

**Ethical business
practices**

Our approach

Compliance

Working with
suppliers

Ethical business practices

We want to be valued for the medicines we provide and trusted for the way we work. That means leading our industry in demonstrating ethical business practices and high levels of integrity in everything we do. It is why human rights, safety and health, environmental protection, preventing bribery and corruption, and business ethics are core to AstraZeneca's approach to sustainability.

2015 highlights



100%

of employees completed our
Code of Conduct training



100

sector-best score for Codes of
Business Conduct category in
the Dow Jones Sustainability Index



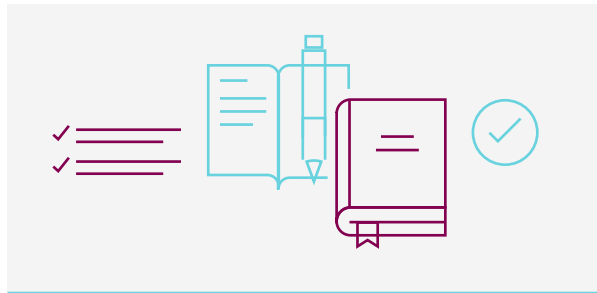
13,845

active supplier assessments completed using
our third-party due diligence process

Our approach

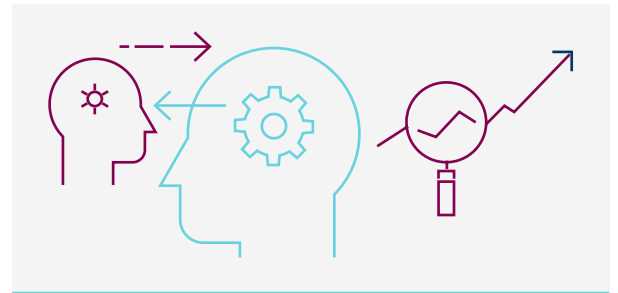
Our [Code of Conduct](#) sets out the commitments and ethical standards we expect of everyone who works at AstraZeneca. It provides high-level guidance on how these commitments and standards are to be translated into consistent actions worldwide. The Code is supported by a wide range of global policies, including our global policy on [Ethical Interactions & Anti-Bribery/Anti-Corruption](#). In addition, our Global Standard Expectations of Third Parties sets out the ethical standards expected of third parties who work for, or on, AstraZeneca's behalf.

We focus on two key areas to drive our ethical business practices:



Compliance

Driving and embedding a culture of ethics and integrity throughout the organisation.



Working with suppliers

Only working with third parties that embrace standards of ethical behaviour that are consistent with our own.

What we have achieved

Our aims	Goals	Progress highlights	Target progress
Ensure ethical business practices and integrity underpin everything we do	All employees to be trained on our Code of Conduct by the end of 2015	100% of employees trained	
	Communicate clear policies to employees	Updated our Ethical Interactions & Anti-Bribery/Anti-Corruption Policy to provide greater clarity and simplicity for the business	
	Ensure employees and other stakeholders can raise concerns and that they are properly addressed	326 reports of alleged compliance breaches or other ethical concerns made through the Code of Conduct helpline in 2015	
	Meet high ethical standards across all our procurement activities and decisions worldwide	Conducted 61 supplier audits in 2015	

