Building a Responsible Network
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Introduction

Welcome

Our sustainability ambition is to make our science accessible by delivering our business strategy in a way that brings wider benefits to society and the planet. We all need to do our part to leave the world a better place than where we found it and AstraZeneca needs passionate partners like you to scale our collective impact.

This guide will familiarise you with AstraZeneca’s sustainability objectives and our company sustainability targets. It will also cover the role you play as a key partner in delivering our sustainability strategy and how we plan to recognise top performers within the network.

This guide builds on our compliance expectations to describe our vision for supply chain sustainability and our priority areas for partners, including:

- An overview of the business case for action.
- Ideas to get started.
- Example performance indicators.

AstraZeneca is a member of the Pharmaceutical Supply Chain Initiative (PSCI) and supports its Principles for Responsible Supply Chain Management for ethics, labour, health and safety, environment, and related management systems. These principles are incorporated into our Expectations of Third Parties handbook and our Global Standard Expectations of Third Parties, which includes standards for labour practices and environmental protection. For more information about the Principles, please review the PSCI Principles e-Learning module.

There is no single blueprint for making your organisation more sustainable, but the building blocks are the same.

Creating a fulsome strategy generally starts with conducting a materiality assessment, which includes feedback from internal and external stakeholders, and requires commitment from senior leadership.

This guide is not intended to be a substitute for this holistic approach and simply provides some actions that you can take to progress your sustainability journey in key areas—creating ‘pockets of excellence’ within your organisation. It is also not intended to serve as a replacement for professional advice, but rather as a guide that you can use for internal discussions.
What is Sustainability at AstraZeneca?

At AstraZeneca, we’re united by our desire to push the boundaries of science. We know it’s how we will achieve our bold ambition and improve the lives of patients around the world, how we will motivate our people and how we will deliver value to our shareholders.

Delivering science to patients, by developing innovative new medicines and making them accessible, can’t be done overnight. It takes drive, energy, dedication, resilience and time.

And that can only happen by building a trusted, respected and sustainable business—one that will be around for the long term. To do this we must continue to look beyond our own four walls to recognise the responsibility we share in improving our society.

Why? Because our people want us to, shareholders expect us to and patients need us to. Because it’s how we build trust and make a meaningful and lasting difference to the world around us. And quite simply, because it's the right thing to do.

Our Vision for the Future

Our vision is a supply chain that delivers commercial benefits to our business and to our partners, while meeting our aspiration for supply chain sustainability—a supply chain that is inclusive, resilient and transparent.

What is a Sustainable Supply Chain?

- **Inclusive**: You create value for all employees and people within your local communities.
- **Resilient**: Your operations are adaptive to climate change and resource scarcity.
- **Transparent**: Your sustainability practices are readily verified, which builds confidence among external stakeholders.

Our Partner Network

We are all in this together—it is a network and the network is only as strong as the passion, leadership and dedication of its members. Our AstraZeneca partner network includes over 57,000 suppliers, and while we all have a role to play in reducing our environmental impact and improving our communities, we focus our effort most heavily on our critical direct partners.

Our critical direct partners are partners in the Active Pharmaceutical Ingredient (API) and Formulation and Packaging (F&P), Device, and Biologics Supply categories. We seek to collaborate most closely with these partners on sustainability opportunities and challenges.

AstraZeneca hopes to create a learning network, through these categories and beyond, to raise the visibility of responsible business practices.

Only together can we maintain and enhance the trust of our patients and stakeholders.
Our Priority Areas for Our Partners

Building a Responsible Supply Network

AstraZeneca has established nine priority impact areas (seen in the Inclusive and Resilient categories) and transparency expectations for our partners.

Primary Impact Areas

- Human Rights | Diversity & Inclusion | Workforce Wellbeing & Safety | Promoting Health in the Community
- Energy & Greenhouse Gas | Water | Waste | Product Environmental Stewardship
- Pharmaceuticals in the Environment
- Publicly Report on Practices | Participate in Transparency Efforts

AstraZeneca’s Focus Areas

- Promote inclusion through supplier diversity
- Embed sustainability into supplier selection and contractual agreements
- Encourage capability building and ‘best practice’ sharing through networks
- Set expectations through guides and handbooks
- Monitor performance through our sustainability framework

1. Our approach to Human Rights is outlined in our Human Rights Statement.
How are you recognised?

AstraZeneca’s Sustainability Framework helps our teams to source from partners that share our Values. This framework provides a common way to assess and reward your performance by our sourcing teams.

We rank partners as bronze, silver, or gold on their sustainability performance in these three categories:

<table>
<thead>
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<th>Number of categories achieved</th>
<th>Partner Sustainability Ranking</th>
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<tr>
<td>1</td>
<td>Bronze</td>
</tr>
<tr>
<td>2</td>
<td>Silver</td>
</tr>
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For each category achieved, you will increase your ranking.

Partners that do not achieve excellence in at least one category will be rated as ‘sustainability learners’.

