale price (\$m)

835	870	724
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0	0	1
1	4	1
5	8	4

<sup>1</sup> Figures are calculated in line with the Greenhouse Gas (GhG) Protocol guidance (ghgprotocol.org). Source for calculation of CFC figures is AstraZeneca sales data

<sup>2</sup> Serious and fatal as described by the reporting procedure

n/a = not applicable

With the exception of the economic data, the above are preliminary figures only. Final statistics will be published on our website: [astrazeneca.com/responsibility](http://astrazeneca.com/responsibility).

## BUREAU VERITAS' INDEPENDENT ASSURANCE STATEMENT

### To: the Management of AstraZeneca PLC

Bureau Veritas has been engaged for the second year by AstraZeneca PLC (AstraZeneca) to provide independent assurance of its Corporate Responsibility (CR) Report 2005 (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.

### Opinion

In our opinion, based on the work described above:

- > The Report provides a fair representation of the status and performance of AstraZeneca for the reporting period.
- > The factual information in the Report is considered to be accurate and reliable and is reported in a clear and understandable manner.
- > The reported KPI data are reliable and an accurate reflection of data collected at site level and collated by AstraZeneca at corporate level.
- > Safety, health and environment (SHE), community support and sales and marketing information is derived from well co-ordinated systems and information sources, also seen to apply in those global operations listed as part of the assurance scope.
- > The Report addresses its main identified issues informatively, although not always on the basis of structured stakeholder consultation.
- > The Report is partially aligned to the principles of the AA1000 Assurance Standard.
- > The assurance work is planned and carried out to provide reasonable, rather than absolute, assurance and we believe it provides a reasonable basis for our conclusions.

### Progress over the reporting period

Bureau Veritas was pleased to observe that AstraZeneca has:

- > Incorporated international reporting elements in addition to the three main operating countries in progressing to more global and balanced reporting.
- > Further incorporated CR into its standard business activities through:
  - Increased integration and alignment of CR into the organisation's management structures across its three main operating countries (UK, US and Sweden).
  - Progressing the raising of staff CR awareness through workshop and leadership programmes.
  - Dissemination of CR standards and implementation tools to global operations.
  - Conducted internal review and revision of main issues included within the priority action plan.
  - Communicated its position in relation to outcomes from engagement with certain key stakeholders.
  - Put processes in place to progress the recommendations resulting from the 2004 assurance exercise.
  - Extended the assurance process to include site visits to selected global operations.
  - Improved information and communication within the organisation to support the assurance process.

### Alignment with the principles of AA1000AS Completeness

This Report reflects the broad range of ongoing and new environmental, social and economic issues that AstraZeneca is 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 risk prioritisation processes. Concerns and views of stakeholders deemed to be key to AstraZeneca are captured in a regular and relatively informal manner and a more structured and consistent approach to the identification and inclusion of such key stakeholders to the organisation would result in a more complete process.

### Materiality

AstraZeneca is measuring performance against issues of concern it has identified both internally and in consultation with certain key stakeholders in its effort to provide information that is relevant and meaningful.

When the setting of objectives and performance indicators is done at a local level, AstraZeneca needs to ensure these are consistent with the priorities and objectives set at the corporate level, for example within the smaller operating countries.

The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making. We acknowledge that AstraZeneca is reviewing its processes for capturing stakeholder feedback and is addressing issues of concern within its sector. The need for a structured and consistent global approach to its consultation with key stakeholders should continue to be a focus to further reduce the possibility of unintentional exclusions to the scope of its reporting.

### Responsiveness

AstraZeneca is responding to those issues it has identified as material to its stakeholders and, in its reporting and associated scope, demonstrates alignment with corporate policies, objectives, KPIs and performance targets.

AstraZeneca continues to review its performance measures and develop appropriate KPIs; however, these do not yet exist for Pharmaceuticals in the Environment, the collection of HR data against Human Rights and Diversity and Inclusion, or the newly reported objective on Patient Safety, as explained in the relevant section(s) of the Report. The business has reported performance improvement against most of its main reported parameters.

### Key areas for ongoing development

AstraZeneca should consider the following:

- > Ensure that the process to develop meaningful KPIs against its main objectives continues, where appropriate.
- > Ensure that the setting of objectives and performance indicators at a local level is consistent with the priorities and objectives set at the corporate level.
- > Consider incorporating or refining performance measures through use of reporting guidelines such as the Global Reporting Initiative to assist with sector benchmarking against areas of common concern across industry.
- > Progress the integration of CR across its global operations against common understanding as to the purpose and benefit of such an initiative.
- > Adopt a more structured approach to the identification and selective inclusion of key stakeholders to the organisation in the interests of a more complete process and extend experience to date from stakeholder engagement and consultation processes deployed across its three main business hubs to other parts of the global operations (both formal and informal). This may serve to ensure that the most appropriate mechanisms are applied globally for capturing material<sup>1</sup> stakeholder CR concerns in a consistent manner for inclusion in an increasingly balanced and global report.

<sup>1</sup> As defined by the AA1000 Assurance Standard published by AccountAbility (accountability.org.uk)

## Objectives of Assurance

The objectives were to:

1. Provide assurance over the content of the Report for the reporting period 1 January to 31 December 2005.
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.

Bureau Veritas recognises the need for a robust, transparent assurance process to ensure credibility and to act as a tool to drive performance improvement of AstraZeneca's CR programme. This is achieved by providing an impartial commentary on the reporting process and, where appropriate, proposing recommendations for further development, further elaborated in a separate report to the management of AstraZeneca.

## Scope of Assurance

The scope of our work was determined through discussions with AstraZeneca and included provision of assurance over:

- > AstraZeneca's CR governance structure, supporting policies and related management and implementation systems.
- > Factual information relating to environmental and social issues, initiatives, systems and supporting data including key performance indicators.
- > Information from AstraZeneca's global operations that has been incorporated into the Report.
- > Progress over the reporting period.

## Methodology

Factual statements and supporting data were verified through a series of interviews, document review, data sampling and interrogation of supporting databases and associated management and reporting systems. This involved challenging and substantiating the content of the material presented in the Report. This process was used to assess the quality of reporting and underlying systems that support CR performance. We have ensured, as a minimum, that the data have been accurately transposed into the Report.

- > We have interviewed more than 50 personnel at all levels throughout the organisation, including senior level, research and supervisory staff.
- > We conducted site visits to AstraZeneca's UK offices in London, Alderley Park and Charnwood and operations in Bangalore, India and Wilmington, US.

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

## Limitations and exclusions

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

- > Activities outside the defined reporting period.
- > Company position statements (excluded from our scope of assurance is any expression of opinion, belief, aspiration, expectation, aim or future intention provided by AstraZeneca).
- > Information that was of a highly confidential nature (in the minority) was also subject to review, for example pricing and other competitive issues; whilst such information was witnessed as part of the assurance, it was not always possible to provide a detailed assessment.
- > Financial data in this Report is taken from AstraZeneca's Annual Report and Form 20-F Information 2005, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

## Statement by Bureau Veritas of

### independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social management with over 170 years history in providing independent assurance services, and an annual turnover in 2004 of €1.6 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, February 2006**



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Designed by Addison Corporate Marketing Ltd.

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