Key

Target exceeded



Full target achieved



Ongoing progress



Target not achieved, some progress



Compliance

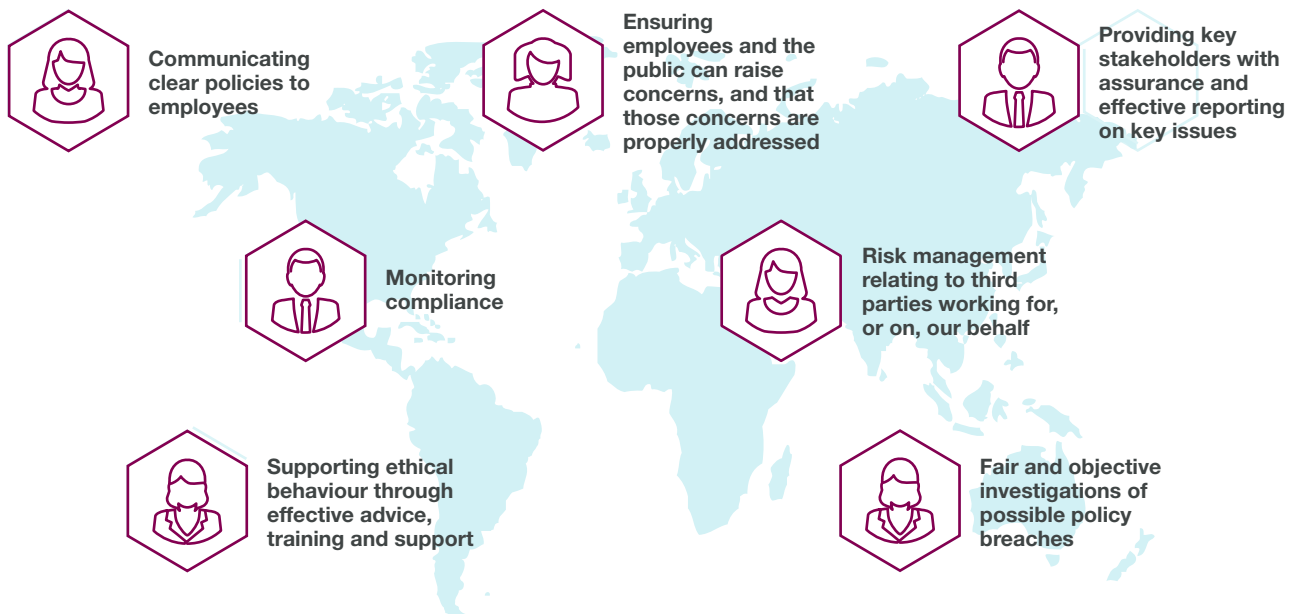
We expect everyone at AstraZeneca to observe the highest standards of integrity and honesty, and to act with care, diligence and fairness in all they do. We are committed to delivering consistently high standards of sales and marketing practices worldwide, and we only work with those third parties who embrace high standards of ethical behaviour that are consistent with our own.

Building a culture of compliance

Our Global Compliance function exists to drive and embed a culture of ethics and integrity throughout our organisation. We require all our employees to take personal accountability for their actions and to demonstrate individual behaviour that is in line with our

values. That means engaging them and supporting them to ensure they understand and follow our standards, and feel comfortable asking questions or reporting incidents of non-compliance.

We focus our efforts on:



Global Compliance also works closely with Internal Audit Services (IAS) to provide assurance reporting to the Audit Committee.

Mandatory ethics training for all

Our Code of Conduct – which is translated into 40 languages – states our core commitments and the high ethical standards expected of everyone at AstraZeneca. Our [Ethical Interactions & Anti-Bribery/Anti-Corruption Policy](#) reinforces our zero tolerance for bribery and corruption, and also focuses on the appropriate promotion of our products.

Every new starter receives mandatory training on the Code of Conduct. We then require all employees to complete an annual course covering the Code of Conduct and [Ethical Interactions & Anti-Bribery/Anti-Corruption Policy](#).

Simplifying compliance

We want to make it as easy as possible for our employees to do the right thing. That is why simplifying our organisation and processes is central to our commitment to being a great place to work. Our aim is to be an industry leader in our approach to global policies, training and communications.

In 2015, we updated our [Ethical Interactions & Anti-Bribery/Anti-Corruption Policy](#) to provide greater clarity and simplicity for the business. The improved policy moves towards a more principles-based approach and uses more straightforward language that is easier to understand. We base our training on real-life scenarios, tailored to specific business units and roles to help put these principles into practice.

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Reporting breaches and concerns

AstraZeneca's Code of Conduct requires employees to report any concern they may have about a possible breach of the Code or its supporting policies. Employees are advised to consult with their line manager or their Human Resources, Legal or Compliance Departments. The Code provides additional contact channels for AstraZeneca's Helpline, which includes the AZethics telephone lines, the AZethics website, and email and postal addresses for the Global Compliance Department. These channels are also available to the general public for reporting concerns. Our online global reporting system is available in 40 languages and we make it clear that anyone who raises a possible breach in good faith is fully supported by management and will not be subject to retaliation. The fact that the majority of cases come to our attention either through the line management route or self-reporting can be seen as a good indication that employees feel comfortable raising concerns, as recommended in the Code and reinforced in the annual Code of Conduct training.

In 2015, 326 reports of alleged compliance breaches or other ethical concerns were made through the helpline, including reports made by any other anonymous route that could be considered whistle-blowing (2014: 247 reports). We take all alleged compliance breaches and concerns extremely seriously, and investigate them and report the outcome of such investigations to the Audit Committee, as appropriate.

