

Sustainability Update 2016 Summary

Securing our future: Our sustainability journey



Sustainability at AstraZeneca

For AstraZeneca, sustainability means operating in a way that recognises the interconnection between business growth, the needs of society and the limitations of our planet. We want to be valued and trusted by our stakeholders as a source of great medicines over the long term. Our sustainability commitments, which are driven by our Purpose and Values, underpin our business model to support the delivery of our business strategy.



Welcome

2016 was a crucial year in the second stage of our strategic journey. We took important steps to further embed sustainability into our DNA. At the centre of our focus is our new sustainability strategy, 'Securing our future', which sets a clear path for the years ahead and identifies our ambitious commitments and targets.

Pascal Soriot, Executive Director and CEO, AstraZeneca

Inside

In this summary, we provide an overview of the key highlights and progress we have made against our Securing our future commitments in 2016. You can go online to access our full 2016 Sustainability Update and more information on our policies and approach.

www.astrazeneca.com/sustainability

2016 highlights

Securing our future

Launched our new sustainability strategy for 2017–2025

Materiality assessment

Completed a materiality assessment to identify what matters most to our business and our stakeholders

External recognition

Up eight places in the Access to Medicine Foundation global index

CDP A list ranking for climate change and water stewardship

Number two in the Pharmaceuticals, Biotechnology and Life Sciences industry group of the Dow Jones Sustainability Index



Overview

As a global biopharmaceutical business, we want to be valued and trusted by our stakeholders as a source of great medicines over the long term. We are committed to operating in a way that recognises the interconnection between business growth, the needs of society and the limitations of our planet. Our sustainability commitments, which are driven by our Purpose and Values, underpin our business model and support the delivery of our business strategy.



Access to healthcare

We aim to improve access to healthcare around the world by tailoring our programmes to the communities they will serve. In some cases this means looking at pricing, in others it involves overcoming other barriers to healthcare.

2.7 million

patients screened for hypertension in Kenya as part of our Healthy Heart Africa programme

+1.6 million

young people engaged through our Young Health Programme since 2010

Highest climber

from 15th in 2014 to 7th in 2016 in the Access to Medicine Foundation global index



Environmental protection

As we push the boundaries of science and develop new medicines, we know how important it is to follow the science and conserve natural resources to protect the planet.

5%

cut in emissions down to 1,657 ktCO₂e since 2015, exceeding our 2016 target

A list

ranking for climate change and water stewardship by CDP

100%

of AstraZeneca supply sites demonstrated safe active pharmaceutical ingredient (API) discharges



Ethics and transparency

We want to be valued for the medicines we provide and trusted for the way we work. That means demonstrating ethical business practices and a high level of integrity in everything we do.

8,977

supplier assessments carried out in 2016

100%

of active employees trained on the Code of Conduct

Signed

the Davos Declaration on Combating Antimicrobial Resistance with over 100 other companies



About us

We are a global biopharmaceutical business delivering medicines to patients through innovative science and excellence in development and commercialisation.

Our Purpose

We push the boundaries of science to deliver life-changing medicines

\$23 billion

Total Revenue in 2016

Our people

59,700

employees globally

92%

of employees feel able to bring our Values to life in their daily work

R&D

Around 8,400

employees co-locating around three strategic R&D centres: Cambridge, UK; Gaithersburg, US and Gothenburg, Sweden

\$5,890 million

invested in our R&D organisation in 2016

Manufacturing

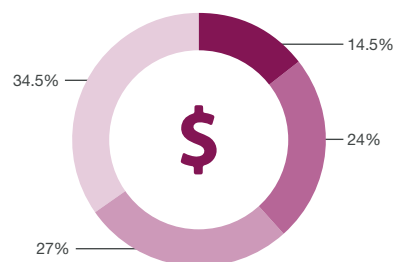
Approx. 12,200

people employed at 31 Operations sites in 18 countries

132

projects in our pipeline, of which 120 are in the clinical phase of development

Global commercial presence with strength in Emerging Markets



Product Sales:



To achieve long-term success, we aim to deliver our business strategy in a way that delivers wider value to society and the planet. To do this, we focus on maintaining ethics and transparency in everything we do, increasing access to healthcare for more people and minimising the environmental impact of our products and processes.