We are here to help you achieve excellence so that we can increase our collective impact. Please get in touch with your AstraZeneca contact if you have questions about the methodology or how to improve your performance.

How often am I scored?

Sustainability assessment scores are reviewed annually. Performance on other aspects of your sustainability programme are reviewed as dictated by your reporting cycles—previous data cycles may be deemed as acceptable.

"Sustainability leaders are more than 400% more likely than peers to be considered innovation leaders." [3]

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2. A description of the categories is outlined on page 7.

3. Deloitte, Sustainability Driven Innovation Harnessing sustainability’s ability to spark innovation, see here.
# Our Sustainability Framework

We recognise your performance in three categories:

## Category 1
### Meeting minimum standards on industry sustainability assessments

We currently use these industry-aligned and globally recognised assessments:
- EcoVadis Assessment
- PSCI EcoDesk Environmental Sustainability Assessment
- PSCI Self-Assessment and Audit Questionnaire

Industry collaboration streamlines data that helps AstraZeneca baseline our sustainability performance and reduces duplication of business partner efforts to report on sustainability performance. We have selected these assessments because they are used by our peers and aligned with our priority areas, which improves efficiency of collectively monitoring our performance.

## Category 2
### Working towards sustainability goals and targets within your business

Partners are expected to set sustainability goals and target items linked to issues that are material to the industry and items aligned with your business goals. We will recognise partners that make a commitment to improve and invest in these areas and are transparent about their practices and performance.

## Category 3
### Increasing transparency and other sustainability leadership efforts

We are confident that our leading partners will continue to redefine the future of AstraZeneca, pushing the boundaries of what it means to be a sustainable business. This category allows for flexibility as we all adapt to industry trends and collectively work to exceed the expectations of our external stakeholders.

- **CDP Disclosure**
  Partners will be recognised in this sub-category if you have completed CDP disclosure for either the climate change, supply chain, water, or forests programmes.

- **Sustainable Procurement Programme**
  For AstraZeneca to scale our impact, we ask that you ‘pay it forward’ and expand sustainability programmes within your own value chains. You will be recognised for contributions to engage with supply chain partners outside of your direct operations.

- **RE100**
  You will be recognised by making the commitment to go 100% renewable.

- **Science-Based Targets Initiative**
  You will be recognised for future-proofing your growth by setting Science-Based emissions targets.

- **Other Areas of Leadership**
  We recognise partners that have taken proactive actions to show their leadership within sustainability and particularly leadership that aligns with the UN Sustainable Development Goals (SDGs).
Guidance for Category 1

Meeting minimum standards on industry sustainability assessments

Some assessments are intended for a subset of our partner population and may be prioritised based on spend or other factors. If you do not receive one of the assessments, you will not be penalised. You will be rewarded for reaching the minimum standards on any required assessments.

Other considerations:
In addition to the minimum sustainability assessment requirements, you could lose credit in all categories and default to ‘sustainability learner’ status in either of the two following scenarios:

PSCI Self-Assessment and Audit/ISEP Audit
Partners are expected to follow the PSCI Principles, operate in full compliance with their local legal requirements as well as national and internationally recognised standards, and continuously improve their performance in the areas of labour, health, and safety.

A partner will default to ‘sustainability learner’ status if:

- Corrective actions identified through an audit are 90 days overdue, or
- The PSCI audit report and CAPA plan is not shared with at least one other PSCI member company through the PSCI audit sharing platform.

Safe API discharge levels
Partners who manufacture or formulate active pharmaceutical ingredients (APIs) for AstraZeneca are expected to demonstrate safe discharge levels for releases to the aquatic environment.

A partner will default to ‘sustainability learner’ status if API discharge levels are not considered safe.

If I am asked to complete both assessments, do I need to meet the minimum in each?

Yes. In order to receive credit for this category, you must maintain a minimum level for all assessments you are asked to complete.
Setting Sustainability Targets

Having a sustainability mindset means the journey is never done. We learn lessons of the past, continually assessing our goals and adjust periodically to strengthen our impact to create a more prosperous future. This is displayed through our targets covering our inclusive and resilient priority areas that you will find highlighted throughout this guide, and our commitment to ongoing transparency of our performance.

Working towards sustainability goals and targets within your business

Partners that set long-term sustainability targets will be rewarded through our framework. This guide covers information to be recognised in the ‘inclusive’ and ‘resilient’ target categories.

Please review the guidance notes below for example goals and metrics.

Goals that will be recognised by AstraZeneca align with the following priority areas:

Inclusive

Please see page 12 for example goals and metrics.

- Inclusion and Diversity
- Workforce Wellbeing and Safety
- Human Rights
- Promoting Healthcare in the Local Community

Resilient

Please see page 21 for example goals and metrics.