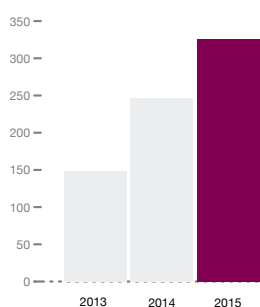
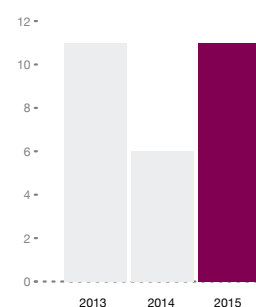
Sales and marketing practices

It is very important to our long-term success that the public has confidence in our sales and marketing practices. Our global policy on [Ethical Interactions & Anti-Bribery/Anti-Corruption Policy](#) sets out what we require of all employees to meet our commitment to operate ethically and with integrity – including our zero tolerance position on bribery and corruption. It includes guidance on appropriate product promotion to ensure we provide healthcare professionals with evidence-based, reliable information about our medicines in the best interests of patient care.

We have a network of nominated signatories who review our promotional materials against applicable requirements. IAS audit professionals also conduct compliance audits on selected marketing companies and third parties.

When we work with suppliers, distributors and partners on the sales and marketing of our products, we do appropriate risk assessments and due diligence to ensure we are using reputable third parties. We also actively engage with these organisations and maintain continued oversight of their activities to make sure that they are operating to standards of ethical practice that are consistent with our own.

We identified 11 confirmed breaches of external sales and marketing regulations or codes in 2015.

Reports of alleged compliance breaches via the Helpline**Confirmed breaches of external sales and marketing regulations or codes**

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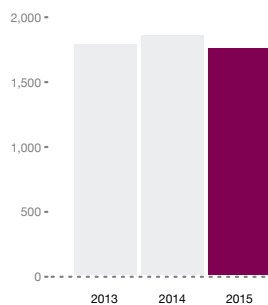
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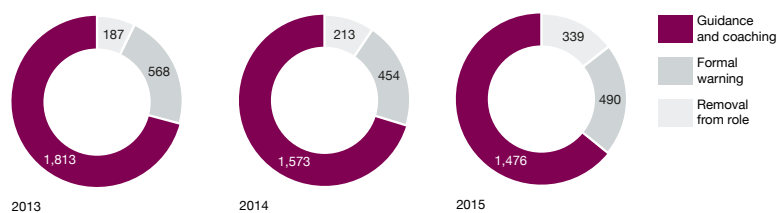
There were 1,749 instances, most of them minor, of non-compliance with our Code of Conduct, global policies or related control standards in our Commercial Regions, including instances by AstraZeneca employees, as well as by contract staff and other third parties. We removed 339 individuals from their roles as a result of these breaches (a single breach may involve more than one person). We also formally warned 490 others and provided further guidance or coaching on our policies to 1,476 more. These figures include AstraZeneca employees, as well as contractors and other third parties. The most serious breaches were raised with the Audit Committee.

We continue to focus on management oversight, and strengthening employee awareness and adoption of our ethical standards into their daily work. Selection and oversight of third party engagements to ensure our third parties continue to operate with high ethical standards of sales and marketing practice consistent with our own are also ongoing priorities.

Instances of non-compliance with Code of Conduct, global policies or related standards in our Commercial Regions (including contract staff and other third parties)



Corrective actions taken in our Commercial Regions



Working with suppliers

Building a responsible supply chain

Our future success depends on building and maintaining a strong and sustainable supply chain that supports our research and development of new medicines, and upholds our high ethical standards. Monitoring and improving performance across the suppliers we use around the world protects our business and, more importantly, the patients who use our medicines.

We are committed to meeting high ethical standards across all our procurement activities and decisions worldwide. We expect our third parties to meet these strict standards, as set out in our [Global Standard Expectations of Third Parties](#). Our Global Standard incorporates our Code of Conduct and key international standards, such as those published by the International Labour Organization (ILO).

Every employee who sources goods and services on behalf of AstraZeneca is expected to follow responsible business processes, which are embedded into our procurement procedures. All our procurement professionals receive detailed training on responsible procurement.

