

**External auditor**

A resolution will be proposed at the AGM on 24 April 2008 for the re-appointment of KPMG Audit Plc, London as auditor of the Company.

The external auditor has undertaken various pieces of non-audit work for the Company during 2007. More information about this work and the audit and non-audit fees paid by the Company are set out in Note 29 to the Financial Statements on page 175. The external auditor is not engaged by the Company to carry out any non-audit work on which it might, in the future, be required to express an audit opinion. As explained more fully on page 40, the Audit Committee has established pre-approval policies and procedures for audit and non-audit work permitted to be carried out by the external auditor and has carefully monitored the objectivity and independence of the external auditor throughout 2007.

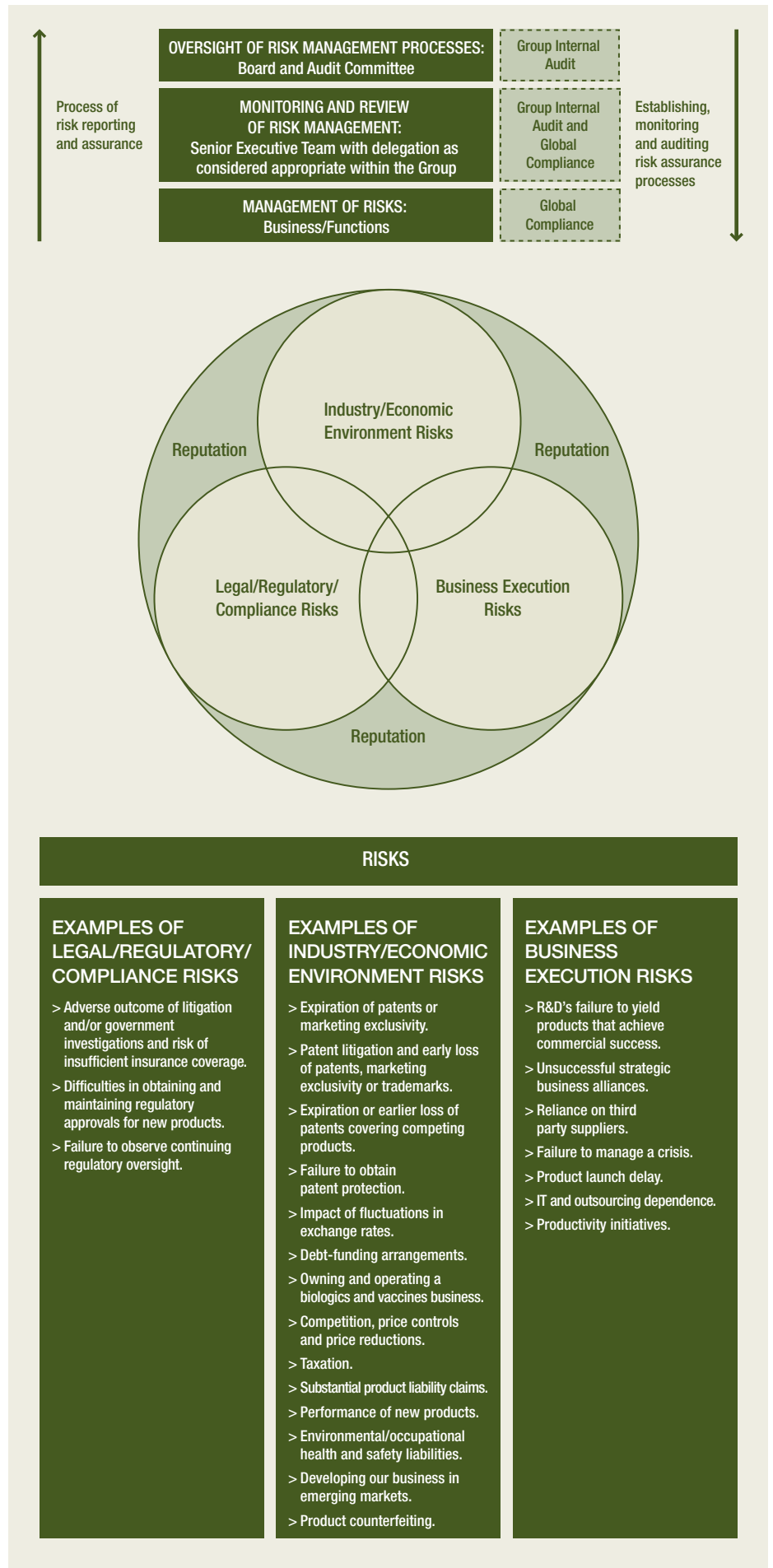
**Bureau Veritas**

Bureau Veritas HS&E Ltd has provided external assurance on corporate responsibility related information within this Annual Report and Form 20-F Information, and of the detailed content of the 'Responsibility' section of AstraZeneca's corporate website. Bureau Veritas has found the information provided within this report as accurate and reliable. The full assurance statement containing detailed scope, methodology, overall opinion and recommendations can be found on AstraZeneca's website, [astrazeneca.com](http://astrazeneca.com); web page content assured by Bureau Veritas is marked at the bottom of each page.

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental Management with a long history in providing independent assurance services, and an annual turnover in 2006 of €1.8 billion.

**MANAGING RISK**

We continue to integrate risk management across all business functions to ensure that managers understand the importance of identifying risks and how they should be managed. We provide a risk management framework that managers can use to recognise, assess and actively manage the challenges in their areas. Set out opposite is a diagrammatical depiction of the principal risks that we face and, in broad terms, the way in which those risks are managed. Further details are provided in the Risk section on page 193.



