

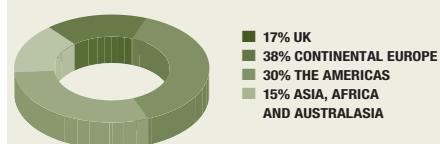
More about our commitment to safety and health and the environment is set out on pages 36 and 75 respectively. In addition, further information about our approach to and detailed statistics about our SHE performance can be found on our website, astrazeneca.com.

Planning for the future

Benchmarking our supply chain performance against our industry peers shows that, in terms of supply chain efficiency, we perform very strongly. We are committed to building upon the significant progress already achieved through the changes to our supply system, the embedding of lean and efficient processes and the improved focus on the customer. In 2008, we plan to focus on four areas of activity that will drive further improvement: continuing to review asset utilisation and potential outsourcing opportunities; driving programmes to support operational excellence; integrating assets and services in distribution; and further integrating all elements of the supply chain to drive competitive advantage. These activities will be underpinned by the development and implementation of an information strategy that best enables the delivery of supply chain excellence, coupled with the development of a culture that will deliver sustainable long-term growth.

PEOPLE

EMPLOYEES BY GEOGRAPHICAL LOCATION



We employ over 67,000 people worldwide, with the majority of our employees, in broad terms, located in the UK (11,800 employees), Continental Europe (25,600 employees) and the Americas (20,200 employees). Of these, approximately 3,000 employees are part of MedImmune.

We value the diversity of skills and abilities that a global workforce brings to our business, and within our performance-led culture we focus on linking the strategic and operational needs of the business with the skills and talent of all our people worldwide. This means giving our employees the support they need to develop their full potential and providing a working environment in which they thrive and are clear about their individual objectives and how these align to the Company strategy. Optimising individual and team performance,

effectively managing and developing all our talent, communicating and fostering our core values and improving our leadership capability are core priorities, alongside a commitment to ensuring the safety, health and wellbeing of all our employees worldwide.

Setting clear targets and accountabilities

We have always recognised the importance of good leadership and its critical role in stimulating the high-level of performance and engagement that is essential to our continued success in a changing and increasingly challenging environment.

We know that simply setting high-level performance targets is not enough. Actions must be identified and accountability assigned at the right levels to ensure these actions are implemented. The roles and responsibilities of the AstraZeneca Board and Senior Executive Team (SET) in setting and managing performance against these targets, and also more generally, are described on page 10.

Optimising performance is a priority, and managers are responsible for working with their teams to develop performance targets against which individual and team contributions are measured and rewarded. All of our employees have clear performance targets, developed with their manager, which are appropriate to the individual's job and which support the overall objectives of the business. In line with our commitment to integrating corporate responsibility considerations into everyday business thinking across AstraZeneca, appropriate corporate responsibility objectives are also included in performance objectives at all levels.

This focus on ensuring clarity of business targets is reinforced by performance-related bonus and incentive plans. AstraZeneca also encourages employee share ownership by offering employees the opportunity to participate in various employee share plans, which are described in the Directors' Remuneration Report on page 98 and also in Note 26 to the Financial Statements on page 153.

Learning and development

To help them deliver their best, we encourage and support all our people in developing their capabilities to the full with a range of high quality learning and development (L&D) opportunities. For example, we have a learning management system designed to facilitate the L&D processes, where our people can search and find necessary development opportunities online.

We have global guidelines for our L&D professionals and business leaders that describe a common set of principles for the design and delivery of L&D services and resources across the organisation. These guidelines aim to ensure high standards of best practice are consistently applied in the most efficient way.

Strengthening leadership capabilities

We recently reviewed our leadership development frameworks to see where improvements could be made to further strengthen our ability to manage the challenges of our business environment, now and in the future. We have identified six core capabilities, in relation to which we believe an increased focus will significantly enhance leadership abilities at all levels: passion for customers; strategic thinking; acting decisively; driving performance; working collaboratively; and developing people and the organisation.

Now agreed by the SET, these capabilities are being rolled out through a series of face-to-face workshops across the organisation. They apply to all employees and will be used in performance management, leadership development, talent management, staffing and selection.

We have a range of global training programmes designed to strengthen these leadership capabilities, enhance core management skills and help our leaders develop good working relationships across the organisation. These programmes are complemented by local initiatives, which include functional or country specific aspects of leadership development.

Monitoring and measurement

We continue to work to improve our global reporting processes, building on our long-standing systems for local monitoring of compliance with our Human Resources policy and standards. We have made a major investment in this area and are in the process of implementing a global Human Resources information system that will drive consistent people management practices and information standards worldwide. The system was launched in the UK, Sweden and China during 2006 and during 2007 another 12 countries went live, including the US, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam. This major initiative means we now have consistent, detailed and integrated people information available at a global level covering over 40,000 employees.

OUR RESOURCES, SKILLS AND CAPABILITIES CONTINUED

Human rights

We are fully supportive of the principles set out in the UN Declaration of Human Rights, and our Code of Conduct and supporting policies outline the high standards of employment practice with which everyone in AstraZeneca is expected to comply, both in spirit and letter. These include respecting diversity and, as a minimum, complying with national legal requirements regarding wages and working hours. We also support the International Labour Organisation's standards regarding child labour and minimum age.