- Energy and Greenhouse Gas
- Water Reduction
- Waste Reduction
- Product Environmental Stewardship
- Pharmaceuticals in the Environment

Sustainability goals and targets should be measurable, time-bound and reported on at least a bi-annual basis to be counted. Broad sustainability commitment statements, while encouraged, will not count for this category. This information should come from a public source, such as an annual sustainability report, and we encourage independent external assurance.

Sustainability Targets and the Global Agenda:

The UN 2030 Agenda for Sustainable Development is a universal action plan for a fairer, safer and healthier world. Success against the Agenda is measured using the 17 Sustainable Development Goals (SDGs). We recognise our responsibility to contribute to the delivery of these ambitious and valuable goals, also highlighted throughout this guide. Your partnership directly supports these Global Goals.
This sub-category recognises partners that have established Sustainable Development Goal (SDG) priorities, set aligned goal or objectives and reported on progress against prioritised SDGs.

We are confident that our leading partners will continue to redefine the future of AstraZeneca, pushing the boundaries of what it means to be a sustainable business. This category allows for flexibility as we all adapt to industry trends and collectively work to exceed the expectations of our external stakeholders.

CDP Disclosure

CDP’s climate change, forests, and water security programmes helps businesses submit data to investors. CDP’s supply chain programme enables suppliers to submit climate, forests and water security data to their customers or collect it from their own suppliers.

For more information, visit the CDP website and guidance document. Partners must have submitted within the last two years to receive credit.

Sustainable Procurement Programme

This can include a number of different actions, including:

• Setting clear and consistent expectations of your partners, such as a Code of Conduct or Sustainable Procurement Policy.

• Providing capability building support to partners, such as access to training, partner events, and resources on sustainability.

• Implementing a partner performance management framework, including an approach to incentivise top performers.

Make the commitment to go 100% renewable.

Background:

At AstraZeneca, we are committed to doing our 'fair share' to protect the planet by keeping a global temperature rise this century below 1.5 degrees Celsius above pre-industrial levels. These efforts will also help keep people healthy and safe. We support RE100 and have a goal to source 100% renewable electricity globally by 2025, with an interim target of 100% in Europe and the US by 2020.

What you need to know:

There is a clear link between energy consumption and GHG emissions. We manage both in consideration of each other. Through our renewable power commitment RE100, we aim to substitute all our electrical power consumption with certified renewable energy.

With over 60% of our total CO₂ emissions from upstream production and research and development at non-AstraZeneca sites, we want to empower you to make the switch to renewable energy too.
Guidance for Category 3

What does it cost to participate in RE100?
A basic membership in RE100 is costs $3,000 per year. For companies using less than 100GWH per year the price is negotiable.

How can you switch to renewable energy?
You will need to know your current energy usage. You will then match 100% of the electricity used across your global operations with electricity produced from certified renewable sources—biomass (including biogas), geothermal, solar, water and wind—either sourced from the market or self-produced.

RE100 companies can achieve 100% renewable electricity through:

1. Production of renewable electricity from your own facilities. These can be grid-connected and onsite or offsite, or entirely off the grid.

2. Purchased renewable electricity sourced from generators and suppliers in the market in line with RE100 quality criteria.

Are there deadlines for achieving 100% RE?
Yes. You must achieve 100% renewables by 2050, with interim steps of at least:

1. 30% by 2020
2. 60% by 2030
3. 90% by 2040 in a combination with public commitment to:
   a. Obtain 100% of your electricity from renewable sources, OR
   b. Have a clear strategy with a timetable to go 100%, OR
   c. Have committed to developing a clear roadmap for going 100% renewable within 12 months.

Science-Based Targets
Future Proof your growth by setting Science-Based emissions targets.

Find out about the benefits of setting Science-Based Targets and then follow the Science-Based Targets four step process.

For additional information on each stage please read the Call To Action Guidelines.

Other Areas of Leadership

This sub-category recognises partners that have established SDG priorities, set aligned goal or objectives, and reported on progress against prioritised SDGs. It is flexible to cover a wide range of sustainability leadership.

For guidance on a practical approach to establishing priorities, setting objectives, and integrating the SDGs into corporate reporting, review this report from the UN Global Compact and the Global Reporting Initiative.
This section of the guide provides an overview of AstraZeneca’s activities and resources for partners on the following Inclusive impact areas.

At AstraZeneca, we are committed to respecting human rights, supporting inclusion and diversity and promoting wellbeing, safety and health in the workplace and in the community. Together, we can work to ensure that our supply chains create value for all employees and people involved within them.

1. Human Rights
2. Inclusion & Diversity
3. Workforce Wellbeing & Safety
4. Promoting Health in the Community
At AstraZeneca, we are committed to ensuring everyone is treated with dignity, respect and is free from discrimination or harassment. Our commitment to human rights arises from our values and is carried throughout our own operations and our value chain. Human rights are central to how AstraZeneca operates and are an integral element of our policies and procedures.

The Guiding Principles are the global standard for preventing and addressing the risk of adverse human rights impact linked to business activity.