## CORPORATE GOVERNANCE AND MANAGING RISK CONTINUED

**Risks**

To eliminate duplication of effort and ensure clear accountabilities, we made a number of refinements to our risk management structure during the year. Building on our increasing focus on integrated risk management, the Risk Advisory Group was dissolved and its responsibilities assumed by our business leadership teams who identify, monitor and manage risks as an integral part of business planning and performance management.

Key risks are included in each function's or the Senior Executive Team's (SET) quarterly performance report and the SET will focus in particular on cross-functional risks, agreeing on the most significant risks affecting the organisation and the industry. We review our key risk profiles annually on both a functional and a Group level, and the results of these reviews are considered by both the Audit Committee and the Board. Risk management tools and expertise are deployed, where appropriate, to assist senior managers in identifying, assessing and developing strategies for managing risk in their respective areas of responsibility. There is also a rolling programme of training staff in effective integrated risk management and a network for the sharing and embedding of best practice.

The main areas of risk that we face are discussed in the description of Risk on pages 193 to 199 and the summary of internal controls and management of risk on pages 42 to 43 (Corporate Governance). Examples of our approach to managing certain specific risks are set out below.

- > Our internal programmes and management systems are designed to ensure that we maintain compliance with all applicable environmental, health and safety laws, regulations, licences and permits at each of our operating facilities. We also implement robust programmes that anticipate, and proactively manage, policy and legislative developments relevant to the business.
- > As part of our risk management process in R&D, we have developed priority criteria intended to predict the success of compounds early and so to give those compounds in our programmes the best chance to reach the market. Our focus on quality, speed and volume has resulted in greater outputs from discovery into development. An increased use of biomarker data has made major contributions at the key decision points on whether to progress or reject compounds.

We also use predictive tools to guide chemical synthesis activities and clinical data and genetic information to validate targets. The overall effect should be to give us a stronger portfolio.

