We are dedicated to building an inclusive, open and trusting organisation that embraces the skills, knowledge and unique ability of our employees. We are also committed to respecting and embedding international human rights in our operations and our sphere of influence.

2014 highlights

- Named Best Place to Work for LGBT Equality by the Human Rights Campaign Foundation.
- 85% Employee engagement increased to 85 percent.
- 40.5% of senior managers are women.

Our approach

To achieve our strategic priorities, one of which is to be a great place to work, we need to acquire, retain and develop a talented workforce committed to the pursuit of our purpose and values.

We have a global workforce of around 57,500 people in more than 100 countries and we value the talents, skills and capabilities that our people bring to our business. Our vision of a great place to work is one in which all our employees are engaged and inspired by a clear shared purpose and a compelling strategy; where they are encouraged to perform and develop to their full potential; and where they are supported by the right organisation design, culture, IT and processes.

Building a culture that is science-led and patient-focused, agile and high performing, is vital to the attainment of our strategic goals. Following a review of our values and purpose in 2013, our work in 2014 has focused on embedding those values and their associated behaviours into HR processes, such as performance and talent management and recruitment.

Understanding the different needs and perspectives of our stakeholders is also central to how we do business and, ultimately, how we create medicines that society values. So it is vital that the diversity of the communities we serve is reflected in our workforce and our leadership teams, locally and globally.

Our commitment to embedding international human rights in our operations and our sphere of influence is reinforced in our Global Code of Conduct, which employees individually commit to annually. We support the principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organization’s standards and we are also signatories to the United Nations Global Compact Principles on Human Rights.
Acquiring, retaining and maximising talent

During 2014, we hired 9,900 permanent employees to help us achieve our strategic priorities. We also continue to invest in internships and recruitment opportunities globally.

For example, we run a global programme to hire recent graduates for our procurement, quality, engineering, IT and supply chain functions. We also have a graduate programme for iMED (Innovative Medicines and Early Development), which complements our established iMED Post-Doctorate Programme for researcher recruitment.

To maximise our talent, we develop our future leaders from within and hire judiciously from the outside. In each case, we greatly value these individuals and their skills and support them to reach their full potential. We understand the critical role that good leadership plays in stimulating high levels of performance and engagement. Various leadership programmes, both online and instructor-led, help our employees build the right capabilities and culture to deliver our strategy.

In 2014, we introduced the Situation Task Action Result programme. It focuses on developing enterprise leadership within our early talent and provides an opportunity to study AstraZeneca cases and interact with senior leaders. We offered the programme six times in 2014. We also ran a customised leadership programme for our top 150 leaders with Harvard Business School and a programme for senior leaders with the Massachusetts Institute of Technology. Both programmes aim to support the development of enterprise leaders who enable others to live our Values and Behaviours and foster an environment of openness, inclusivity and innovation.

Training and development

We encourage and support our people in achieving their full potential by providing a range of learning and development (L&D) programmes designed to build the capabilities and encourage the values and behaviours needed to deliver our business strategy. We have a global approach, supported by our global talent and development organisation, to ensure high standards of L&D practice across the organisation.

Performance management

We continue to focus on performance. By setting high-quality objectives aligned to our strategy and performing coaching and feedback analysis, we are able to track performance at every level. This includes managers’ accountability for working with their people to develop individual and team performance targets. It also involves fostering an understanding of each person’s contribution to our overall business objectives. Our focus on performance is also demonstrated through our performance-related bonus and incentive plans, and encouragement of participation in various employee share plans.
Employee engagement

We engage with our employees using a wide variety of means and believe in maintaining open lines of communication. We use a variety of global leadership communication channels and local leaders and managers hold regular meetings with their teams.

We also use the intranet, video conferencing and social media tools to encourage dialogue. Feedback mechanisms are built into our internal communications programmes.

Managing change

In 2014, the number of AstraZeneca employees increased from approximately 51,500 in 2013 to 57,500. The majority of external hires were recruited into emerging markets. Others successfully transitioned from BMS and Almirall to support our diabetes and respiratory franchises. We also restructured our business in other areas to increase efficiencies.

In 2013, we announced plans to invest in three strategic R&D centres, which affected employees in the US and the UK. The most significant part of the plan will be the relocation of our UK-based global research and development centre and corporate headquarters to a new, purpose-built facility at the Cambridge Biomedical Campus. The 2,000-person site, which will be ready at the end of 2016, will house the majority of the staff currently located in three existing UK sites (Alderley Park, Cheshire, Kingdom Street, London and Granta Park, Cambridge). We encouraged and supported employees to relocate and have made good progress.

Case study

Relocation of our UK headquarters

Almost 600 AstraZeneca new employees are based on our Cambridge, UK site; of these employees, approximately half relocated from other sites, such as those in London and Alderley Park. This first wave of relocations was designed to help cement the important relationships we are building with leading research, academic and healthcare organisations based in and around the city.

Over the next three years, we expect to hire approximately 900 new employees to occupy our new site in Cambridge. We are using interim infrastructure in and around Cambridge during the transitional phase. For employees who do not accept offers to relocate to Cambridge, UK, we provide career and outplacement support. Similar relocation initiatives are underway elsewhere in our organisation, including in the US where almost 300 employees have accepted offers to relocate to Gaithersburg, Maryland.
Improving engagement
We held a global employee census survey (FOCUS) in 2014, as well as two brief ‘pulse’ surveys across a sample of the organisation.

The results from FOCUS, which was conducted in 29 languages and achieved an 89 percent response rate, showed significant improvement in employee engagement. Employee engagement increased to 85 percent in 2014. This is an increase of eight percentage points compared to FOCUS 2012, and only one percentage point behind the global norm for high-performing companies.

