

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.