One pillar of the Guiding Principles called the corporate responsibility to respect human rights requires businesses to avoid causing or contributing to adverse human rights impacts through their own activities and addressing these impacts when they occur. It also requires businesses to prevent or mitigate adverse human rights impacts that are directly linked to a company’s operations, products or services by their business relationships, even if they have not contributed to those impacts.

AstraZeneca has been a signatory to the United Nations Global Compact since 2010 and we are committed to its 10 principles.

Formally, we conduct biannual human rights and labour reviews in all countries we have an employee presence to manage our progress and commitment. Our code of ethics goes beyond legal requirements to drive our commitment to run every part of our business with integrity, honesty and transparency. In addition to our Code of Ethics, our Global Standard on Expectations of Third Parties, Modern Slavery Statement and sustainability initiatives form the foundations of our approach to ensure human rights is central to how we operate.
Key AstraZeneca initiatives:

- Published a Human Rights Statement
- Released annual Modern Slavery Statement
- Signatory of the UN Global Compact
- Member of the Fair Wage Network
- Commitment to Living Wage Foundation UK
- Review operations with our biannual human rights survey

Our partners are critical to AstraZeneca's delivery of life-changing medicines. To ensure we operate high standards of ethics and integrity across our entire business, we require those in our broad supply chains to behave in the same way as ourselves.

What is the business case?

- **Manage Legal risks.** Governments are increasingly enacting regulations requiring companies to identify, prevent and address adverse human rights impacts linked to their business operations. Suppliers to multinational companies can reduce legal risks and meet customer demands by complying with regulations as well as voluntary standards, which may become law in the future.

- **Enhance reputation.** Companies that demonstrate a respect for human rights are seen as more responsible members of society by shareholders, investors, governments and NGOs. These companies are less likely to be the subject of campaigns by shareholders or NGOs.

- **Attract and retain top talent.** Companies that operate ethically and with respect for human rights are viewed as more attractive to prospective candidates, especially Millennials, who wish to work with companies that positively contribute to society.

What can you do?

- Develop a human rights policy stating the human rights expectations of the business and share it with employees and suppliers.

- Build internal knowledge and awareness of human rights risks, opportunities, and available tools; BSR and Business Call to Action have developed a free Toolkit and Webinar series that are available online.4

- Assess actual and potential negative human rights impacts in your company operations and business relationships, including suppliers, and act on these findings.

- In collaboration with an organisation with expertise in human rights, conduct an employee training on what it means to respect human rights in practice.

- Create an anonymous complaint mechanism system to address grievances from employees which is aligned with the UN Guiding Principles effectiveness criteria.

Sample KPIs5

- % of employees trained on human rights.
- # of incidents of discrimination and corrective action taken.
- # of human rights complaints filed, addressed and resolved through a grievance channel.
- % of company operations that have been subject to human rights reviews or impact assessments.
- # of significant actual and potential negative human rights impacts identified in the company's operations and actions taken.

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4. BSR/Business Call to Action Toolkit and Webinar Series, see here.
5. Global Reporting Initiative’s Human Rights Disclosure, see here.
At AstraZeneca, we strive to create an inclusive culture in which difference is recognised and valued. To foster innovation, we seek to harness different perspectives, talents and ideas, as well as ensuring that our employees reflect the diversity of the communities in which we operate.

As part of our commitment to inclusion and diversity we have implemented numerous initiatives, such as unconscious bias training, the formation of various employee resource groups and in some parts of the business, the creation of a People Manager with the objective to ensure all recruitment includes diverse applicants and diverse interview panels. And we have continually emphasised the importance to increase the presence of women on our leadership teams and report our performance in our sustainability report.
What is the business case?

- **Stronger financial performance.** Companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians. Additionally, companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians.⁶

- **Greater employee engagement, resulting in increased job performance.** Companies which foster an inclusive and diverse workforce have more engaged employees who feel valued for their distinct contributions and the equal opportunity to perform and develop. Research has shown that these benefits reduce turnover, enhance productivity and translate to increased customer trust.⁷

- **Diverse workforce expands markets.** When effectively managed, the power of a diverse workforce can open the door to new markets, as the insights of workers with varied backgrounds can lead to a more comprehensive understanding of a broader range of stakeholders, including customers.⁸

**Sample KPIs**

- # of employees broken down by demographic (e.g. gender, age, etc).
- # of candidates recruited from an underrepresented group.
- # of female employees at each company level.
- Spend with diverse suppliers.

What can you do?⁹

- Adopt a non-discrimination policy which includes specific reference to dimensions of diversity such as gender, race, ethnicity, disability, age, veteran status, sexual orientation and gender identity.
- Gather information on the demographics of your employee base, consider dimensions of diversity such as gender, race/ethnicity, disability, age, veteran status, and LGBTQ.
- Partner with an organisation with expertise in diversity and inclusion to conduct employee diversity and inclusion training.
- Support the creation of employee resource groups and formal mentorship programmes offered to women and individuals in underrepresented groups.
- Ensure promotion criteria is fair and relevant and develop standardised, clear and objective metrics for performance evaluation.
- Adopt flexible policies and practices e.g. telecommuting, ability to work part-time.
- Develop strategies to recruit and promote high-potential talent from underrepresented groups e.g. adopt a blind initial screening of candidates by removing names from resumes during the recruitment process and create a sponsorship programme at top management to create opportunities for women and underrepresented groups.
- Establish (or expand existing efforts) to source from diverse suppliers (e.g. women-owned businesses).