The survey also showed improvements across all categories for which we had a point of comparison for 2012, including understanding and belief in our direction and priorities. The score for recommending AstraZeneca as a great place to work was 82 percent.

Although the results showed significant improvement in employee engagement, we identified two specific areas for improvement. One relates to further simplifying the business and eliminating obstacles to efficiency. The second relates to developing our people, where the survey results showed that employee belief in the existence of opportunities for career development and personal growth is two percentage points below the high-performing benchmark.

Voluntary employee turnover
In 2014, voluntary employee turnover increased marginally to 8.7 percent from 8.1 percent in 2013. Our voluntary employee turnover rate among our high performers in 2014 also increased to 6.8 percent. We seek to reduce regretted turnover through high-level reviews of resignations, risk assessments and retention plans.

Voluntary employee turnover

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.3%</td>
<td>8.1%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

Sales and marketing workforce composition
The composition of our global workforce continues to change, to reflect our focus on emerging markets. Fifty two percent of our global sales and marketing people now work in emerging markets.

Sales and marketing workforce composition

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerging markets</td>
<td>48%</td>
<td>53%</td>
<td>52.1%</td>
</tr>
<tr>
<td>Established markets</td>
<td>52%</td>
<td>47%</td>
<td>47.9%</td>
</tr>
</tbody>
</table>
Be a great place to work

Human rights

In order to identify the most material human rights issues for our business, we use an amended version of the Human Rights Assessment survey for Pharmaceutical Companies designed by the Danish Institute for Human Rights.

The survey allows us to measure, in a repeatable way, the most material human rights issues for our business, which are: freedom of association; collective bargaining; child labour; discrimination; working hours and wages. Using this insight we have concluded that AstraZeneca is in a very positive place in the majority of countries. Where gaps to standards are identified, local country people plans are developed to close the gaps.

Human rights commitments are referenced in our Global People Policy but we recognise the need to take account of the different legal infrastructures and local practice, so this policy is underpinned by a set of global standards that cover a wide range of employee issues, from attendance to flexible working and performance improvement.

Recognising freedom of association

All AstraZeneca employees have the right to be a member of a trade union. We have agreements with trade unions in more than 46 percent of the countries we operate in, covering approximately 64 percent of the workforce of AstraZeneca, where collective bargaining is customary practice, is within a country’s legal framework and is supported by employees. Where trade unions do not exist, countries establish alternative arrangements to ensure participation, consultation, information and communication relevant to the size of the workforce.

The living wage

Both the United Nations Universal Declaration of Human Rights and the ILO constitution recognise the need for workers to earn a living wage. Definitions of a living wage vary, but it is generally accepted to mean the wage that can meet a person’s basic needs to maintain a safe, decent standard of living within the community.

In our 2014 Human Rights Employee Practices Review, we included a number of questions in order to develop a global position on the living wage. The findings from 106 countries revealed that:

100% of AstraZeneca countries believe their compensation package meets all the needs that are defined as constituting a living wage by the ILO.

65% of AstraZeneca countries have a local legal or recognised definition of the living wage and in every case AstraZeneca rates of pay are better than the recognised standard.

We are confident that our global generous reward policies serve our commitment to human rights and enable our ability to recruit and retain the best talent.
Diversity and inclusion

To foster innovation, we seek to harness various perspectives, talents and ideas and to ensure that our employees reflect the diversity of our communities. As we continue to reshape our organisation and its geographic footprint, we embed inclusion into our strategies.

An inclusive culture where diverse talents can flourish is also critical to attracting and retaining the best people in the right places to take our business forward. Our Insight Exchange programme helps foster diversity and inclusion, and strengthens our pool of emerging talent. This programme, which is now in its third year, pairs employees from various locations, levels and functional areas, to work together for one year to facilitate reflection and learning from diverse perspectives, viewpoints and experiences. In 2014, we launched a cohort of 60 new pairs.

Championing diversity

Our progress to improve diversity and inclusion is reflected in the Diversity & Inclusion index. This index showed an improvement of three percentage points compared with the last comparable survey in 2012 and, at 80 percent favourable, is three percentage points above the global benchmark.

In 2014, the National Association for Female Executives ranked us in the top 10 of its 50 leading companies for the sixth consecutive year and the Human Rights Campaign Foundation named us as a ‘Best Place to Work for LGBT Equality’. We were also featured among *Working Mother* magazine’s ‘100 Best Companies’.

Increasing female representation

Our 2015 target is to improve female representation:

- At Global Career Level F and above (the highest six bands of our employee population) from 38 percent (2010) to 41 percent (2015)
- In the global talent pool from 33 percent (2010) to 38 percent (2015).

Women comprise 49.9 percent of our global workforce. There are currently four women on our Board (31 percent) and, below Board level, women comprise 40.5 percent of managers at Global Career Level F and above. Female representation in the global talent pool remains at 37 percent.

<table>
<thead>
<tr>
<th>Gender diversity</th>
<th>Number</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors of the company</td>
<td>13</td>
<td>69.2%</td>
<td>30.8%</td>
</tr>
<tr>
<td>SET*</td>
<td>13</td>
<td>76.9%</td>
<td>23.1%</td>
</tr>
<tr>
<td>Directors of the company’s subsidiaries*</td>
<td>332</td>
<td>73.5%</td>
<td>26.5%</td>
</tr>
<tr>
<td>AstraZeneca employees</td>
<td>57,473</td>
<td>50.1%</td>
<td>49.9%</td>
</tr>
</tbody>
</table>

*For the purposes of section 414B(8)(j) of the Companies Act 2006, ‘Senior Managers’ are the SET, the Directors of all the subsidiaries of the company and other individuals holding named positions within those subsidiaries.