In 2016, we embarked on a robust process to re-focus our sustainability programme and embed it deeper into our core business. We worked with an independent think-tank to complete a sustainability materiality assessment to shape our priorities. It identified 27 sustainability issues that are most relevant to AstraZeneca. These became the basis for benchmarking analysis, engagement with external and internal stakeholders, and an internal review that examined our areas of strength, weakness and opportunity. We undertook a process to begin aligning our new priorities and commitments with the [UN Sustainable Development Goals](#).

Our new strategy has been shaped through broad engagement with stakeholders and sustainability experts including socially responsible investors, non-governmental organisations, trade organisations and others.

Securing our future priorities for 2017–2025



Access to healthcare



Environmental protection



Ethics and transparency

Given their alignment with our business strategy, we have identified these three priorities as the areas that will allow us to have the most impact in creating value for our patients, our company, broader society and the planet.

Our focus on these areas does not diminish our commitment to other areas of our sustainability agenda, which we refer to as our Sustainability foundations and which include:

- > Ensuring diversity, in its broadest sense, is reflected in our leadership and people strategies
- > Continuing to develop and embed a consistent approach to human rights across our worldwide activities
- > Promoting the safety, health and wellbeing of all our people worldwide.

[See the full picture of our strategy and priorities >](#)

¹ Established Rest Of World comprises Japan, Canada, Australia and New Zealand.

Securing our future 2017–2025

Our new sustainability strategy sets out commitments to embed sustainability even deeper into our company DNA. With targets set up until 2025, it focuses us on the three areas where we can create the greatest value for patients, for our company, for society and for the planet.

Our strategic business priorities

- 1 Achieve scientific leadership
- 2 Return to growth
- 3 Be a great place to work

Our Purpose
We push the boundaries of science to deliver life-changing medicines.

Our Values



We follow the science



We put patients first



We play to win



We do the right thing



We are entrepreneurial

Our sustainability priorities



Access to healthcare

Through collaboration and innovation we strive to address global health issues by:

- > Exploring innovative ways of increasing access to healthcare for more people, tailored to meet differing patient needs and circumstances
- > Making a positive contribution to our local communities around the world, through community support programmes consistent with improving health and promoting science.



Environmental protection

We follow the science to protect the planet by:

- > Managing our impact on the environment, across all our activities, with a particular focus on greenhouse gas (GHG) emissions, waste and water use
- > Minimising the environmental impact of our products.



Ethics and transparency

We will maintain integrity in everything we do by:

- > Working to consistent global standards of ethical sales and marketing practices in all our markets
- > Working only with suppliers who have standards consistent with our own
- > Working on continued transparency with our data in clinical trials
- > Enhancing the understanding of how our medicines work and benefit patients
- > Applying sound bioethics to all our work
- > Maintaining a strong focus on patient safety.

Sustainability foundations





Beyond our three priorities, we will continue to ensure strong performance in core areas such as: diversity; human rights; workplace health and safety; product quality and security; and public policy and advocacy.

Goals for securing our future

As we embark on our new strategy, our sustainability targets aim to drive continuous improvement and stretch what we achieve across our business. This year, we made good progress in a number of areas. In others, we faced challenges and we continue to look for ways to expand our positive impact.

Here, we provide an overview of the progress we have made against our commitments in 2016.

Key





-  Target exceeded
-  Full target achieved
-  Ongoing progress
-  Target not achieved, some progress



Our access to healthcare strategy aims to increase access to healthcare for under-served patient populations and comprises three elements: providing high-quality, effective and appropriate medicines to those who need them; improving affordability, particularly among the growing middle class in Emerging Markets; bringing down healthcare barriers, particularly in developing countries.





Our strategy helps us to address affordability and other healthcare barriers, while ensuring we continue to provide high-quality medicines to those who need them. We are reviewing our goals in the light of the Access to Medicine Index Report and our new strategy.