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7. Boston College Center for Corporate Citizenship; PWC, Opening up on Diversity, see here.
8. Boston College Center for Corporate Citizenship; Deloitte, Diversity as an Engine of Innovation, see here.
9. Calvert Investments, Diversity Report, see here.
At AstraZeneca, we promote the health and wellbeing of all our people worldwide. Non-communicable diseases (NCDs) are the number one cause of death and disability globally. Yet many can be prevented. NCDs are often caused by lifestyle factors, including smoking, drinking, sedentary lifestyles and poor diet, which can be addressed through health promotion and behaviour change programmes. We hold ourselves to high standards through the application of ambitious targets in promoting a healthy and productive workforce:

We aim to have a healthy workforce and have set a target for 80% of our sites and marketing companies to have all four ‘Essential Health Activities’ in place by 2025.10

As a key partner in the healthcare industry, it is important to build a culture of health that empowers your employees to live healthy and productive lives.

A safe work environment is a fundamental right of our employees and suppliers. Everyone who comes to work for us should expect to go home unharmed at the end of every working day. We manage risks and learn from incidents to constantly update our safety and health advice, and we hold ourselves to high standards through the application of our ambitious target:

We aim to achieve a 75% reduction in total injury rate from 2015 baseline by 2025.

10. Essential Health Activities include healthy eating and drinking, tobacco cessation, physical fitness and workplace pressure management.
What is the business case?11

- **Changing workforce demographics.** With higher life expectancies, older workers are remaining in the workforce longer. As a result, companies are footing more healthcare costs related to their employees, especially concerning major illnesses. Organisations that invest in the health of their employees are better able to manage this reality.

- **Competitive advantage.** Investing in healthy business programmes that are focused on employee health can build a company’s reputation as a leader and innovator.12

- **Greater productivity and increased profit.** Companies that demonstrate an authentic commitment to the safety and wellbeing of their workers are more likely to maintain a healthier, safer and more productive workforce, resulting in increased company profits. These companies also have employees who are more engaged and loyal.

- **Cost Savings.** Companies with robust safety programmes generally have fewer employee injuries and accidents, which can save the company money in costly healthcare bills and lost working days.

What can you do?13

- Conduct management training on employee health and safety.

- Assess your company’s safety programs and address any gaps discovered.

- Conduct a culture review of your company by requesting staff to complete a survey on their wellbeing, including any improvements that can be made to the office environment.

- Provide healthy food and drink options to employees at company-related events.

- Incentivise employees to exercise (e.g. providing for a gym subsidy, organising a company team) and maintain their health (e.g. recommending all staff to get an annual check-up, advising staff of a nearby location they can obtain the flu vaccine).

- Consider implementing practices that give workers greater control over their schedules (e.g. telecommuting, work from home options).

Sample KPIs14

- # employees trained on health and safety.

- # of employees using a flexible work schedule.

- % of employees who regularly visit healthcare providers.

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12. BSR's Healthy Business Coalition, Health Business Communications Guide, see here.

13. The National Institute for Occupational Health and Safety, Total Worker Health Business Case, see here.

14. BSR Healthy Business Coalition, Healthy Business Metrics Guide; see here.
Promoting Health in the Community

Wherever we work in the world, we aim to make a positive impact on our local communities. Our workforce can be a force for good, and we encourage and support our employees in taking up volunteering opportunities. We target our global community investment towards supporting science-based education and mentorship, strengthening healthcare in local communities, responding to disaster relief efforts, providing product donations and encouraging employee volunteering.

We also support programmes that improve access to healthcare. By educating and empowering people to understand how lifestyle choices affect health, AstraZeneca hopes to play a key role in creating a healthier society—for current and future generations—through programmes like Healthy Heart Africa and our Young Health Programme. And we have set an ambitious goal that guide us through 2025:

We aim to reach 25 million people throughout the world through our portfolio of access programmes.

We want to recognise and reward partners that share our commitment to promoting health in their local communities.
What is the business case?

- **Brand value and reputation.** Companies that invest in the wellbeing of the surrounding communities in which they operate receive positive recognition from key stakeholders.\(^\text{15}\)

- **Employee engagement.** Effectively engaging employees in community investment programmes can enhance employees’ professional and personal skills (e.g. communication, leadership), build employee morale and secure employee retention.\(^\text{16}\)

What can you do?

- Identify the health needs most relevant to your neighbouring communities, with specific attention paid to the needs of underrepresented communities.
- Inspire and engage your employees to participate in your community health programme.
- Pledge employee time or company funds to your community health programme.