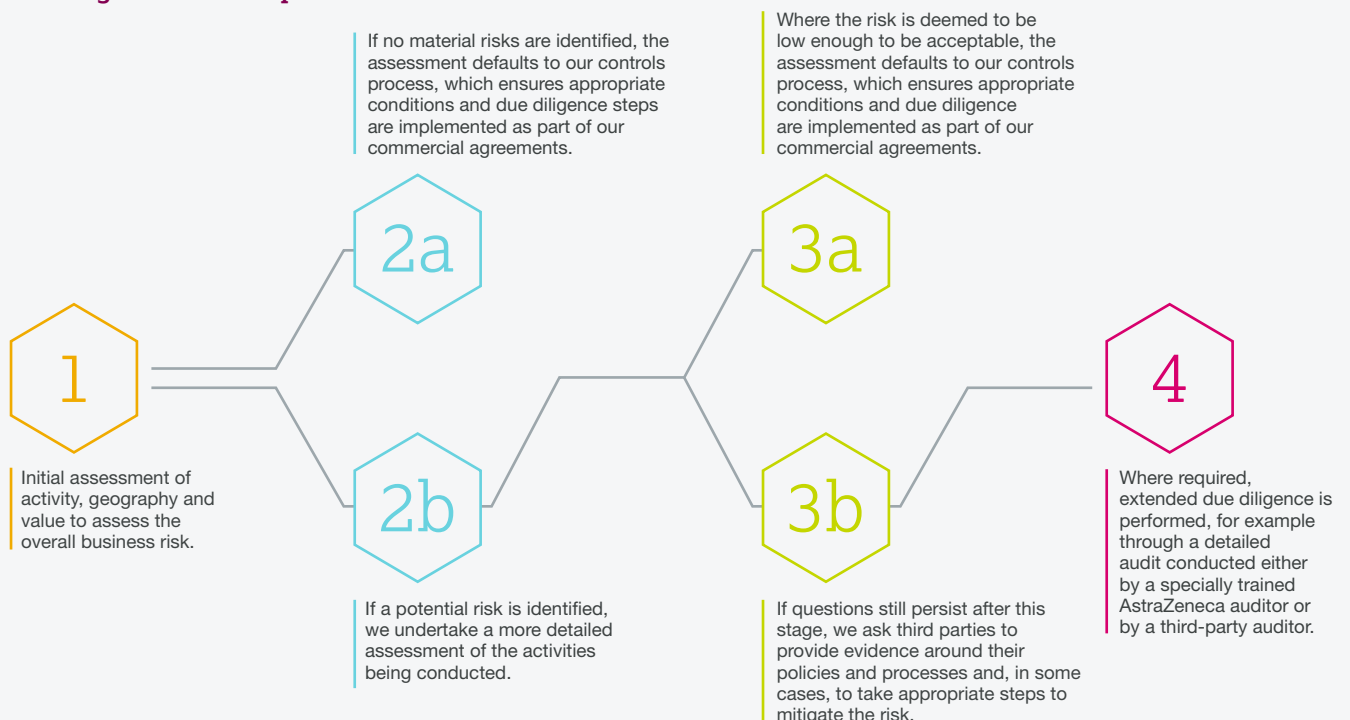
In 2015, we focused on increasing our coverage of third-party activities, providing greater senior leader insight and ensuring quality and depth of compliance assessments.

Our approach to supplier risk management

Our Procurement organisation works to assess and monitor risks within our global supply chain, including suppliers, downstream supply chain partners and local business development partners.

We apply a globally consistent approach to assessing risk, which allows us to focus our efforts on high-risk relationships, and to ensure suppliers understand and are able to meet our expectations.

Our four-stage assessment process



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A collaborative approach

We support our suppliers to address risks and implement the improvements we require. Most cases have a positive outcome but, when a supplier is unable to meet our expectations in a timely way, we exit the relationship. In 2015, 65 potential suppliers failed to meet our required standards and we discontinued the relationship.

Our regions develop and implement their own supplier engagement programmes to reflect geographical risk areas and gaps in third-party understanding. For example, in Turkey our procurement specialists work with suppliers to identify risk and to adapt AstraZeneca policies to mitigate specific risks. Higher-risk suppliers undergo a comprehensive training programme. In 2015, 204 completed this training. Around 150 suppliers also worked with us to adapt their policies to mitigate specific risks, while the remainder already had appropriate policies in place.

Complying with the Modern Slavery Act

The Modern Slavery Act will be in force in the UK from April 2016. We will fully comply with the Act, which supports those subjected to human trafficking and slavery, and will seek to ensure that the Act is complied with along the entire length of our supply chain. We will report on our progress in this area in 2017.