Access to healthcare

Goals	Target progress	Progress highlights
Expand sustainable patient access to our medicines to reach 3 million patients by 2016		4.49 million patients in Emerging Markets served by patient access programmes
Young Health Programme After exceeding initial goal to reach 1 million people through the Young Health Programme by 2015, aim to renew in five markets and expand into three markets by 2018		Renewed in Canada, Germany, China and India and expanded into Kenya Total reach in 2016 of 166,000 and 1.6 million youth since 2010 Proposals for expansion are in development for Brazil and Australia and for renewal in Portugal
Healthy Heart Africa Reach 10 million hypertensive patients across Sub-Saharan Africa by 2025		Since 2014, we have conducted over 2.7 million screenings and started treatment for over 100,000 hypertensive patients
Healthy Heart Africa Screen over 1.4 million people for hypertension by end of 2016		



Key

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We follow the science to protect the planet. We are committed to operating in a way that respects and protects our climate and natural resources through a science-based approach that drives continuous improvement across our value chain. In 2016, we embarked on a new strategy that set ambitious commitments up until 2025:

Protecting natural resources by improving the environmental performance of our operations and supply chain, including reducing our GHG footprint. This includes limiting our 2025 extended operational GHG footprint to 2015 levels.





Ensuring the environmental safety of our products by reducing environmental impacts throughout the entire life cycle of our medicines, including understanding and minimising the long-term effects of pharmaceuticals in the environment.

Environmental protection

Goals	Target progress	Progress highlights
Reduce operational GHG footprint ² by 2% (against a 2015 baseline) to 1,708,335 tonnes CO ₂ e by 2016		Our operational GHG footprint totalled 1,656,917 metric tonnes in 2016, a 5% reduction from our 2015 baseline
Have our climate change targets approved by the Science Based Targets initiative by 2016		We attained verification that our climate change targets are science based
Set out a target for 100% renewable power by 2016		We launched our commitment to 100% renewable power consumption globally by 2025 and in the US and Europe by 2020 through the RE100 initiative
Publicly disclose information associated with our climate change performance by 2016		We increased the scope of our operational carbon footprint reporting in 2016
Reduce waste generation by 2% (against a 2015 baseline) to 36,760 tonnes by 2016		In 2016, our total waste was 37,923 metric tonnes, a 1% increase on 2015
Reduce water use by 2% to 4.13 million m ³ (against a 2015 baseline) by 2016		In 2016, our water footprint was 3.99 million m ³ , a 5% reduction compared with 2015
90% of active pharmaceutical ingredient (API) syntheses meet resource efficiency targets at launch by 2016		100% of API syntheses (avibactam) met launch target in 2016. In addition we achieved 9% reduction in our resource efficiency metric, process mass intensity, across the portfolio
Ensure effective environmental management of our products from pre-launch through to product end-of-life by 2016		Safe API discharges were confirmed for 100% of our own and >90% globally managed supplier sites in 2016 We completed a comprehensive review for our EcoPharmacoVigilance programme

²Extended operational footprint includes: Scope 1, Scope 2 and some Scope 3 emissions. It covers energy use, road fleet, process emissions, waste incineration, business air travel, primary distribution (freight and logistics), first tier outsourced supply of API and Formulation & Packing (90% of spend, energy only), and patient use of pressurised metered dose inhalers (pMDIs), measured in tonnes carbon dioxide equivalent (tCO₂e).






Key

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As a global, science-led biopharmaceutical business, we have a responsibility to hold ourselves to high ethical standards. We strive for high levels of integrity in everything we do, whether it's our approach to bioethics, including patient safety, the way we treat the participants in our clinical trials and the use of animals in science, or our approach to human rights, or the scrutiny of our supply chain to ensure our suppliers meet our high standards.

Our performance in 2016 against the goals we set ourselves is described opposite. We are also reviewing our commitments and goals, and strengthening our strategy in key areas such as our supply chain.