Sample KPIs

- # of employees who have participated in community investment programmes per year.
- # of employee time or money invested in community investment programmes per year.

15. Healthy workplace, Healthy communities, Business Case, see here.
This section of the guide provides an overview of AstraZeneca’s activities and resources for partners on the following Resilient impact areas.

Our scientific approach to environmental sustainability strives to reduce our environmental impact by protecting our air, land and water, reducing our dependence on natural resources and ensuring the environmental safety of our products. Together, we can reduce our collective footprint, creating a more resilient planet.

1. Energy & Greenhouse Gas
2. Water
3. Waste
4. Product Environmental Stewardship
5. Pharmaceuticals in the Environment
Our Science-Based Target includes emissions generated from upstream production at non-AstraZeneca sites.

We must collectively partner to reduce GHG emissions and we recognise partners that support our efforts.

What is a Science-Based Target?

Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with the level of decarbonisation required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures, supporting the Paris climate agreement. These targets may also strive to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

Climate change threatens to undermine the last half-century’s advances in global health. However, the solutions to climate change have direct and indirect health benefits—from reducing air pollution to improving diet—representing one of the greatest opportunities to improve global health. We aim to minimise greenhouse gas (GHG) emissions along our value chain and have currently set Science-Based Targets to continuously improve in the areas of carbon and energy that guide us through 2025:

We have set an emissions reduction target approved by the Science-Based Targets Initiative.

We aim to maintain our operational GHG footprint at no greater than 2015 levels as our business grows.

We aim to source 100% renewable power.

We aim to reduce energy consumption by 10%.

What is the business case?

- **Strengthen competitiveness and confidence.** Companies that employ energy efficient practices are viewed as more sustainable and better able to stay profitable in a future with rising prices for non-renewable goods.\(^\text{18}\)

- **Build greater regulatory resilience.** Adopting energy friendly practices now can allow a company to get ahead of future regulations mandating companies’ performance on environmental practices which may be harder and more expensive to implement in the short-term.

- **Spur innovation.** The transition to a low-carbon economy will spur companies to develop innovative technology. The global market for low-carbon goods and services is growing by 3% per year.

What can you do?

- Conduct an assessment of your company’s current GHG emissions to understand where the company can limit its emissions.

- Set an energy and/or greenhouse gas emissions target that is science-based.

- Explore ways to reduce your company’s GHG emissions in its facilities, such as by using energy efficient lighting HVAC systems, and switching from non-renewable to renewable or low-carbon energy sources when possible.\(^\text{19}\)

- Identify potential energy saving opportunities and set up an action plan (Avoid – Reduce – Substitute – Compensate).

- Encourage employees to utilise public transportation for work travel.

- Allow employees to use web-based and virtual technology to conduct meetings and calls and limit business travel unless required.

**Sample KPIs**

- Reduce GHG emissions by X% per year (percentage to be determined using a credible methodology, such as those accepted by the Science Based Targets initiative).

- Increase facility energy use of renewable or low-carbon energy sources by X% per year (percentage to be determined based on feasibility/availability in the relevant markets).

- Amount of energy saved, year on year.

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18. Science-Based Targets, see [here](#).

19. Renewables are defined as biomass including biogas, geothermal, solar, water and wind – either sourced from the market or self-produced.
Accessible and high-quality fresh water is a limited and greatly variable resource. An estimated three in ten people do not have access to clean drinking water at home.\textsuperscript{20} As the climate changes and populations grow, putting further pressure on freshwater resources, we need to continue to cut down on our water use and manage our wastewater discharge.

We use a standard methodology, based on the free \textit{World Resources Institute (WRI) Aqueduct tool}, to assess water risk across our site network. We produce water conservation plans for all our major sites and those in water-stressed areas. And we have set a smart target to manage our water use as our business grows through 2025:

\textbf{We aim to maintain absolute water use at 2015 levels.}

\textsuperscript{20} Progress on drinking water, sanitation and hygiene: 2017 update and Sustainable Development Goal baselines.
What is the business case?

- **Better manage a critical and depleting resource risk in your business.** Of more than 2,000 companies reporting to the CDP, 60 percent face water-related risks, while 56 percent expect those risks to materialise over the next six years.\(^\text{21}\)

- **Reduce operational costs.** Companies with water-efficient practices are more equipped and resilient to shocks in the cost of water due to water stress market forces.

- **Avoid reputational damage associated with violating the right to water.** Companies reporting to the CDP in 2017 identified brand damage as one of their top five risks related to water.\(^\text{22}\) Companies that do not take appropriate steps to assess and address how their operations may negatively affect a nearby community’s access to clean water may be subject to fines and/or loss of the legal or social license to operate.

What can you do?

- Identify the amount of water used in your direct operations (e.g. from product stage to final product, and through employee usage) to help determine where water use could be reduced, or water reused.

- Better understand water risks in your site locations using the WRI Aqueduct tool.