In 2015:



61

supplier audits
were conducted



35%

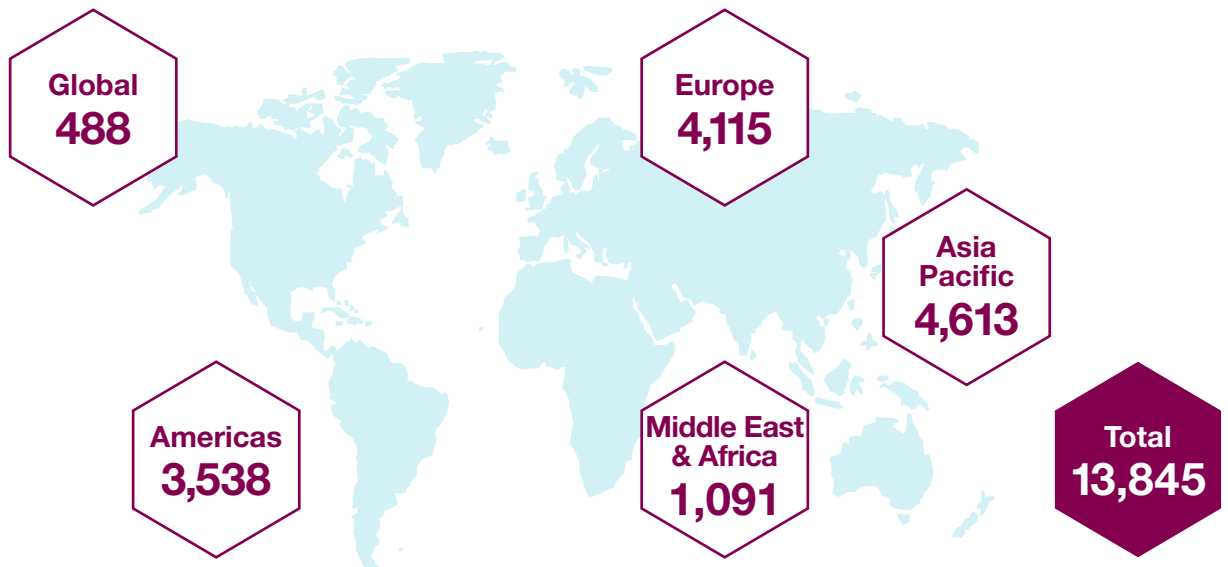
of these suppliers met
our expectations



and the remaining

65%

are developing and implementing
action plans to ensure they meet
our expectations

2015 assessments by region**Encouraging supplier diversity**

In recent years, our strategy to become more science-led and innovative has driven a shift towards smaller companies who tend to be more flexible, responsive and creative. We value this diversity in our supply chain. While all our suppliers must meet the same global quality and ethical standards, our supplier diversity programme helps small businesses understand our requirements and strengthens their ability to win work with us.

**Fair and fast payments to suppliers**

AstraZeneca operates to a principle of paying suppliers on time and is a signatory of the Prompt Payment Code.

In order to ensure we are able to pay suppliers on time, we have certain requirements in relation to invoice submission:

- All invoices should clearly state the purchase order (PO) number received from AstraZeneca, and the currency of the invoice must be the same as that specified on the PO. If not, the invoice will be sent back to the supplier for correction.
- Our standard payment terms operate from the invoice receipt date (the date we receive the invoice). Where constrained by legal requirements within countries, the payment term will be aligned to meet those requirements. Full details of our payment terms can be found at www.astrazeneca.com/terms-and-conditions.
- All invoices should be submitted electronically unless constrained by country requirements or facilities.
- The invoice should be addressed to the correct company entity and clearly state a unique invoice number.

Invoice submission**1. Ariba Network invoices**

Suppliers who are set up on the Ariba Network (AN) should submit their invoices through this system. Once submitted via AN, they should not be submitted by any other means (e.g. emailing copies in) unless requested.

2. Invoices via email (electronic)

PDF copies should be sent to the correct email account for the country, i.e. for the UK only, this is p2pinvoice@astrazeneca.com.

3. Legal requirements for paper invoices

Where paper invoices are required, the necessary helpdesk should be contacted for details on invoice submission.

Questions/support

- All questions should be addressed to the Finance Direct Helpdesk for the relevant country:
 - For the UK: FinanceDirect.English@astrazeneca.com
+44 1625 231406/Mon–Fri 8am–4pm
 - For the US: Helpdesk.USPTP@astrazeneca.com
+1 800 773 7119/Mon–Fri 8am–5pm EST.