Goals	Target progress	Progress highlights
All active employees to be trained on our Code of Conduct by 2016		100% of active employees trained on the Code of Conduct in 2016 Achieved a 100% score for Code of Conduct from the Dow Jones Sustainability Index
Communicate clear policies to employees by 2016		Updated our annual Code of Conduct training to provide greater clarity and simplicity for the business as well as improved accessibility via mobile devices since 2016
Ensure employees can raise concerns and that they are properly addressed by 2016		320 reports of alleged compliance breaches or other ethical concerns made through the AZethics Helpline in 2016
Meet high ethical standards across all our procurement activities and decisions worldwide by 2016		Conducted 66 high-risk supplier audits in 2016
Collate a suite of 'Culture of Care' pledges from all of our R&D sites, demonstrating our daily commitment to high standards of animal welfare by 2016		Two winners of a newly introduced 'Culture of Care' award recognising the day-to-day commitment to excellence in animal care and welfare, including one attracting the attention of the National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs) for further development as a project initiative
Continue to promote scientific excellence in animal care and use through a programme of global roundtable workshops by 2016		In 2016, we prepared to meet the Redacted Clinical Report Package of the European Medicines Agency Publication of Clinical Data Policy. The policy is designed to further improve transparency and access to research information





We are dedicated to creating an inclusive, open and trusting organisation that embraces the skills, knowledge and unique abilities of our employees who interact with thousands of suppliers and partners all over the world.

Our Sustainability foundations reflect our abiding commitment to people: our staff, patients, suppliers and wider stakeholders. Our targets reflect our commitment to workplace diversity and inclusion, health and safety and employee engagement.

Key

- Target exceeded
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- Target not achieved, some progress

Sustainability foundations

Goals	Target progress	Progress highlights
Increase female representation at Global Career Level F and above from 42% (2015) to 42.5% by 2016		We exceeded this target, reaching 43.2% Our target for women in senior roles by end of 2017 is 43.5%
Increase representation of employees from Emerging Markets and Japan in roles that report to our Senior Executive Team to at least 16% by 2016		Representation was 14.5% at the end of 2016
75% reduction in total injury rate by 2025 from 2015 baseline		Total injury rate of 1.45 in 2016, exceeding our annual target of 1.64
Reduce injury rate to 1.64 in 2016, against the 2015 baseline of 1.73 (reportable injuries per million hours worked)		
55% reduction in collisions per million kilometres driven by 2025		3.62 collisions per million kilometres driven in 2016, exceeding our annual target of 4.00
Reduce the collision rate to 4.00 in 2016, against the baseline of 4.13 in 2015 (collisions per million kilometres driven)		
Develop a health and wellbeing framework for launch in 2017		Framework development on track for 2017 launch
80% of sites/marketing companies have all four Essential Health Activities ³ by 2025		
Achieve target (83%) employee survey score in 2016 for AstraZeneca as a great place to work		The outcome of our December 2016 Pulse survey was 74% ⁴
Improve employee perception of the opportunities for personal development and growth in AstraZeneca to 77% in 2016		The outcome of our December 2016 Pulse survey was 73% ⁴
Deliver further organisational simplification (target, relevant Pulse survey score to be over 62%) by 2016		The outcome of our December 2016 Pulse survey was 59% ⁴
All employees have a development plan in place by end Q3 (target 95%) by 2016		The outcome in December 2016 was that 93% of employees had a development plan in place
All employees to have had at least one quality development discussion with their line manager by the end of Q3 (the target was over 85%) by 2016		The outcome of our December 2016 Pulse survey was 82%

³ Healthy eating and drinking, tobacco cessation, physical fitness, workplace pressure management.

⁴ The decline in scores in our most recent employee survey reflects the impact of reshaping the business. We are focused on improving performance in those areas identified as important drivers of employee engagement, such as people development and line manager communication.

Our global contribution

Launched in September 2015, the United Nations 2030 Agenda for Sustainable Development is a global action plan for people, planet and prosperity. As a healthcare company, we have an important role in contributing to delivery of the UN Sustainable Development Goals (SDGs).

Here are just a few examples of how we are contributing to the UN SDGs. As we move forward with our strategy we will look to deepen our alignment and commitment to the SDGs.

Supporting local healthcare systems in Africa



Providing medicines is beneficial, but setting up long-term health systems brings benefits for generations. Our flagship programme, Healthy Heart Africa, aims to reach 10 million hypertensive patients across Africa by 2025. Since 2014, we have conducted over 2.7 million hypertension screenings, activated over 400 health facilities and trained over 3,000 healthcare workers across 31 counties in Kenya. In 2016, we signed a memorandum of understanding with the Federal Ministry of Health in Ethiopia to expand the programme into Ethiopian healthcare systems and facilities.