- Conduct water assessments in high-water stressed regions in which you operate to assess and address any negative impacts on access to water by neighboring communities.

- Engage in watershed remediation, habitat restoration, or ecosystem preservation projects.

- Engage with partners to help them improve water stewardship. See the CEO Mandate’s Water Action Hub for projects or potential partners in your area.

- Sign up to the WASH Pledge to ensure water, sanitation and hygiene services are available for all employees across your sites.

Sample KPIs

- % of water consumption in direct operations reduced per year.

- % of water saved in manufacturing of products.

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\(^{21}\) CDP Water Report 2017, see [here](#).

\(^{22}\) Ibid WRI Aqueduct Tool, see [here](#).
Waste

Waste prevention is our strategic waste priority. Responsible waste management spans waste prevention, recycling, reuse and appropriate end-of-life disposal.

We characterise waste as either hazardous (such as chemical) or non-hazardous, as defined by local legislation. Most of our hazardous waste consists of solvent and aqueous streams from our manufacturing activities. We work with colleagues and external specialists to identify opportunities to reduce waste generation, boost recycling rates and reuse solvent wastes.

We have set an ambitious target to guide us through 2025:

**We aim to reduce our waste by 10% against a 2015 baseline.**
**What is the business case?**

- **Improved Brand Image.** Engaging in waste reduction efforts can enhance the company’s brand and make the company more attractive to existing and prospective customers and employees.

- **Conservation of Natural Resources.** Limiting waste is a critical step that allows a company to reduce the use of natural resources, which benefits people as well as the planet.

- **Cost Savings.** Reducing waste allows a company to use fewer raw materials and spend less on waste management solutions. Additionally, a reduction in waste can help offset a company’s carbon emissions. Of more than 700 companies assessed, more than 99 percent of company sites that engaged in waste reduction efforts experienced a net positive financial return.\(^\text{23}\)

**What can you do?**

- Track the main sources and weight of waste generated in your operations.

- Implement a waste management program involving reduction, reuse, donation and recycling.

- Redesign packaging to reduce waste e.g. by working with recycled materials.

- Implement solvent recovery to reduce hazardous waste.

- Encourage your workers to reduce waste by only using materials as needed in the workplace.

- Design materials and/or products to enable take-back programmes and reuse.

**Sample KPIs**

- Reduce waste by % per year.

- % of waste avoided in manufacturing of products.

- Reduce packaging for consumers by % per year.

- % of waste generated in operations that has been diverted from landfill or incineration.
At AstraZeneca we realise it is essential to take a view of the whole life-cycle of a product, to ensure we are continually minimizing the environmental impacts of our products. As we build a responsible supply network, product environmental stewardship is a primary impact area and a key part of our 2025 sustainability priorities.

AstraZeneca’s approach to ensuring effective environmental management of our products, inclusive of packaging, is based on a Life-Cycle Analysis (LCA) approach. This approach considers all stages of a medicine’s life span from "cradle to grave" — all raw material and energy inputs in production, distribution, sale, patient use and end-of-life.

Since beginning a focused effort in 2011 to improve the environmental performance of our value chain, we have made progress and are periodically adjusting our approach to strengthen our impact. Key initiatives of our product environmental stewardship strategy are:

- Developing a product environmental sustainability index.
- Ensuring 90% of active pharmaceutical ingredient (API) syntheses meet resource-efficiency targets at launch.
- Developing resource-efficiency targets for biologic products.

At AstraZeneca, to help demonstrate our organizational impact and focus our approach we have implemented a metric called Process Mass Intensity (PMI) as a fundamental strategic corporate target. PMI provides a measure of our efficiency in using materials, it is measured as kg of raw materials used to produce 1kg of API. We have set a PMI target for all drug molecules to achieve at launch, based on projected peak year sales. In addition, we are running several packaging reduction and recycling projects focused on other areas of the product life cycle.

Working towards product environmental stewardship is highly beneficial for AstraZeneca. In 2017 we carried out a LCA study, with collaboration from an industry coalition, on the use of one of our respiratory drugs and its delivery system. The study found using the right medicine in the right way reduces environmental impacts, including a 50% reduction in GHG emissions.
What is the business case?

• **Changing Regulatory Environment.** National and local governments are increasingly adopting and enforcing extended producer responsibility legislation related to waste packaging.

• **Cost Savings.** Through optimizing increases in efficiency and the recovery of previously wasted materials, companies can reduce financial costs in the packaging of products.

• **Continue to be a supplier of choice.** There is increasing pressure by investors, governments, businesses and consumers alike to adopt a “green” product life-cycle approach. Companies that are taking this approach are therefore viewed as more attractive to other pharmaceutical companies.²⁴

• **Innovation.** Exploring ways to reduce the environmental impact of your product can spark innovation in the manufacturing of raw materials.

What can you do?

• Support AstraZeneca or other customers carrying out product LCA by providing relevant material and energy use data.