Equal opportunities

We believe that every employee should be treated with the same respect and dignity. All judgements about people for the purposes of recruitment, hiring, compensation, development and promotion are made solely on the basis of a person's ability, experience, behaviour, work performance and demonstrated potential. As part of this, we are committed to complying with the provisions of the Disability Discrimination Act 1995, and judgements on recruitment, development and promotion are made solely on ability and potential, taking into account only matters relevant to the performance of the role. We make any reasonable adjustments that are necessary to assist disabled employees to perform their role.

Diversity

Our goal continues to be to ensure that diversity is appropriately supported in our workforce and reflected in our leadership. Talent management, including diversity, is included in our SET objectives and we have a set of minimum standards that support global alignment in the integration of diversity and inclusion into our human resources (HR) processes.

As an indicator, 26% of the 81 senior managers reporting to the SET are women. The change in ratio from 2006 (33% of 79 senior managers) is not a result of a reduced commitment to diversity, but was due to re-organisations within the Company at a senior manager level, which meant that reporting lines were changed in some areas. As a result, some roles are now reporting directly to the SET that did not in 2006, and others are no longer reporting to SET members.

Communication and dialogue

We continue to encourage an open and participative management style at every level. The sharing of information, and providing the opportunities for feedback, is essential to maintaining employee confidence in AstraZeneca, and to the understanding of

employee perceptions. We use a range of communications media, as well as face-to-face meetings, to ensure our people are kept up to date with business developments and are clear about their individual and team roles and targets. Opportunities for giving feedback are integrated into our communication programmes at all levels.

We also use a biennial, global, web-based survey to track levels of employee engagement and identify areas that may require improvement. In 2006, we conducted our fourth such survey as reported last year. During 2007, to ensure that we remain engaged with employee perceptions between global surveys, particularly in the light of the recent business changes, we piloted a snapshot survey of a representative cross-section of employees that aims to provide regular employee feedback for senior management. The pilot survey in June indicated that some good progress is being made in comparable Global Employee Survey areas. 86% of the 3,000 respondents believe that senior leadership provides clear direction for AstraZeneca and individuals have clear personal objectives. However, the Survey showed that we still have work to do in some areas of rewarding performance (35% unfavourable), and ensuring we fully utilise the talents and abilities of our staff (36% unfavourable). Following the success of the pilot, we now aim to conduct these surveys on a regular basis and senior management teams will take account of the feedback from them when assessing progress against functional objectives and planning for the coming year.

Employee relations

The legal frameworks governing employee relations vary from country to country, as does custom and practice. One of our main challenges in this area is to ensure a level of global consistency whilst allowing enough flexibility to support the local markets in building good relations with their workforces that take account of local laws and circumstances. To that end, relations with trade unions are nationally determined and managed locally in line with the applicable legal framework and standards of good practice. Managers throughout AstraZeneca are trained in consultation requirements as well as relevant labour law. Training is done at a local level and we have a range of HR and line manager networks for sharing experience and good practice, and promoting alignment across the organisation. At a global level, we have a Head of Employee Relations who supports national management in ensuring

that their local activities are consistent with our high level principles.

The well-developed arrangements for interactions with trade union and worker councils in the UK and Sweden provided the forum for productive discussion and collaboration in 2007 with regard to the planned workforce reductions. Elsewhere, our processes followed the nationally determined arrangements. As we continue to develop our global platform for managing HR going forward, we are working to ensure that the strength of our local management approaches is not undermined.

European Consultation Committee

Before it became a legal requirement under European law in 1995, both our heritage companies, Astra and Zeneca, had European Consultation Committees (ECCs) in place. Our single AstraZeneca ECC comprises trade union representatives and locally elected employees, and is chaired by a member of the SET. The committee meets once a year and a sub-committee meets quarterly to discuss, among other things, business developments and any potential impact these may have on the workforce.

Managing the impact of business change

Our continuing strategic drive to improve efficiency and effectiveness resulted in the announcement during 2007 of a planned reduction of the workforce in some areas of our business. To ensure that a consistent approach, based on our core values, was and continues to be adopted throughout the programme, specific guidance was provided for the HR teams and line managers throughout the organisation. Our challenge is that there are differences in the legal frameworks and the customary practice in the different geographies which are most affected by the business changes, but the global guidance provided aims to ensure that the same or similar elements are included in local implementation. These include, for example, open communication and consultation with employees, face-to-face meetings, re-deployment support and appropriate financial arrangements. In line with our core values, we expect the people affected to be treated with respect, sensitivity, fairness and integrity at all times.

Promoting a safe, healthy workplace

Providing a safe workplace and promoting the health and wellbeing of all our people remains a core priority for AstraZeneca. As we continue to expand and change our business, we are strengthening and adjusting our commitment to safety, health and

wellbeing, by building on our traditional programmes, which focus on workplace behaviours and attitudes; learning from accidents that do occur; and developing new approaches to managing stress and helping employees understand their personal health risks.