- > To manage pressure on price and market access, we continue to focus on developing differentiated products that offer improved treatment options to meet patient needs and bring economic benefit to healthcare systems. When setting the price of a medicine, we aim to reflect its full value to customers, patients and society in general. Our pricing will also take account of the fact that, as a publicly-owned company, we have a duty to ensure that we continue to deliver value for our shareholders. We balance many different factors, including ensuring appropriate patient access, in our global pricing policy, which provides the framework for optimising the profitability of our products in a sustainable way.
- > Our approach to risk management includes the development of robust business continuity plans, and such plans are designed to provide for situations in which specific risks have the potential to have a severe impact on our business. During 2007, our business continuity planning activities continued to build on the work previously done to prepare for the possibility of pandemic flu, aimed at ensuring the development of robust plans to support business continuity for all regions and key business processes. At the same time we took the opportunity to review and further strengthen our crisis management planning and response structures, including plans, escalation processes and crisis communications. This resulted in the production of draft global standards for crisis management and business continuity, which will be rolled out and implemented during 2008, and will support the Group Risk and Control Policy. We will be seeking full compliance with the standards by the end of 2008, including alignment of documentation, training of line managers and the use of crisis simulation activities to test the new procedures.

During 2007, we strengthened our corporate responsibility leadership and governance with the establishment of a new function, Group Public Affairs, which is leading the development of our strategic approach and aligning the tactical delivery. The new group works closely with Global Compliance and with senior business and functional leaders

across AstraZeneca to ensure that we have appropriate systems in place for identifying the risks and opportunities associated with our corporate responsibility, together with effective frameworks for managing them, monitoring progress against our objectives and ensuring compliance with all relevant policies and standards.

We also established a cross-functional, cross-territorial Issues Management Council (IMC), which monitors our external environment for new and emerging issues relating to our business that affect or concern our stakeholders. This team then works with the people who are responsible for managing the issues internally to agree appropriate actions, timelines and, where possible, key performance indicators. The Vice-President, Public Affairs chairs the IMC and is also a member of the Global Compliance Committee to ensure that any reputational risk is fully captured at the appropriate level.

These developments during 2007 are intended to strengthen our approach to integrating corporate responsibility into our business management and governance frameworks. In so doing, we eliminated the need for a Global Corporate Responsibility Committee, which was discontinued during the year. Having used this committee as a forum for developing the frameworks we needed for integrating corporate responsibility across the business, we believe its elimination will further enhance line manager ownership and accountability.

**Working with suppliers**

We believe that effective risk management extends to managing any potential reputational risks associated with our purchasing activities. We therefore aim to work only with those suppliers who embrace standards of corporate responsibility that are similar to our own. This applies across the full range of our purchasing activities, from promotional items to pharmaceutical ingredients, and includes any specialised work for which we use external contractors to complement our in-house effort, such as animal research. We provide guidance for our purchasing community that describes the framework for developing and implementing the functional, regional and site-specific programmes needed to ensure that we effectively and consistently integrate corporate responsibility considerations into our buying practice.

### A rolling implementation

Integrating corporate responsibility (CR) considerations into the many thousands of supplier relationships we have around the world will take time. CR considerations are included in all new contracts and master agreements in the US, the UK and Sweden, our three main business hubs where over 80% of our suppliers are based and we are now extending the geographic reach, focusing initially on suppliers in countries where we have other major marketing, manufacturing or research activities. These include Japan, China, India, Canada, Mexico and Puerto Rico, as well as more countries in Europe.

### Monitoring performance

In January 2007, we broadened the scope of our rolling programme of audits that include CR to cover formulation and packing suppliers in addition to chemical intermediate and active pharmaceutical ingredient suppliers. During the year, we audited a total of 33 manufacturing sites at 29 different suppliers, and these audits included SHE, CR, quality and security of supply. The increase on 2006 (17 audits) reflects the extended scope of our programme described above. Major findings relating to occupational health and safety at two of our suppliers have been discussed with, and satisfactorily addressed by, the companies concerned.

We updated our supplier evaluation procedure in 2007 to ensure that our audit activities prioritise those groups with the highest potential to impact our business continuity and our reputation. A major step has been the further strengthening of the social elements of the evaluation, in particular human rights and labour standards. Training will be provided to auditors to support the addition of these strengthened areas to the evaluation procedure during 2008.

The new procedure requires all our high-risk category suppliers be audited at least once every four years. Medium risk suppliers are audited at the start of the business relationship and refresher audits are planned if there are any significant changes at the supplier. Between 2004 and 2007, we have conducted audits of approximately 82% of the total number of suppliers eligible for audit, and plan to audit the remainder during 2008.