Committed to sourcing 100% renewable electricity



Climate change threatens to undermine the last half-century’s advances in global health. But, actions to mitigate and adapt to climate change also have direct and indirect health benefits, meaning tackling climate change represents one of the greatest opportunities to improve global health this century⁵. To reduce our climate impacts, we have committed to source 100% renewable power globally by 2025. Our sourcing of certified zero carbon power from renewable sources quadrupled to 445,000 Megawatt hours (MWh) in 2016 (58% of our global imported power), putting us on track to achieve our 2025 ambition.

Tackling HIV/AIDS and hypertension with PEPFAR



Remarkable progress has been made through the global response to HIV/AIDS in recent years, but innovative approaches are still needed to better identify and serve harder to reach groups. In September 2016, we announced a \$10 million five-year global public-private partnership with the US President’s Emergency Plan for AIDS Relief (PEPFAR) that will expand access to vital HIV/AIDS and hypertension services. The initiative will offer testing and treatment in an integrated manner, beginning with communities in Kenya.



⁵ Lancet Report on Climate Change and Health, 2015. <https://climatehealthcommission.org/resources>

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We aim to lead our industry in demonstrating ethical business practices and high levels of integrity in everything we do.”

Tackling the global risks of pharmaceuticals in the environment (PIE)



Societal concerns about the impacts of PIE are only likely to continue as patient access to medicines and the global population increase. As a responsible innovator, we need to understand the environmental risks of our products and we have committed to provide scientific leadership on PIE. We are part of a €10 million research project called Intelligent Assessment of Pharmaceuticals in the Environment (iPIE) that is developing screening tools to identify environmental risks of medicines. We are also investigating the impacts in markets with less developed wastewater treatment infrastructure and different water use and reuse patterns, particularly in low and middle-income countries⁶.

Organ on a chip: the direction of future travel



We rely on animal studies to create new and improved medicines, as some animal studies are required before regulators will approve a new medicine for clinical trials. Our scientists are constantly looking to find better, more accurate models that can reduce our reliance on animal studies. Organ on a chip could be the most exciting scientific advance that might one day eliminate the need for many animal studies altogether. Developed in collaboration with the Wyss Institute at Harvard University, it is the closest we have come to perfectly replicating the biological functioning of a human organ outside the human body, and being able to use the model as a test subject. This will enable us to test new discoveries in a way that would provide us with scientifically relevant results and help us better understand how a medicine might ultimately impact patients.

Managing water risk in water-stressed places



Forty per cent of the world's population currently lives in water-stressed river basins⁷ and an estimated 663 million people lack improved drinking water sources⁸. We recognise the need to ensure water sources are used responsibly and equitably. In 2016, we were included on CDP's Water A List – placing us among the leading 25 companies in the world for water stewardship. We have developed a robust methodology for assessing water risk at our sites, which has enabled us to broaden our understanding and identify priorities for investment. In 2016, all major sites completed Water Conservation Plans and we are now developing strategies to ensure all sites in water-stressed areas take extra steps to manage the risks.



Helping suppliers meet our ethical standards

As a global company, we have an extraordinary amount of power and influence when it comes to buying in products and services. It is our responsibility to spend our money in a way that benefits wider business and society. A transparent and responsible supply chain is key. Our regions manage their own supplier engagement programmes to reflect geographical risk areas. For example in Algeria, our organisation has been working with a local supplier who had a number of gaps in areas such as human resources, quality systems and anti-corruption. We provided subject matter expertise, documents and access to our experts who could coach the supplier's management team. Using this support and knowledge, the supplier has been able to rectify the gaps and raise awareness of responsible business practices within their organisation.



⁶ Lees et al, 2016. Pharmaceuticals in soils of lower income countries: Physico-chemical fate and risks from wastewater irrigation. Environment International. 94: 712–723.

⁷ OECD, 2015. Principles on Water Governance. Available at: www.oecd.org/regional-policy/OECD-Principles-on-Water-Governance-brochure.pdf

⁸ WHO/UNICEF, 2015. Progress on sanitation and drinking water, 2015 Update and MDG Assessment http://files.unicef.org/publications/files/Progress_on_Sanitation_and_Drinking_Water_2015_Update_.pdf