Backed by our Global Safety, Health and Environment (SHE) Policy and Group-wide objectives and associated 2010 improvement targets, we aim to drive continuous improvement in our performance. Our key performance indicator (KPI) for safety, health and wellbeing combines the frequency rates for accidents resulting in fatal and serious injuries and new cases of occupational illness into one KPI, with an overall target of a 50% reduction in the combined rates by 2010, compared with a 2001/2002 reference point. We are continuing to work with MedImmune to effectively align our workplace health and safety programmes at a strategic level. Regardless of the nature or pace of business change, we are committed to ensuring that all AstraZeneca staff work in an environment where health and safety risks are understood and managed responsibly.

Accidents: rates and causes

We regret that during 2007, there were four fatal accidents, three of which were related to driving. In three separate accidents, a sales representative was killed in a collision with another vehicle whilst driving on Company business in Canada, Russia and Austria. Full investigations into the circumstances around these accidents are being carried out. The fourth fatality occurred at our Operations site in Wuxi, China when a maintenance engineer was killed while repairing a goods elevator door. A full investigation was conducted and the learning incorporated into a training package that is now being shared across all our Operations sites and other functions, as appropriate. In addition, two vehicle accidents involving AstraZeneca employees, one in Turkey and the other in the Philippines, sadly resulted in the death of two members of the public. Investigations are ongoing. In addition, a US employee who had been injured in a driving accident during 2005 sadly died as a result of his injuries in 2007.

We work hard to identify the root causes of any serious accident and use a range of investigation procedures to help us avoid repetition. Learning is shared with management and staff, and our conclusions about underlying causes are used to improve our SHE management systems.

The frequency rate for accidents resulting in fatal and serious injury for AstraZeneca employees increased in 2007 (2.65 per million hours) when compared to 2006 (2.37). While it is difficult to assign a specific cause for this frequency rate increase, we are, through communication, training, and other initiatives designed to reinforce personal commitment to SHE, working hard to ensure improvement in this area during 2008 and beyond.

The overall lack of improvement in our driver safety record, despite our recent efforts, is a major concern for us. The risks associated with driving cannot be eliminated entirely, but they can be actively managed and minimised. Good driving practice and the creation of a safe driving culture are the most effective ways of reducing the risk of accidents, and we are determined to further strengthen our effort in these areas.

During 2007, we began the development of an international framework for the consistent management of driver safety. The framework, which is planned for launch in early 2008, reinforces the need, and provides the structure for strengthening our commitment in this priority area, whilst still allowing for local interpretation that takes account of the various driving environments (we have some 22,000 drivers in 63 countries around the world). The framework complements and strengthens our ongoing efforts to actively raise the profile of driver safety, particularly among our sales teams – by far the largest group that drive on AstraZeneca business.

Health and wellbeing

We continue to make significant investment in providing a wide range of health and wellbeing improvement programmes throughout the Group, focused on encouraging and empowering employees to take personal responsibility. Programmes vary according to health risk profile, function and culture, and include general health initiatives aimed at increasing exercise levels, reducing smoking, improving nutrition and managing stress. We also encourage and support a healthy work/life balance, including flexible working opportunities.

In our ongoing efforts to tackle work-related stress, currently our greatest single cause of occupational illness, we are adopting an increasingly proactive, risk-based approach, using wellbeing risk assessment tools to identify high risk areas and target interventions more effectively. Other areas of focus include the promotion of good ergonomic practices and industrial hygiene.

We also have plans in place to deal with the potential threat of pandemic flu, including the provision of anti-virals for employees based in areas where adequate supplies may not be available through national treatment regimes.

MAIN FACILITIES

We own and operate numerous manufacturing, marketing and R&D facilities worldwide. Our corporate headquarters are in London, UK and we have a significant presence in Sweden and the US.

Out of a total of 17 principal R&D sites in eight countries, our main small molecule R&D facilities are in the UK (Alderley Park; Macclesfield; and Charnwood); Sweden (Lund; Mölndal; and Södertälje); the US (Boston, Massachusetts and Wilmington, Delaware). Our main R&D sites for discovery research are in Canada (Montreal, Quebec); France (Reims); India (Bangalore); China (Shanghai); and the UK (Arrow Therapeutics' London site). We have a clinical development facility in Osaka, Japan. Our principal R&D sites for biologics and vaccines are in the US (Gaithersburg, Maryland and Mountain View, California) and the UK (Cambridge).

Out of a total of 29 manufacturing sites in 20 countries our principal manufacturing facilities are in the UK (Avlon and Macclesfield); Sweden (Snäckviken and Gartuna, Södertälje); the US (Newark, Delaware and Westborough, Massachusetts); Australia (North Ryde, New South Wales); France (Dunkirk and Reims); Italy (Caponago); Japan (Maihara) and Puerto Rico (Canovanas). Bulk drug production is concentrated in the UK, Sweden and France. Manufacturing operations for biological products take place at facilities in the US (Frederick, Maryland and Philadelphia, Pennsylvania); the UK (Speke); and The Netherlands (Nijmegen).

Substantially all of our properties are held freehold, free of material encumbrances and we believe such properties are fit for their purposes.