• Apply green chemistry principles wherever possible in the manufacturing of products.

• Incorporate recycled materials in the packaging of products (e.g. tertiary packaging).

• Select processes that to use fewer resources (including less energy) and generate less waste (e.g. solvent recycling).

• Educate your employees on the shared responsibility of manufacturers and suppliers to reduce negative environmental impacts.

Sample KPIs

• # of products manufactured using reused materials.

• % of water saved in manufacturing or packaging of products.

• % of waste avoided in manufacturing or packaging of products.

• Total amount of GHG emissions reduced due to product stewardship initiatives.

• % of packaging solutions for which recyclability has been improved.

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²⁴ See on EPA website [here](#).
Pharmaceuticals enter the environment mainly as a result of patient use, where they can pass through our bodies and into waterways. Drug manufacture and the improper disposal of unused medicines also add to the trace levels of pharmaceuticals in rivers, lakes, soils, and, sometimes, drinking water. AstraZeneca recognises that, even in such low concentrations, the risks associated with Pharmaceuticals in the Environment (PIE) should be determined, minimised and managed.

Drug residues entering the environment as a result of API production and formulation are gaining attention from media and investors.

While waste from the manufacture of medicines is only a small proportion of the pharmaceuticals found in the environment, it is an area that we can make a direct impact. We have set a commitment to lead the industry to manage PIE. For more information, see our PIE statement.

Issues relating to pharmaceuticals in the environment, where not managed responsibly, have the potential to impact the reputation of both AstraZeneca and our partners. AstraZeneca has an Environmental Reference Concentration (ERC) risk assessment methodology and training on PIE developed for suppliers to ensure that the APIs in manufacturing effluents are at levels that are safe. If you have questions related to this resource, contact us.

**How do Pharmaceutical Products get into the Environment?**

- **88%** as a result of patient use
- **2%** attributed to waste from production
- **10%** from unused medicines that people don’t dispose of properly
Why do we expect our partners to use our ERC risk assessment methodology?

• Our commitment to minimise any detrimental environmental impact from our external manufacturing activities is a key feature of our “Expectations of Third Parties” Standard.

• This commitment is reflected in our Code of Ethics which requires that we work only with partners who embrace standards of ethical behaviour that are consistent with our own.

• AstraZeneca is committed to working with you and will offer guidance and support when required. Where ERCs and Maximum Tolerable Concentrations (MTCs) are not met, we will help you to identify improvement opportunities to reduce API emissions.

What is the business case?

• Manage reputation. The issue of PIE is getting attention from various external stakeholders, including media, NGOs, investors, and governments. Proactive management of this issue can protect and preserve positive company reputation locally and globally.

• Compliance with Regulations. The pharmaceutical industry is highly regulated through legislation such as Directive 2001/83/EC, REACH and CA Prop 65.25 Activities of companies producing pharmaceutical ingredients are covered under select legislation.

What can you do?

• Follow the AZ Safe API Discharge assessment.

• Invest in actions and activities that maximise API recoveries and minimise waste.

• Look at continual improvement to increase the margin of safety on ERC compliance.

• Leverage PSCI guidance on responsible effluent management.26

• Educate employees on proper disposal methods of chemicals in manufacturing.

• Work or partner with local water utility company to raise awareness of the issue and ensure best practices in water treatment.

Sample KPIs

• Safe API Discharge assessment completed.

• Compliance against established safe discharge concentrations.

25. See on EFPIA website here.
We believe that being valued and trusted by our stakeholders is critical to our ability to improve people’s lives.

AstraZeneca is committed to fair and balanced reporting of our sustainability performance through our annual Sustainability Report. We report on sustainability issues deemed material through formal stakeholder engagement and analysis that we update on an ongoing basis.

We include three years of data, when available, to show historical trends in our performance. We also engage with a third-party to provide independent external assurance for a limited number of our key performance indicators.

What is the business case?

• **Meet stakeholder expectations.** Transparency on sustainability practices has become mainstream, with 95 percent of the global 250 issuing sustainability reports, and more companies reporting each year.27

• **Build stakeholder trust.** Sustainability disclosure can build trust and confidence among investors and business partners, as well as loyalty among employees and consumers.

• **Refine sustainability strategy.** Many companies engaged in sustainability reporting and disclosures report that the exercise helps their company to refine its vision and strategy.28

What can you do?

• Participate in AstraZeneca initiatives to increase transparency, such as our interactive mapping project that discloses our supply chain information.

• Set sustainability performance targets, develop a robust process to track progress, and publicly report on performance.

• Create your own sustainability report or public-facing progress update; use standardised guidelines such as the Global Reporting Initiative to guide your approach.29

• Embed sustainability into your procurement practices including through publicly available Codes of Conduct, Sustainable Procurement Policies, or integration of sustainability factors into RFPs/supplier selection.

• Communicate and engage internally on your company’s sustainability goals and performance.


29. Global Reporting, see [here](https://www.globalreporting.org/).